



CITY OF PORT PHILLIP

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 June 2020**

CITY OF PORT PHILLIP FINANCIAL REPORT

Contents

FINANCIAL REPORT		Page
Certification of the Financial Statements		
Victorian Auditor-General's Office Audit Report		
Financial Statements		
Comprehensive Income Statement		1
Balance Sheet		2
Statement of Changes in Equity		3
Statement of Cash Flows		4
Statement of Capital Works		5
Overview		6
Notes to Financial Statements		
Note 1	Performance against budget	
	1.1 Income and expenditure	7
	1.2 Capital works	10
Note 2	Analysis of Council results by program	
	2 (a) Description of Council programs	13
	2 (b) Summary of revenues, expenses and assets by program	15
Note 3	Funding for the delivery of our services	
	3.1 Rates and charges	16
	3.2 Statutory fees and fines	16
	3.3 User fees	16
	3.4 Funding from other levels of government	17
	3.5 Contributions	19
	3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	19
	3.7 Other income	19
Note 4	The cost of delivering services	
	4.1 Employee costs	20
	4.2 Materials and services	21
	4.3 Depreciation	21
	4.4 Amortisation- Right of use assets	21
	4.5 Bad and doubtful debts	22
	4.6 Borrowing costs	22
	4.7 Finance costs- Leases	22
	4.8 Other expenses	23
Note 5	Our financial position	
	5.1 Financial assets	24
	5.2 Non-financial assets	27
	5.3 Payables	27
	5.4 Interest bearing liabilities	28
	5.5 Provisions	29
	5.6 Financing arrangements	30
	5.7 Commitments	31
	5.8 Leases	33

CITY OF PORT PHILLIP FINANCIAL REPORT

Contents

Notes to Financial Statements (continued)		Page
Note 6	Assets we manage	36
	6.1 Non current assets classified as held for sale	36
	6.2 Property, infrastructure, plant and equipment	37
	6.3 Investments in associates, joint ventures and subsidiaries	45
Note 7	People and relationships	
	7.1 Council and key management remuneration	47
	7.2 Related party disclosure	50
Note 8	Managing uncertainties	
	8.1 Contingent assets and liabilities	51
	8.2 Changes in accounting standards	52
	8.3 Financial instruments	53
	8.4 Fair value measurement	55
	8.5 Events occurring after balance date	56
Note 9	Other matters	
	9.1 Reserves	57
	9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	59
	9.3 Superannuation	60
	9.4 Impact of COVID-19 crisis on City of Port Phillip's 2019-20 operations and financial report	62
Note 10	Change in accounting policy	63
	Glossary	64

Certification of the Financial Statements

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

Dennis O'Keeffe CA
Principal Accounting Officer

Date: / / 2020
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 2020 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 2014* to certify the financial statements in their final form.

Bernadene Voss
Mayor & Councillor

Date: / / 2020
St Kilda

Tim Baxter
Councillor

Date: / / 2020
St Kilda

Peter Smith
Chief Executive Officer

Date: / / 2020
St Kilda

Comprehensive Income Statement for the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	129,017	125,324
Statutory fees and fines	3.2	19,483	21,399
User fees	3.3	37,691	39,629
Grants - operating	3.4	12,003	11,898
Grants - capital	3.4	3,249	4,146
Contributions - monetary	3.5	10,362	10,339
Contributions - non-monetary	3.5	40	243
Other income	3.7	25,028	18,078
Total Income		236,873	231,056
Expenses			
Employee costs	4.1	94,675	91,648
Materials and services	4.2	84,279	83,594
Depreciation	4.3	25,799	25,740
Amortisation- Right of use assets	4.4	700	-
Bad and doubtful debts	4.5	4,636	6,048
Borrowing costs	4.6	349	399
Finance costs- Leases	4.7	75	-
Other expenses	4.8	18,318	11,034
Net loss on disposal of property, infrastructure, plant and equipment	3.6	1,117	5,424
Share of net losses of associates and joint ventures	6.2	18	21
Total Expenses		229,966	223,908
Surplus / (Deficit) for the year		6,907	7,148
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1	12,704	48,272
Total comprehensive result		19,611	55,420

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

Balance Sheet as at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	5.1(a)	7,642	3,261
Trade and other receivables	5.1(c)	17,865	17,249
Other financial assets	5.1(b)	87,000	83,000
Non-current assets classified as held for sale	6.1	2,211	-
Other assets	5.2(a)	1,916	4,353
Total current assets		116,634	107,863
<i>Non-current assets</i>			
Trade and other receivables	5.1(c)	516	474
Other financial assets	5.1(b)	5	235
Investments in associates and joint ventures	6.3	307	326
Property, infrastructure, plant and equipment	6.2	3,200,370	3,197,775
Right-of-use assets	5.8	1,339	-
Total non-current assets		3,202,537	3,198,810
Total assets		3,319,171	3,306,673
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	5.3(a), (c)	8,316	18,884
Trust funds and deposits	5.3(b)	7,949	7,086
Provisions	5.5	15,513	13,884
Interest-bearing liabilities	5.4	-	465
Lease liabilities	5.8	585	-
Total current liabilities		32,363	40,319
<i>Non-current liabilities</i>			
Provisions	5.5	3,367	2,370
Interest-bearing liabilities	5.4	7,500	8,443
Lease liabilities	5.8	789	-
Total non-current liabilities		11,656	10,813
Total liabilities		44,019	51,132
Net Assets		3,275,152	3,255,541
Equity			
Accumulated surplus		639,697	647,632
Reserves	9.1(b)	2,635,455	2,607,909
Total Equity		3,275,152	3,255,541

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

Statement of Changes in Equity

for the year ended 30 June 2020

	Total	Accumulated	Revaluation	Other Reserves
	\$'000	Surplus	Reserve	\$'000
Note	\$'000	\$'000	\$'000	\$'000
2020				
Balance at beginning of the financial year	3,255,541	647,632	2,545,076	62,833
Impact of change in accounting policy- AASB 15				
Revenue from Contracts with Customers	10	-	-	-
Impact of change in accounting policy- AASB 1058				
Income of Not-for-Profit Entities	10	-	-	-
Impact of change in accounting policy- AASB 16				
Leases	5.8	-	-	-
Adjusted Opening balance	3,255,541	647,632	2,545,076	62,833
Surplus/(deficit) for the year	6,907	6,907	-	-
Net asset revaluation increment/(decrement)	12,704	-	12,704	-
Transfers to other reserves	9.1(b)	(43,419)	-	43,419
Transfers from other reserves	9.1(b)	28,577	-	(28,577)
Balance at end of the financial year	3,275,152	639,697	2,557,780	77,675
2019				
Balance at beginning of the financial year	3,200,121	645,669	2,496,804	57,648
Surplus/(deficit) for the year	7,148	7,148	-	-
Net asset revaluation increment/(decrement)	9.1(a)	-	48,272	-
Transfers to other reserves	9.1(b)	(25,274)	-	25,274
Transfers from other reserves	9.1(b)	20,089	-	(20,089)
Balance at end of the financial year	3,255,541	647,632	2,545,076	62,833

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 2020

	2020	2019
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Rates and charges	125,278	125,201
Statutory fees and fines	16,021	16,634
User fees	39,792	41,554
Grants- operating	12,939	11,860
Grants- capital	3,249	4,146
Contributions- monetary	10,362	8,032
Interest received	1,383	1,863
Trust funds and deposits taken	56,770	55,357
Other receipts	13,992	13,631
Net GST refund	8,330	9,047
Employee costs	(94,751)	(92,394)
Materials and services	(96,338)	(94,562)
Short term, low value and variable lease payments	(691)	-
Trust funds and deposits repaid	(55,907)	(53,779)
Other payments	(8,774)	(9,610)
Net cash provided by/(used in) operating activities	31,655	36,980
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	(22,370)	(34,842)
Proceeds from sale of property, infrastructure, plant and equipment	218	220
Payments for investments	(87,000)	(83,000)
Proceeds from sale of investments	83,000	68,500
Net cash provided by/(used in) investing activities	(26,152)	(49,122)
Cash flows from financing activities		
Finance costs	(349)	(399)
Repayment of borrowings	-	-
Interest paid- lease liability	(75)	(441)
Repayment of lease liabilities	(698)	
Net cash provided by/(used in) financing activities	(1,122)	(840)
Net (decrease) increase in cash and cash equivalents	4,381	(12,982)
Cash and cash equivalents at the beginning of the financial year	3,261	16,243
Cash and cash equivalents at the end of the financial year	7,642	3,261
Financing arrangements	5.6	
Restrictions on cash assets	5.1	

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 2020

	2020 Note	2019 \$'000
Property		
Buildings	8,697	15,408
Heritage buildings	-	-
Building improvements	-	-
Total buildings	8,697	15,408
Total property	8,697	15,408
Plant and equipment		
Heritage plant and equipment	105	37
Plant, machinery and equipment	925	1,234
Fixtures, fittings and furniture	468	558
Computers and telecommunications	583	1,025
Library books	886	830
Total plant and equipment	2,967	3,684
Infrastructure		
Roads	1,863	1,899
Bridges	25	-
Footpaths and cycleways	1,506	2,201
Drainage	1,565	3,884
Parks, open space and streetscapes	3,509	6,248
Other infrastructure	2,238	1,510
Total infrastructure	10,706	15,742
Total capital works expenditure	22,370	34,834
Represented by:		
New asset expenditure	1,653	4,226
Asset renewal expenditure	10,202	16,124
Asset expansion expenditure	2,060	2,901
Asset upgrade expenditure	8,455	11,583
Total capital works expenditure	22,370	34,834

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 2020

OVERVIEW

Introduction

The City of Port Phillip 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 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

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

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

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

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

Impact of Covid-19

Judgements and estimates have taken into consideration the impact of the Covid-19 global pandemic where stated. For detailed information on the impact on the financial results in 2019/20 and the financial outlook for the City of Port Phillip refer to Note 9.4

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 (except where transitional requirements of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Notes to the Financial Report for the year ended 30 June 2020

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has 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 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and Expenditure	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Income					
Rates and charges	129,149	129,017	(132)	-0.10%	
Statutory fees and fines	24,046	19,483	(4,563)	-18.98%	1
User fees	38,801	37,691	(1,110)	-2.86%	2
Grants - operating	9,430	12,003	2,573	27.29%	3
Grants - capital	2,586	3,249	663	25.64%	4
Contributions - monetary	6,045	10,362	4,317	71.41%	5
Contributions - non-monetary	-	40	40	0.00%	
Other income	14,381	25,028	10,647	74.04%	6
Total income	224,438	236,873	12,435	5.54%	
Expenses					
Employee costs	96,637	94,675	1,962	2.03%	7
Materials and services	91,466	84,279	7,187	7.86%	8
Depreciation	24,911	25,799	(888)	-3.56%	
Amortisation- Right of use assets	-	700	(700)	0.00%	
Bad and doubtful debts	3,862	4,636	(774)	-20.04%	9
Borrowing costs	450	349	101	22.44%	10
Finance costs- Leases	-	75	(75)	0.00%	
Other expenses	8,473	18,318	(9,845)	-116.19%	11
Net loss on disposal of property, infrastructure, plant and equipment	4,310	1,117	3,193	74.08%	12
Share of net profits losses of associates and joint ventures	-	18	(18)	0.00%	
Total expenses	230,109	229,966	143	0.06%	
Surplus for the year	(5,671)	6,907	12,578	5.60%	

Notes to the Financial Report for the year ended 30 June 2020

Note 1 Performance against budget (continued)

1.1 Income and Expenditure- Explanation of Material Variances

Ref	Item	Explanation
1	Statutory fees and fines	The unfavourable variance of \$4.56 million is due to the following: <ul style="list-style-type: none"> • COVID-19 lockdown restrictions have contributed to the lower parking enforcement income by \$3.9m. • A slowdown in development activity has seen a \$0.5m reduction in planning application fees income.
2	User fees	The favourable variance of \$1.11 million is due to: <ul style="list-style-type: none"> • COVID-19 lockdown restrictions have contributed to the lower income from paid parking by \$2.0m, childcare income \$1.8m, food registration and footpath trading \$0.4m. • This is partly offset by \$2.6m of favourable development related income (such as Street Occupation and Road Closure fees) from projects that commenced prior COVID-19. • \$0.6m of unbudgeted compensation from Rail Project Victoria for the loss of Domain precinct paid parking income.
3	Grants- Operating	The favourable variance of \$2.57 million is due to: <ul style="list-style-type: none"> • the early receipt of the 2020/21 Victorian Grants Commission instalments of \$1.52 million. • \$0.27m unbudgeted one-off Victorian Government support funding for waste and recycling crisis. • \$0.38m Commonwealth Government provided additional COVID-19 support for Food Services to the vulnerable.
4	Grants - capital	The favourable variance of \$0.66 million is mainly due to: <ul style="list-style-type: none"> • \$0.65m unbudgeted funding for Kings Plaza Pocket Park development. • \$0.65m unbudgeted funding for Hostile Vehicle Mitigation at Luna Park & Palais Theatre. • (\$0.60m) Park St Bike Link part of the public realm improvements to the ANZAC station precinct has been rescheduled to align with the Masterplan timelines - completion expected in 2021/22.
5	Contributions - monetary	The favourable variance of \$4.32 million is due to higher than expected property development within the municipality, especially in the St Kilda Road, South Melbourne, Elwood and Middle Park neighbourhoods.
6	Other income	The favourable variance of \$10.65 million is mainly due to the recognising \$10.5 million for the market value of subsidised rent (non-cash) to community groups which is matched by subsidised rent expenditure reported under other expenses.

Notes to the Financial Report for the year ended 30 June 2020

Note 1 Performance against budget (continued)

1.1 Income and Expenditure- Explanation of Material Variances (continued)

Ref	Item	Explanation
6	Employee costs	<p>The favourable variance of \$1.96 million is mainly due to:</p> <ul style="list-style-type: none"> • \$1.45 million relates to the lower utilisation and temporary lockdown closure of Council managed long day child care centres in addition to the efficiency gains from active management of staff requirements. • \$1.41 million relates to enterprise vacancies during the year, tight fiscal controls put in place due to COVID-19 including vacant positions were put on hold unless necessary, agency and contract minimised • (\$0.9) million payments to the Municipal Association Victoria WorkCover Fund's as a Capital Recovery Contribution due to its poor investment return impacted by COVID-19.
7	Materials and services	<p>The favourable variance of \$7.18 million is mainly due to:</p> <ul style="list-style-type: none"> • \$3.54 million Customer Experience Program deferred expenditure due to timing of work streams and contingency not being required - project completion date in August 2021 expected to be met. • \$1.40 million relates to the deferrals and reductions in the capital works program to address the financial impacts of COVID-19 - this has resulted in lower than budgeted non-capitalised costs such as landscaping and demolitions costs. • \$1.41 million of operating project deferrals to 2020/21 financial year partly due to COVID-19 delays. • \$1.46 million relates to the tight fiscal controls put in place to reduce operational expenditure to address the financial impact of COVID-19 including lower staff training, professional services, and fleet running costs. • (\$0.62) million of additional OHS related expenditure for the safety of our staff and our community including personal protective equipment and extra cleaning.
8	Bad and doubtful debts	The unfavourable variance of \$0.77 million is mainly due to system issues implemented by Fines Victoria which has caused an increase in outstanding debt.
9	Borrowing costs	The minor favourable variance of \$0.10 million is mainly due to the reclassification of borrowing costs for finance leases to be reported under Finance costs - Leases in accordance with new reporting requirements.
10	Other expenses	The unfavourable variance of \$9.85 million is mainly due to the recognition of the \$10.1 million market value of subsidised rent to community groups which is matched by the increased other income.
11	Net loss on disposal of property, infrastructure, plant and equipment	The favourable variance of \$3.19 million is mainly due to the lower residual value written off for infrastructure assets upgraded in 2019/20 as a result of the reduction and deferment in the capital works program to future years.

Notes to the Financial Report for the year ended 30 June 2020

Note 1 Performance against budget (continued)

1.2 Capital Works	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
Property					
Land	-	-	-	0%	
Total land	-	-	-	0%	
Buildings	19,566	8,697	(10,869)	-56%	1
Total buildings	19,566	8,697	(10,869)	-56%	
Total property	19,566	8,697	(10,869)	-56%	
Plant and equipment					
Heritage plant and equipment	30	105	75	250%	2
Plant, machinery and equipment	2,007	925	(1,082)	-54%	3
Fixtures, fittings and furniture	370	468	98	26%	4
Computers and telecommunications	500	583	83	17%	5
Library books	852	886	34	4%	
Total plant and equipment	3,759	2,967	(792)	-21%	
Infrastructure					
Roads	2,844	1,888	(956)	-34%	6
Footpaths and cycleways	2,776	1,506	(1,270)	-46%	7
Drainage	1,774	1,565	(209)	-12%	8
Parks, open space and streetscapes	8,313	3,509	(4,804)	-58%	9
Other infrastructure	210	2,238	2,028	966%	10
Total infrastructure	15,917	10,706	(5,211)	-33%	
Total capital works expenditure	39,242	22,370	(16,872)	-43%	
Represented by:					
New asset expenditure	2,674	1,653	(1,021)	-38%	10
Asset renewal expenditure	18,459	10,202	(8,257)	-45%	11
Asset expansion expenditure	2,658	2,060	(598)	-22%	12
Asset upgrade expenditure	15,451	8,455	(6,996)	-45%	13
Total capital works expenditure	39,242	22,370	(16,872)	-43%	

Notes to the Financial Report for the year ended 30 June 2020

Note 1 Performance against budget (continued)

1.2 Capital Works- Explanation of Material Variances

Ref	Item	Explanation
1	Building	Net under-spend of \$10.9 million due to a number of large building projects deferred to future years including \$3.6m South Melbourne Town Hall Major Works, \$1.5m St Kilda Town Hall Fitout, \$1.1 million South Melbourne Market Building Compliance works, \$1.2 million Palais Theatre Renewal and Upgrade.
2	Heritage plant and equipment	Net over expenditure of \$0.08 million due to minor purchases for Councils art collection and restoration.
3	Plant, machinery and equipment	Net under expenditure of \$1.1 million mainly due to procurement delays with hybrid fleet vehicles.
5	Computers and telecommunications	Net over expenditure of \$0.08 million is due to additional equipment requirements for staff for the transition to remote working in response to COVID-19 directives.
6	Roads	Net under expenditure of \$0.96 million largely due to; <ul style="list-style-type: none"> • St Kilda Junction Safety Upgrade reliance on Department of Transport to prepare Masterplan on the whole junction. • Wellington Street Upgrade \$0.22 million delayed due to Vic Road issues with the design
7	Footpaths and cycleways	Under-spend of \$1.27 million due to a few large projects: <ul style="list-style-type: none"> • \$0.60m Park Street Bike Link funded by Rail Projects Victoria - majority of works expected in 2021/22. • \$0.64m Garden City Shared Path construction deferred to 2020/21.
8	Drainage	Net under expenditure of \$0.21 million due to deferral of projects in the last quarter of the financial year in response to Government restrictions related to COVID-19.
9	Parks, open space and streetscapes	Under expenditure of \$4.80 million due to: <ul style="list-style-type: none"> • \$2.99m deferral of expenditure to 2020/20 for Gasworks Arts Park Reinstatement, Rotary Park Playspace, JL Murphy Playspace, Point Ormond playground reallocated to Buckingham Reserve and Public Space Security Improvements. • \$0.40m Maritime Reactive Minor Works budget not used due to no urgent works identified from the Maritime asset audit.
10	Other infrastructure	A large portion of expenditure did not meet Asset Accounting Policy criteria for capitalisation.

Notes to the Financial Report for the year ended 30 June 2020

Note 1 Performance against budget (continued)

1.2 Capital Works- Explanation of Material Variances (continued)

Ref	Item	Explanation
10	New asset expenditure	Under expenditure of \$1.02 million on asset expansion primarily deferral of open space and building expenditure.
11	Asset renewal expenditure	In order to address the financial impacts of COVID-19, Council have reduced our capital works program with a mix of scope reductions and deferrals to future years. This has resulted in a lower asset renewal spend than was budgeted by \$8.28 million particularly works on our building \$6.20 million, parks, open space & streetscapes \$1.04 million and motor vehicle replacements \$0.76 million.
12	Asset expansion expenditure	In order to address the financial impacts of COVID-19, Council have reduced our capital works program with a mix of scope reductions and deferrals to future years. This has resulted in a lower asset expansion spend than was budgeted by \$0.60 million particularly works on our parks, open space & streetscapes
13	Asset upgrade expenditure	In order to address the financial impacts of COVID-19, Council have reduced our capital works program with a mix of scope reductions and deferrals to future years. This has resulted in a lower asset upgrade spend than was budgeted by \$7.00 million particularly works on our buildings \$4.58 million, parks, open space & streetscapes \$1.30 million and footpaths & cycleways \$0.85 million.

Notes to the Financial Report for the year ended 30 June 2020

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Description of Council programs

Community & Economic Development

This division is responsible for delivering high quality community, economic development, cultural and creative services by:

- Promoting inclusion, participation, respect and access;
- Creating healthy and liveable communities eg Fishermans Bend urban renewal program;
- Facilitating independence and promoting social connectedness for older people and those with a disability through the provision of high quality support services;
- Supporting Council in its celebration and advocacy of our diverse communities and delivering a suite of services, community development programs, and events to ensure an inclusive, accessible and connected community;
- Understanding the changing community need and population growth in order to support healthy and liveable communities;
- Building a dynamic and creative city and economy while honouring our cultural heritage;
- Upholding Council's commitment to social justice with a focus on partnerships that support the City's most marginalised and at times vulnerable communities including those who are homeless or at risk of homelessness;
- Supporting the design of safe and connected communities where the rights of all citizens are valued and respected - this includes Council's obligations in relation to promoting gender equity in a targeted response to reducing men's violence against women;
- Driving a whole of Council commitment to reconciliation and improved outcomes for Aboriginal and Torres Strait Islander peoples;
- Delivering upon Council's twenty-year commitment to the Citizens of Suai and Covalima in East Timor; and
- All children, young people and families are healthy and connected to reach their full potential.

Customer & Corporate Services

This division enables an innovative high performance organisation that delivers best value to the growing community through:

- Ensuring the organisation has the alignment, assets, systems, tools, information, and support required to deliver best value to the community;
- Promoting a culture and capability of value for money, whole of organisation (enterprise) thinking, continuous improvement and customer experience; and
- Ensuring the financial sustainability of the Council and effective management of organisational risk and compliance.

Infrastructure & Amenity

This division works with our community and other stakeholders to deliver a high standard of amenity and safety across our city by:

- Delivering clean, well maintained and improved streets, buildings, villages, beaches and public spaces;
- Facilitating participation in sport and recreation;
- Managing and improving our parks and open spaces;
- Designing and building improved city facilities; and
- Delivering frontline services to ensure community safety and amenity such as health, parking, animal management, planning compliance and emergency management.

Notes to the Financial Report for the year ended 30 June 2020

Note 2 Analysis of Council results by program (continued)

2 (a) Description of Council programs (continued)

Office of the CEO

This division seeks to provide greater focus on the organisational strategy and performance of Council through:

- Council planning, risk, audit and Occupational Health & Safety;
- Governance of Councils project portfolio;
- Strategic partnerships and place management including markets; and
- Communications and engagement and governance.

City Strategy & Sustainable Development

This division seeks to enhance the liveability and sustainability of our places and precincts in an environment of growth and change through:

- Leading the Council Plan themes of transport & parking and waste & water;
- Playing a key role in Fishermans Bend and statutory planning;
- Leading the Council Plan themes of transport & parking, waste, environment and water;
- Delivering statutory planning, building and local law permitting services that promote sustainable and safe development;
- Ensuring a well-connected transport future for our city, connecting people and places, as well as protecting the safety of all road users;
- Implementing education programs and services that reduce carbon emissions, water use and waste generation to ensure adaptive and resilient communities, and
- Excellent strategic planning and urban design that protects our neighbourhood character and meets the need of communities now and into the future.

Notes to the Financial Report for the year ended 30 June 2020

Note 2 Analysis of Council results by program

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

2020	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total Assets \$'000
Community & Economic Development	19,628	35,431	(15,803)	7,285	276,117
Customer & Corporate Services	149,538	67,963	81,575	3,006	375,636
Infrastructure & Amenity	40,888	92,509	(51,621)	4,959	2,615,007
Office of the CEO	7,604	19,457	(11,853)	-	26,505
City Strategy & Sustainable Development	19,215	14,606	4,609	2	25,906
	236,873	229,966	6,907	15,252	3,319,171

2019	Income \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income \$'000	Total Assets \$'000
Community & Economic Development	21,344	42,786	(21,442)	7,702	299,788
Customer & Corporate Services	137,255	61,867	75,388	2,715	281,147
Infrastructure & Amenity	49,856	89,740	(39,884)	5,601	2,629,726
Office of the CEO	7,941	15,599	(7,658)	-	48,341
City Strategy & Sustainable Development	14,660	13,916	744	26	47,671
	231,056	223,908	7,148	16,044	3,306,673

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Net Annual Value (NAV) as the basis of valuation for rating purposes of all properties within the municipal district. The NAV of a property is its imputed rental value.

The valuation base used to calculate general rates for 2019/2020 was \$3.457 billion (2018/2019 was \$3.576 billion). The 2019/2020 rate in the NAV dollar was \$0.037139 (2018/2019: \$0.034808).

General Rates	127,973	123,965
Waste management charge	214	196
Special rates and charges	655	649
Special rates and charges applied	(655)	(649)
Supplementary rates and rate adjustments	489	750
Interest on rates and charges	341	413
Total rates and charges	129,017	125,324

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020 and this valuation was applied to the rating year commencing 1 July 2020.

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

3.2 Statutory fees and fines

Infringements and costs	353	343
Court recoveries	16	44
Town planning fees	1,408	1,579
Land information certificates	176	166
Permits	1,483	1,440
Parking fines and parking permits	16,047	17,827
Total statutory fees and fines	19,483	21,399

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

3.3 User fees

Aged and health services	509	528
Leisure centre and recreation	495	810
Child care/children's programs	9,670	10,280
Parking	16,641	18,844
Registration and other permits	7,301	5,886
Building services	630	745
Waste management services	288	278
Other fees and charges	2,157	2,258
Total user fees	37,691	39,629
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	37,691	-
Total user fees	37,691	-

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 2020

	2020 \$'000	2019 \$'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	7,369	6,873
State funded grants	7,883	9,171
Total grants received	15,252	16,044
a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Aged care	232	227
Community health	376	368
General home care	2,821	2,781
Recreation	95	93
Financial Assistance Grants	2,932	2,715
<i>Recurrent - State Government</i>		
Aged care	21	32
Community health	175	178
Environmental Planning	-	26
Family and children	700	764
General home care	651	1,065
Libraries	713	696
Maternal and child health	884	857
Other	693	802
Recreation	79	68
School crossing supervisors	148	133
Total recurrent operating grants	10,520	10,805
<i>Non-recurrent - Commonwealth Government</i>		
Community health	19	-
Family and children	119	94
General home care	492	-
Other	-	30
<i>Non-recurrent - State Government</i>		
Aged Care	-	-
Community health	379	488
Environmental planning	-	86
Family and children	73	58
Other	401	188
Recreation	-	149
Total non-recurrent operating grants	1,483	1,093
Total operating grants	12,003	11,898

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'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	277	280
Total recurrent capital grants	277	280
<i>Non-recurrent - Commonwealth Government</i>		
Environmental Planning	-	-
Other	6	285
<i>Non-recurrent - State Government</i>		
Building	1,124	2,606
Other	699	667
Parks and streetscapes	1,087	195
Roads	56	113
Total non-recurrent capital grants	2,972	3,866
Total capital grants	3,249	4,146
c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	3,533	3,438
Received during the financial year and remained unspent at balance date	2,596	2,846
Received in prior years and spent during the financial year	(2,865)	(2,751)
Balance at year end	3,264	3,533
Capital		
Balance at start of year	-	-
Received during the financial year and remained unspent at balance date	1,100	-
Received in prior years and spent during the financial year	-	-
Balance at year end	1,100	-

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 3 Funding for the delivery of our services (continued)		
3.5 Contributions		
Monetary	10,362	10,339
Non-monetary	40	243
Total contributions	10,402	10,582

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

Other infrastructure	-	208
Other	40	35
Total non-monetary contributions	40	243

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	218	220
Written down value of assets disposed	(1,335)	(5,644)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,117)	(5,424)

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	1,705	2,185
Property rental	13,802	6,940
Other rent	5,519	6,273
Other	4,002	2,680
Total other income	25,028	18,078

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.

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 4 The cost of delivering services		
4.1 (a) Employee costs		
Wages and salaries	66,309	63,384
WorkCover	2,126	945
Casual, temporary and agency staff	9,392	10,963
Superannuation	7,260	6,829
Fringe benefits tax	386	396
Annual and long service leave	8,743	7,871
Other	459	1,260
Total employee costs	94,675	91,648
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	377	368
	377	368
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,508	5,005
Employer contributions - other funds	2,375	1,456
	6,883	6,461
Employer contributions payable at reporting date.	-	1
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 2020

	2020 \$'000	2019 \$'000
Note 4 The cost of delivering services (continued)		
4.2 Materials and Services		
Consultants	13,372	12,759
Waste management contracts	11,833	11,170
Parks and gardens contract	9,768	9,196
Maintenance and construction contracts	9,552	11,571
Building and general maintenance	8,070	7,719
Parking administration contracts	5,811	5,590
Office administration	5,057	5,570
Information technology	4,233	2,767
Family and community support contracts	3,827	4,396
Utilities	3,183	3,757
Cleaning contract	3,300	2,816
Other contract payments	2,277	2,551
Security	2,155	2,022
Insurance	1,841	1,710
Total materials and services	84,279	83,594
4.3 Depreciation		
Property	8,478	6,732
Plant and equipment	4,403	4,771
Infrastructure	12,918	14,237
Total depreciation	25,799	25,740
<i>Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policies</i>		
4.4 Amortisation- Right of use assets		
Vehicles	533	-
Property, Plant & Equipment	167	-
Total Amortisation - Right of use assets	700	-

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 4 The cost of delivering services (continued)		
4.5 Bad and doubtful debts		
Parking fine debtors	4,572	5,771
Other debtors	64	277
Total bad and doubtful debts	4,636	6,048
Movement in provisions for doubtful debts		
Balance at the beginning of the year	19,217	14,515
New Provisions recognised during the year	5,266	8,345
Amounts already provided for and written off as uncollectible	(116)	(1,346)
Amounts provided for but recovered during the year	(1,871)	(2,297)
Balance at end of year	22,496	19,217

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

4.6 Borrowing costs

Interest - borrowings	349	399
Total borrowing costs	349	399

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	75	-
Total finance cost- leases	75	-

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 4 The cost of delivering services (continued)		
4.8 Other expenses		
Contributions and donations	12,578	5,335
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	73	73
Auditors' remuneration - Internal	195	235
Councillors' allowances	387	375
Operating lease rentals	1,056	924
Bank charges	605	689
Catering costs	268	346
Subscriptions	524	500
Other	2,632	2,557
Total other expenses	18,318	11,034

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 5 Our financial position		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	24	20
Cash at bank	4,618	1,241
Term deposits	3,000	2,000
Total cash and cash equivalents	7,642	3,261
(b) Other financial assets		
<i>Current</i>		
Term deposits	87,000	83,000
	<u>87,000</u>	<u>83,000</u>
<i>Non-Current</i>		
Shares in Municipal Associations Purchasing Scheme (MAPS)	5	5
Shares in Regional Kitchen Group Pty Ltd	-	230
	<u>5</u>	<u>235</u>
Total other financial assets	87,005	83,235
Total financial assets	94,647	86,496
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 5.3(b))	7,949	7,086
Total restricted funds	7,949	7,086
Total unrestricted cash and cash equivalents *	(307)	(3,825)

* Council has liquid funds invested longer term disclosed as Other financial assets which, if taken into account, would show a positive balance for unrestricted cash and cash equivalents

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 5 Our financial position (continued)		
5.1 Financial assets (continued)		
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Statutory reserve balances (Note 9.1(b))	28,361	22,522
- Cash held to fund carried forward capital works	13,248	4,766
- Child Care Centre's infrastructure levy	5,682	5,360
- Tied grants	4,385	3,533
- Palais Theatre	3,030	2,699
- Sustainable transport	2,749	2,205
- In Our Backyard - Growing affordable housing in Port Phillip	2,000	2,000
- Middle Park Beach ongoing maintenance	1,223	1,280
Total funds subject to intended allocations	60,678	44,365

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

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

(c) Trade and other receivables

Current

Statutory receivables

Rate debtors	7,113	3,374
Infringement debtors	27,601	24,554
Provision for doubtful debts - infringements	(22,079)	(18,749)
GST receivable	1,065	1,520

Non statutory receivables

Other debtors	4,582	7,018
Provision for doubtful debts - other debtors	(417)	(468)
Total current trade and other receivables	17,865	17,249

Non current

Non statutory receivables

Other debtors	516	474
Total non current trade and other receivables	516	474
Total trade and other receivables	18,381	17,723

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. It is expected that the recoverability of debt in the 2020/21 financial year will be significantly impacted by the Covid-19 pandemic which was taken into consideration when assessing the provision for doubtful debts for the 2019/20 financial year. Sundry debtor balances at the end of financial year decreased from the prior year due to service reductions and waivers and deferrals of debt. For more information refer to Note 9.4.

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'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)	1,252	4,087
Past due by up to 30 days	56	430
Past due between 31 and 180 days	116	102
Past due between 181 and 365 days	138	74
Past due by more than 1 year	47	490
Total trade and other receivables	1,609	5,183

e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of 3,489,000 (2019: \$2,309,000) were impaired. The amount of the provision raised against these debtors was 417,000 (2019: \$468,000). 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)	2,391	1,538
Past due by up to 30 days	351	422
Past due between 31 and 180 days	426	123
Past due between 181 and 365 days	145	136
Past due by more than 1 year	176	90
Total trade and other receivables	3,489	2,309

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 5 Our financial position (continued)		
5.2 Non-financial assets		
(a) Other assets		
Prepayments	831	2,940
Accrued income	1,085	1,413
Total other assets	1,916	4,353
5.3 Payables		
(a) Trade and other payables		
Trade payables	5,259	14,881
Accrued expenses	480	4,003
Total trade and other payables	5,739	18,884
(b) Trust funds and deposits		
Refundable deposits	773	657
Fire Services Levy	1,231	620
Other refundable deposits	5,945	5,809
Total trust funds and deposits	7,949	7,086
(c) Unearned income		
Other	2,577	-
Total unearned income	2,577	-

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.

Retention Amounts - Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 5 Our financial position (continued)		
5.4 Interest-bearing liabilities		
<i>Current</i>		
Finance leases*	-	465
	-	465
<i>Non-current</i>		
Finance leases*		943
Borrowings- secured (1)	7,500	7,500
	7,500	8,443
Total	7,500	8,908
(1) Borrowings are secured by Council rate income		
<i>a) The maturity profile for Council's borrowings is:</i>		
Not later than one year	-	-
Later than one year and not later than five years	7,500	7,500
Later than five years	-	-
	7,500	7,500

* From 1 July 2019 finance and operating leases are classified in accordance with AASB 16 Leases and are disclosed in Note 5.8 which does not require the disclosure of prior year comparatives. 2018/19 comparative figures are disclosed here in accordance with the accounting treatment during that financial year.

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

5.5 Provisions

(a) Employee Provisions

Balance at beginning of the financial year	16,254	16,341
Additional provisions	8,794	8,650
Amounts used	(7,331)	(8,721)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	231	(16)
Balance at the end of the financial year	17,948	16,254

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 5 Our financial position (continued)		
5.5 Provisions		
(a) Employee Provisions (continued)		
<i>Current provisions expected to be wholly settled within 12 months</i>		
Annual leave	4,561	3,924
Long service leave	7,908	7,664
Retirement gratuity	14	13
Other	394	296
	12,877	11,897
<i>Current provisions expected to be wholly settled after 12 months</i>		
Annual leave	2,328	1,868
Retirement gratuity	122	119
	2,450	1,987
Total current employee provisions	15,327	13,884
<i>Non-current</i>		
Long service leave	2,622	2,370
Total non-current employee provisions	2,622	2,370
Aggregate carrying amount of employee benefits		
Current	15,327	13,884
Non-current	2,622	2,370
Total aggregate carrying amount of employee provisions	17,949	16,254

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

Wages and salaries and annual leave

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

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at 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. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. 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.

Key assumptions:

- discount rate	1.98%	2.73%
- inflation	2.10%	2.43%
- settlement	9.45%	17.70%

The assumptions used by Council in determining the value of the long service leave liability were based on the 10 year average assumptions used in the long term financial plan. The future economic outlook data has factored in the impact of Covid-19 on financial markets and economic growth which is significantly lower than prior years. Please refer to Note 9.4.

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 5 Our financial position (continued)		
5.5 Provisions (continued)		
(b) Other Provisions		
Current		
Workcover MAV insurance scheme shortfall*	186	-
Non Current		
Workcover MAV insurance scheme shortfall*	745	-
Total Other Provisions	931	-
Total Provisions		
Current	15,513	13,884
Non Current	3,367	2,370
	18,880	16,254

* Council was advised in June 2020 of a funding shortfall in the MAV self insurance scheme for Workcover. MAV's insurance licence stipulates that the scheme must be adequately funded to meet all current and future liabilities. As a result of the impacts of Covid-19, the scheme investments have not met performance expectations resulting in the shortfall. A capital recovery contribution from all Scheme members is payable over five years. Based on the 2020/21 premium pool with City of Port Phillip required to pay \$186,272 by 31 December 2020 (year 1) and the remaining balance annually (\$186,272 per year).

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2020

Bank overdraft	1,500	1,500
Credit card facilities	167	167
Purchasing card facilities	2,000	2,000
Other facilities- LGFV Municipal Bond	7,500	7,500
Total facilities	11,167	11,167
Used facilities	7,533	7,519
Unused facilities	3,634	3,648

Notes to the Financial Report for the year ended 30 June 2020

Note 5 Our financial position (continued)

5.7 Commitments

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

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2020					
<i>Operating</i>					
Open space management	20,918	4,957	-	-	25,875
Building maintenance	11,656	1,054	38	-	12,748
Garbage collection and recycling	6,469	1,027	3,019	670	11,185
Consultancies	4,850	499	25	-	5,374
Community Services	4,328	1,238	540	-	6,106
Computers and technology	3,919	3,197	7,995	2,568	17,679
Operational services	3,026	2,412	6,125	7,952	19,515
Cleaning contracts for council buildings	455	455	115	-	1,025
Total	55,621	14,839	17,857	11,190	99,507
<i>Capital</i>					
Buildings	1,325	-	-	-	1,325
Parks, open spaces & streetscapes	503	-	-	-	503
Total	1,828	-	-	-	1,828
TOTAL	57,449	14,839	17,857	11,190	101,335
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2019					
<i>Operating</i>					
Open space management	27,385	22,323	5,071	-	54,779
Building maintenance	9,371	8,859	718	-	18,948
Garbage collection and recycling	9,037	5,073	24	-	14,134
Consultancies	7,258	4,924	433	-	12,615
Community Services	4,538	2,234	1,152	-	7,924
Computers and technology	4,373	3,171	6,314	9,976	23,834
Operational services	2,803	706	169	-	3,678
Cleaning contracts for council buildings	1,113	-	-	-	1,113
Total	65,878	47,290	13,881	9,976	137,025
<i>Capital</i>					
Buildings	3,282	-	-	-	3,282
Parks, open spaces & streetscapes	2,310	-	-	-	2,310
Total	5,592	-	-	-	5,592
TOTAL	71,470	47,290	13,881	9,976	142,617

Notes to the Financial Report for the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Note 5 Our financial position (continued)		
5.7 Commitments (continued)		
C13 Developer Contributions Scheme		
In 1998 the C13 Developer Contribution Scheme was signed off by Council to facilitate streetscape works to the value of \$8.082 million for works in Port Melbourne over a 20 year period commencing in the year 2000 to 2020.		
These works were completed during the 2019/20 financial year per the terms of the scheme.		
Value of works outstanding at 1 July	124	2,902
Adjustment to works outstanding	-	(2,648)
Works completed	(124)	(130)
	-	124
CPI adjustment (included in future works 2020/21)	-	-
Value of works outstanding at 30 June	-	124

Notes to the Financial Report for the year ended 30 June 2020

Note 5 Our financial position (continued)

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

Policy applicable after 1 July 2019

Council has applied *AASB 16 Leases* using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to *AASB 16 Leases*, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied *AASB 16 Leases* only to contracts that were previously identified as 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.

Notes to the Financial Report for the year ended 30 June 2020

Note 5 Our financial position (continued)

5.8 Leases (continued)

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

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

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

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

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

Right-of-Use Assets	Vehicles	Plant & Equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2019	1,376	-	1,376
Additions	398	273	671
Disposals	(8)	-	(8)
Amortisation charge	(533)	(167)	(700)
Balance at 30 June 2020	1,233	106	1,339

Lease Liabilities	2020
	\$'000
Maturity analysis - contractual undiscounted cash flows	789
Less than one year	585
One to five years	789
More than five years	-
Total undiscounted lease liabilities as at 30 June:	1,374

Lease liabilities included in the Balance Sheet at 30 June:

Current	585
Non-current	789
Total lease liabilities	1,374

Notes to the Financial Report for the year ended 30 June 2020

Note 5 Our financial position (continued)

5.8 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.

Expenses relating to:	\$'000
Short-term leases	1,049
Leases of low value assets	7
Total	1,056
Variable lease payments (not included in measurement of lease liabilities)	-

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

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

Payable:

Within one year	287
Later than one year but not later than five years	122
Later than 5 years	14

Total lease commitments	423
-------------------------	------------

i. Leases classified as operating leases under AASB 117 Leases

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying *AASB 16 Leases* to leases previously classified as operating leases under *AASB 117 Leases*.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

ii. Leases previously classified as finance leases

For leases that were classified as finance leases under *AASB 117 Leases*, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under *AASB 117 Leases* immediately before that date.

Council is not required to make any adjustments on transition to *AASB 16 Leases* for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with *AASB 16 Leases* from the date of initial application.

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 5 Our financial position (continued)		
5.8 Leases (continued)		
Impact on financial statements		
On transition to AASB 16 Leases, Council recognised an additional \$1.376 million of right-of-use assets and \$1.376M of lease liabilities, recognising the difference in retained earnings.		
When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 4.65%.		
		2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements		669
Discounted using the incremental borrowing rate at 1 July 2019		(19)
Finance lease liability recognised as at 30 June 2019		1,408
		2,058
- Recognition exemption for:		
short-term leases		(337)
leases of low-value assets		(22)
- Extension and termination options reasonably certain to be exercised		
- Residual value guarantees		-
		1,699
- Lease liabilities recognised as at 1 July 2019		1,699

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Asset at carrying value	2,211	-
Total non-current assets classified as held for sale	2,211	-

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 2020

Note 6 Assets we manage (continued)

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	<i>At Fair Value 30 June 2019</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>Transfer to Right of Use as per AASB16</i>	<i>At Fair Value 30 June 2020</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>	<i>\$'000</i>
Land	2,486,000	-	-	2,675	-	-	-	(2,200)	-	2,486,475
Buildings	227,458	4,130	-	(1,859)	(8,479)	-	9,061	(11)	-	230,300
Infrastructure	437,036	3,634	-	11,888	(12,917)	(854)	2,250	-	-	441,037
Plant and Equipment	32,752	2,735	40	-	(4,403)	(481)	-	-	(1,376)	29,267
Work in progress	14,529	11,871	-	-	-	-	(13,109)	-	-	13,291
	3,197,775	22,370	40	12,704	(25,799)	(1,335)	(1,798)	(2,211)	(1,376)	3,200,370

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	9,441	4,567	(9,061)	(332)	4,615
Infrastructure	5,082	7,086	(2,250)	(1,466)	8,452
Plant and Equipment	6	218	-	-	224
Total	14,529	11,871	(11,311)	(1,798)	13,291

Notes to the Financial Report for the year ended 30 June 2020

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 2019	2,486,000	443,160	2,929,160
Accumulated depreciation at 1 July 2019	-	(215,702)	(215,702)
WDV at beginning of financial year	2,486,000	227,458	2,713,458
Movements in fair value			
Additions	-	4,130	4,130
Revaluation increments/decrements	2,675	(4,072)	(1,397)
Disposal	-	-	-
Write-off	-	-	-
Transfers	-	9,061	9,061
Non-current assets classified as held for sale	(2,200)	(560)	(2,760)
	475	8,559	9,034
Movements in accumulated depreciation			
Depreciation and amortisation	-	(8,479)	(8,479)
Accumulated depreciation of disposals	-	-	-
Revaluation increments/decrements	-	2,213	2,213
Non-current assets classified as held for sale	-	549	549
	-	(5,717)	(6,266)
At fair value 30 June 2020	2,486,475	451,719	2,938,194
Accumulated depreciation at 30 June 2020	-	(221,419)	(221,419)
WDV at end of financial year	2,486,475	230,300	2,716,775

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

Notes to the Financial Report for the year ended 30 June 2020

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 2019	20,618	11,795	3,638	7,100	11,701	54,852	14,529
Accumulated depreciation at 1 July 2019	-	(7,135)	(2,219)	(3,369)	(9,377)	(22,100)	-
WDV at beginning of financial year	20,618	4,660	1,419	3,731	2,324	32,752	14,529
Movements in fair value							
Additions	84	912	468	449	822	2,735	11,871
Contributions	40	-	-	-	-	40	-
Revaluation increments/decrements	-	-	-	-	-	-	-
Disposal	-	(1,738)	(1,883)	(896)	(7,658)	(12,175)	-
Write-off	-	-	-	-	-	-	(1,798)
Transfers	-	-	-	-	-	-	(11,311)
Transfer to Right of Use as per AASB16	-	(3,404)	-	-	-	(3,404)	-
	124	(4,230)	(1,415)	(447)	(6,836)	(12,804)	(1,238)
Movements in accumulated depreciation							
Depreciation and amortisation	(198)	(1,296)	(489)	(1,584)	(836)	(4,403)	-
Accumulated depreciation of disposals	-	1,333	1,809	893	7,659	11,694	-
Revaluation increments/decrements	-	-	-	-	-	-	-
Transfer to Right of Use as per AASB16	-	2,028	-	-	-	2,028	-
	(198)	2,065	1,320	(691)	6,823	9,319	-
At fair value 30 June 2020	20,742	7,565	2,223	6,653	4,865	42,048	13,291
Accumulated depreciation at 30 June 2020	(198)	(5,070)	(899)	(4,060)	(2,554)	(12,781)	-
WDV at end of financial year	20,544	2,495	1,324	2,593	2,311	29,267	13,291

Notes to the Financial Report for the year ended 30 June 2020

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 2019	260,926	4,631	123,047	125,793	102,145	9,794	17,332	643,668
Accumulated depreciation at 1 July 2019	(54,991)	(2,706)	(50,174)	(49,767)	(39,769)	(1,733)	(7,492)	(206,632)
WDV at beginning of financial year	205,935	1,925	72,873	76,026	62,376	8,061	9,840	437,036
Movements in fair value								
Additions	813		836	518	1,348	75	44	3,634
Contributions								-
Revaluation increments/decrements	(6,922)	83	5,761	5,979	5,536	3,610	(5,472)	8,575
Disposal	(349)		(341)	(132)	(1,313)		(174)	(2,309)
Write-off								-
Transfers			3	9	1,988		250	2,250
Transfer to other asset class			15,825	535	(16,341)		(19)	-
	(6,458)	83	22,084	6,909	(8,782)	3,685	(5,371)	12,150
Movements in accumulated depreciation								
Depreciation and amortisation	(2,933)	(49)	(3,410)	(871)	(4,544)	(97)	(1,013)	(12,917)
Accumulated depreciation of disposals	262		247	53	800		93	1,455
Revaluation increments/decrements	(5,606)	(129)	8,382	(2,939)	1,782	(364)	2,187	3,313
Transfer to other asset class			(8,746)	(6)	8,351		401	-
	(8,277)	(178)	(3,527)	(3,763)	6,389	(461)	1,668	(8,149)
At fair value 30 June 2020	254,468	4,714	145,131	132,702	93,363	13,479	11,961	655,818
Accumulated depreciation at 30 June 2020	(63,268)	(2,884)	(53,701)	(53,530)	(33,380)	(2,194)	(5,824)	(214,781)
WDV at end of financial year	191,200	1,830	91,430	79,172	59,983	11,285	6,137	441,037

Notes to the Financial Report for the year ended 30 June 2020

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
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 carparks	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 2020

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 a qualified independent valuer, Frank Carbone AAPI (Val 1764). The valuation of buildings is a depreciated replacement cost. The valuation of land 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.

In the 2019/20 financial year the declaration of a global pandemic following the COVID-19 virus outbreak resulted in significant impacts on global financial markets. As a result of this, Council considers there to be significant material valuation uncertainty. The valuation is current as at the date of valuation and reflects the market values at this time. Significant changes may occur as the markets responds to the impacts of government directed measures, the impacts of which cannot be reasonably foreseen by the Valuer as at the date of valuation.

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Date of Valuation
Specialised Land	-	-	2,486,475	Jun-20
Buildings	-	-	230,300	Jun-20
	-	-	2,716,775	

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 2020

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).

In the 2019/20 financial year the declaration of a global pandemic following the COVID-19 virus outbreak resulted in significant impacts on global financial markets. As a result of this, Council considers there to be significant material valuation uncertainty. The valuation is current as at the date of valuation and reflects the market values at this time. Significant changes may occur as the markets responds to the impacts of government directed measures, the impacts of which cannot be reasonably foreseen by the Valuer as at the date of valuation.

The date of the current valuations is detailed in the following table.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Date of Valuation
Roads	-	-	191,200	Jun-20
Bridges	-	-	1,830	Jun-20
Footpaths and cycleways	-	-	91,430	Jun-20
Drainage	-	-	79,172	Jun-20
Parks, open spaces and streetscapes	-	-	59,983	Jun-20
Off street carparks	-	-	11,285	Jun-20
Other infrastructure*	-	-	6,137	Jun-20
	-	-	441,037	

* Other infrastructure includes street furniture.

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 2019 were performed by the following independent valuers:

- Australian Art Valuers - contemporary, visual, historical and public art;
- Sainsbury Books - heritage photographs; and
- Leonard Joel - 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 2020 are as follows:

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Date of Valuation
Heritage and works of art	-	-	20,544	Jun-19

Notes to the Financial Report for the year ended 30 June 2020

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 replacement cost 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 \$7,000 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$300 to \$4,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 98 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.

	2020 \$'000	2019 \$'000
Reconciliation of specialised land		
Parks and reserves	1,955,511	1,956,036
Commercial	204,974	201,774
Community	212,503	214,703
Council office land	113,487	113,487
Total specialised land	2,486,475	2,486,000

Notes to the Financial Report for the year ended 30 June 2020

Note 6 Assets we manage (continued)

6.3 Investments in associates, joint ventures and subsidiaries

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. Following the expiry of the initial lease and Joint Venture Agreement, a new 21 year lease between Parks Victoria, Wesley College and Council, and a new 21 Year Joint Venture Agreement between Council and Wesley, is expected to be executed in August 2020. Council have signed a letter of commitment with Wesley College for this.

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 will provide for 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. It will also provides for each party to be paid half of any profit each year or in the case of a loss, each party is to contribute half of the loss to the Joint Venture. The new Joint Venture Agreement provides for joint control, equal share of risks and rewards and equal share of net assets.

The Joint Venture reporting period has historically been for the 12 months to 31 March each year and this timeframe continues under the new Joint Venture Agreement.

Council has been provided with draft audited Joint Venture financial statements for the 12 months ended 31 March 2020 and 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 2020.

	2020 \$'000	2019 \$'000
Fair value of Council's investment in Albert Park Hockey and Tennis Centre	307	326
<i>Council's share of accumulated surplus/(deficit)</i>		
Council's share of accumulated surplus(deficit) at start of year	326	347
Reported surplus(deficit) for year	(18)	(21)
Council's share of accumulated surplus(deficit) at end of year	308	326
<i>Movement in carrying value of specific investment</i>		
Carrying value of investment at start of year	326	347
Share of surplus(deficit) for year	(18)	(21)
Carrying value of investment at end of year	308	326
<i>Council's share of expenditure commitments</i>		
Operating commitments	3	3
Capital commitments	12	12
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 2020

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 consolidated 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.

Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, 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 2020 reporting period.

Notes to the Financial Report for the year ended 30 June 2020

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 7.1

(b) Key Management Personnel

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

Councillors

Councillor Bernadene Voss (Mayor from 14 November 2019)

Councillor Dick Gross (Mayor to 13 November 2019)

Councillor Andrew Bond

Councillor Katherine Copsey

Councillor Tim Baxter

Councillor Louise Crawford

Councillor Marcus Pearl

Councillor Ogy Simic

Councillor David Brand

Other

Chief Executive Officer Peter Smith

Director- Office of the CEO Kylie Bennetts

General Manager- Customer & Corporate Services Chris Carroll

General Manager- Infrastructure & Amenity Fiona Blair (to 21 February 2020)*

Interim General Manager- Infrastructure & Amenity Lachlan Johnson (from 2 February 2020)*

General Manager Community & Economic Development Tony Keenan

General Manager- City Strategy & Sustainable Development Lili Rosic

Chief Financial Officer Dennis O'Keeffe

	2020	2019
	No.	No.
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	8	9
Total Number of Key Management Personnel	17	18

* Overlap in General Manager Infrastructure & Amenity from 2 February 2020 to 21 February 2020 due to staff transition

Notes to the Financial Report for the year ended 30 June 2020

Note 7 People and relationships (continued)

7.1 Council and key management remuneration (continued)

	2020	2019
	\$'000	\$'000
(c) Remuneration of Key Management Personnel		
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,272	2,249
Post-employment benefits	183	176
Other long-term benefits	47	67
Total remuneration*	2,502	2,492

* Total remuneration includes salary, bonuses, allowances, superannuation, termination, leave payments and accrued long service leave but excludes accrued annual leave.

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	2020	2019
	No.	No.
\$30,000 - \$39,999	7	7
\$60,000 - \$69,999	1	1
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	1	1
\$150,000 - \$159,999	-	1
\$190,000 - \$199,999	1	1
\$220,000 - \$229,999	2	-
\$230,000 - \$239,999	-	2
\$240,000 - \$249,999	-	1
\$250,000 - \$259,999	2	-
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	1
\$390,000 - \$399,999	1	1
	17	18

Notes to the Financial Report for the year ended 30 June 2020

Note 7 People and relationships (continued)

7.1 Council and key management remuneration (continued)

(d) Senior Officer Remuneration

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

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

The number of Senior Officers are shown below in their relevant income bands:	2020 No.	2019 No.
Income Range:		
\$151,000 - \$159,999	3	6
\$160,000 - \$169,999	5	4
\$170,000 - \$179,999	9	8
\$180,000 - \$189,999	3	5
\$190,000 - \$199,999	5	6
\$200,000 - \$209,999	2	-
\$210,000 - \$219,999	1	1
\$250,000 - \$259,999	-	1
\$320,000 - \$329,999	1	-
	29	31
	<hr/>	<hr/>
	\$'000	\$'000
Total Remuneration* for the reporting year for Senior Officers included above, amounted to	5,352	5,553

* Total remuneration includes salary, bonuses, allowances, superannuation, termination, leave payments and accrued long service leave but excludes accrued annual leave.

Total Annual Remuneration under AASB 124 includes termination and annual leave and long service leave balance payouts due to senior staff ceasing employment with the City of Port Phillip during the financial year.

Notes to the Financial Report for the year ended 30 June 2020

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 2020

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

	2020	2019
	\$'000	\$'000
(a) Contingent assets		
Open space contributions		
Council estimates that assets will pass to Council in the future in respect of anticipated development contributions for open space improvements.	2,532	7,124
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 minimum rentals receivables under non-cancellable operating leases are as follows:		
Not later than one year	9,922	9,846
Later than one year and not later than five years	17,886	20,904
Later than five years	49,926	51,956
	77,734	82,706

(b) Contingent 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.

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.

Future superannuation contributions

The City of Port Phillip has not had to make any unfunded liability payments to Vision Super during the year (\$ nil for the 2018/2019 year). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 is \$372,621.

Legal matters

The Council is presently involved in a number of confidential legal matters which are being conducted through Council's solicitors. These matters are yet to be finalised and the financial outcome cannot be determined.

Notes to the Financial Report for the year ended 30 June 2020

Note 8 Managing uncertainties (continued)

8.2 Changes in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with *AASB 116 Property, Plant and Equipment* or *AASB 138 Intangible Assets*, as appropriate, except as specified
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

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

The Standard principally amends *AASB 101 Presentation of Financial Statements* and *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

Notes to the Financial Report for the year ended 30 June 2020

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 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

Notes to the Financial Report for the year ended 30 June 2020

Note 8 Managing uncertainties (continued)

8.3 Financial instruments (continued)

(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.

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 in the face of the balance sheet and the amount is related to financial guarantees, and is deemed insignificant based on prior periods data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of +0.25% and -1.00% in market interest rates (AUD) from year-end rates of 1.35%.

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 2020

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.

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 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 2020

Note 8 Managing uncertainties (continued)

8.4 Fair value measurement (continued)

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

Refer to Note 9.4 for Subsequent event information pertaining to COVID-19.

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

Notes to the Financial Report for the year ended 30 June 2020

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
2020			
<i>Property</i>			
Land and land improvements	2,216,048	2,675	2,218,723
Buildings	94,174	(1,859)	92,315
	2,310,222	816	2,311,038
<i>Infrastructure</i>			
Roads	133,627	(12,528)	121,099
Bridges	942	(46)	896
Footpaths and cycleways	24,446	14,143	38,589
Drainage	33,144	3,040	36,184
Parks, open spaces & streetscapes	16,816	7,318	24,134
Off street carparks	5,003	3,246	8,249
Other infrastructure	6,599	(3,285)	3,314
	220,577	11,888	232,465
<i>Plant and equipment</i>			
Heritage plant & equipment	14,277	-	14,277
	14,277		14,277
Total Asset revaluation reserves	2,545,076	12,704	2,557,780
	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2019			
<i>Property</i>			
Land	2,248,394	(32,346)	2,216,048
Buildings	78,413	15,761	94,174
	2,326,807	(16,585)	2,310,222
<i>Infrastructure</i>			
Roads	70,741	62,886	133,627
Bridges	825	117	942
Footpaths and cycleways		(3,435)	24,446
Drainage	33,144		33,144
Parks, open spaces & streetscapes	16,816		16,816
Off street carparks	3,862	1,141	5,003
Other infrastructure	6,342	257	6,599
	159,611	60,966	220,577
<i>Plant and equipment</i>			
Heritage plant & equipment	10,386	3,891	14,277
	10,386	3,891	14,277
Total Asset revaluation reserves	2,496,804	48,272	2,545,076

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 2020

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
2020				
<i>General Reserve</i>	40,311	33,335	(24,332)	49,314
<i>Statutory Reserves</i>				
Resort and recreation reserve	20,518	10,028	(3,976)	26,570
Contributions for car parking reserve	1,791	-	-	1,791
Contribution for C13 infrastructure reserve	213	56	(269)	-
	22,522	10,084	(4,245)	28,361
Total Other reserves	62,833	43,419	(28,577)	77,675
2019				
<i>General Reserve</i>	37,418	18,818	(15,925)	40,311
<i>Statutory Reserves</i>				
Resort and recreation reserve	18,226	6,456	(4,164)	20,518
Contributions for car parking reserve	1,791	-	-	1,791
Contribution for C13 infrastructure reserve	213			213
	20,230	6,456	(4,164)	22,522
Total Other reserves	57,648	25,274	(20,089)	62,833

	2020 \$'000	2019 \$'000
Asset revaluation reserve	2,557,780	2,545,076
Other reserves	77,675	62,833
Total Reserves	2,635,455	2,607,909

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.

Contributions for C13 infrastructure reserve

The C13 infrastructure reserve is for the accumulation of developers contributions which are to be expended at a future date on specific infrastructure. See note 5.7 for further information.

Notes to the Financial Report for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 9 Other matters (continued)		
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	6,907	7,148
Depreciation/amortisation	26,499	25,740
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,117	5,424
Contributions - non-monetary assets	(40)	(243)
Other	2,430	745
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(616)	(2,257)
(Increase)/decrease in prepayments	2,109	18
(Increase)/decrease in accrued income	328	(679)
Increase/(decrease) in trade and other payables	(10,568)	(67)
(Decrease)/increase in other liabilities	863	1,578
Increase/(decrease) in provisions	2,626	(427)
Net cash provided by operating activities	31,655	36,980

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 categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined 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 2020

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.

As at 30 June 2019, a interim actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

- Net investment returns 6.0% pa
- Salary inflation 3.5% pa
- Price inflation (CPI) 2.0% pa.

Vision Super has reported that the estimated VBI at 30 June 2020 was **104.6%**. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2019 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2019 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 2020, this rate was 9.5% of members salaries (9.5% in 2018/2019). This rate will increase in line with any increases in the SG contribution rate.

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

Funding calls

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

Notes to the Financial Report for the year ended

Note 9 Other matters (continued)

9.3 Superannuation (continued)

Defined Benefit

City of Port Phillip 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 City of Port Phillip 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 19.

2019 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 actuarial investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's most recent actuarial investigations identified the following in the defined benefit category of which Council is a contributing employer:

	2019 \$m	2017 \$m
A VBI surplus	151.3	69.8
A total service liability surplus	233.4	193.5
A discounted accrued benefits surplus	256.7	228.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2019.

The 2020 triennial actuarial investigation

A triennial investigation is being conducted for the Fund's Position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% p.a.	6.5% p.a.
Salary inflation	2.5% p.a. for the first 2 years and 2.75% thereafter	3.5% p.a.
Price inflation	2.0% p.a.	2.5% p.a.

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020 \$,000	2019 \$,000
Vision super	Defined benefit	9.50%	377	368
Vision super	Accumulation fund	9.50%	4,508	5,005

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020.

Notes to the Financial Report for the year ended 30 June 2020

Note 9 Other matters (continued)

9.4 Impact of COVID-19 crisis on City of Port Phillip's 2019-20 operations and financial report

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. In response to the crisis, various measures have been undertaken by all three levels of Government in Australia to reduce the spread of the COVID-19 virus.

These measures have significantly impacted the global and local economy and the financial results for the Council in 2019/20. Additionally, Council responded to the community during this crisis by providing relief and support packages.

Details of areas impacted during the financial year are as follows:

- In response to government directives amidst the COVID-19 outbreak, libraries, community centres and recreational facilities were closed. These closures resulted in a decrease in the council user fee revenue by \$0.63 million (Note 3.2, 3.3).
- Council provided rent relief and deferment for tenants in Council managed facilities including the South Melbourne Market Stallholders between 1 April to 30 June 2020. This resulted in a decrease in rent revenue of \$1.58 million.
- A reduction in planning, building, and development revenue of \$0.45 million (Note 3.2, 3.6)
- Government directed lockdowns of businesses across the the municipality and restrictions on travel decreased footpath trading, premises registration and parking revenue by \$5.93 million (Note 3.2, 3.3)
- Restrictions on eligibility to access child care services during the Government directed State of Emergency, as well as high unemployment rates reduced demand for childcare services by \$1.25 million (Note 3.2)
- Global economic downturn resulted in low money market yield reducing available interest rates from 2.65% to 0.8%. (Note 3.7)
- Additional \$0.72 million of expenditure to ensure safety for our staff and our community including cleaning, personal protective equipments and security.

Subsequent events:

- Since 30 June 2020, there has been COVID-19 related developments that warrant disclosure. The significant increase in community transmission (second wave) and stage 4 restrictions for metro Melbourne will impact negatively to Council's financial position.
- Impacts to service delivery (e.g. temporary closure of facilities), impact on revenue streams and additional expenses are expected to be in the same categories as disclosed above.
- Council delayed its budget 2020/21 adoption to August 2020 to take into consideration the impacts of COVID-19 reflecting on updated assumptions and estimates.
- Council estimates an unfavourable revenue impact of \$21 million in 2020/21, an increase on 2019/20.
- Council's mitigating financial strategy for 2020/21 includes a mix of reducing and deferring our portfolio spend, reduced service levels in consultation with our community, the execution of a zero based budget which resulted in efficiency savings and reduction in discretionary spend such as training and consultancy, and an organisation restructure that has resulted in a flatter and more efficient organisation structure.
- The 2020/21 Budget has been developed to ensure we continue to be in a position to deliver the key services and priorities our community expects while building in support for those hardest hit by COVID-19 with a \$5.6 million economic and social recovery program.
- Council will continue to monitor closely its financial position in 2020/21 and the impact of COVID-19 on our staff and our community.
- Management consider the going concern assumption remains the appropriate basis to prepare the financial report

Notes to the Financial Report for the year ended 30 June 2020

Note 10 Change in accounting policy

Council has adopted *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities*, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted *AASB 15 Revenue from Contracts with Customers* using the modified (cumulative catch up) method. Revenue for 2019 as reported under *AASB 118 Revenue* is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

b) AASB 16 Leases

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures. The transition impact of these are detailed below.

c) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted *AASB 1058 Income of Not-for-Profit Entities* using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as Council satisfies the performance obligations under the contract.

d) Transition impacts

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	2019 \$'000
Retained earnings at 30 June 2019	647,632
Revenue adjustment - impact of <i>AASB 15 Revenue from Contracts with</i>	-
Income Adjustment - impact of <i>AASB 1058 Income of Not-for-Profit Entities</i>	-
Retained earnings at 1 July 2019	647,632

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of *AASB 16 Leases*.

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ended 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Property infrastructure plant and equipment	1,376	(1,376)	-
Right of use assets	-	1,699	1,699
Grants receivable	-	-	-
	-	1,699	1,699
Liabilities			
Unearned income - operating grants	-	-	-
Unearned income - capital grants	-	-	-
Lease liability - current	465	180	645
Lease liability - non-current	943	111	1054
	1,408	291	1,699

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 reporting date.
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 joint ventures	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.