



# Council Agenda



**Campaspe**  
Shire Council

**Date:** 26 September 2023

**Time:** 5:30 pm

**Venue:** Echuca Civic Centre

**Photo Left to Right:** Cr Tony Marwood, Cr Colleen Gates (Deputy Mayor), Cr Paul Jarman, Cr Daniel Mackrell, Cr Rob Amos (Mayor), Cr Leanne Pentreath, Cr Chrissy Weller, Cr Adrian Weston and Cr John Zobec.

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For a meeting of the Campaspe Shire Council meeting held on Tuesday 26 September 2023, commencing at 5:30 pm at the Council Chambers, Echuca Civic Centre.

## **Acknowledgement of Country**

The Shire of Campaspe is the traditional lands of the Dja Dja Wurrung, Taungurung and Yorta Yorta Peoples.

We respect and acknowledge their unique Aboriginal cultural heritage and pay our respect to their ancestors, descendants and emerging leaders as the Traditional Owners of this Country.

We acknowledge their living culture and their unique role in the life of this region.

## **Opening Prayer**

We pray to almighty God that our decisions as a Council be in the best interest of the people, culture and the environment of the Shire of Campaspe.

Amen

## **Meeting Procedures**

Please ensure that all electronic devices are turned off or switched to silent.

Council meetings are broadcast live via the internet. During the meeting, members of the public may be recorded, particularly those speaking to an item. By attending this meeting, you are consenting to the possibility that your image may also be broadcast to the public. Any personal and health information voluntarily disclosed by any person at Council meetings may be broadcast live, held by Council and made available to the public for later viewing.

Those people who have requested to speak to an item will be allowed five minutes to address Council. Speakers will be notified with a bell when there is 60 seconds remaining. Speakers must only speak in relation to the subject stated on their application and shall not debate the issue with Councillors and officers. Councillors are able to ask questions of the speaker on points of clarification.

Speakers are advised that they do not enjoy any special protection from defamation arising from comments made during their presentation to Council and should refrain from voicing defamatory remarks or personal defamatory statements against any individual. Speakers will be treated with respect when addressing Council. I ask that the same respect is extended to Councillors and officers.

# **1 Apologies**

## **1.1 Apologies**

# **2 Disclosure of Conflicts of Interest**

## **2.1 Disclosure of Conflicts of Interest**

In accordance with Section 130(1)(a) of the *Local Government Act 2020* Councillors are required to disclose any conflict of interest in respect of a matter to be considered at a Council meeting.

# **3 Changes to the Order of Business**

## **3.1 Changes to the Order of Business**

Once an agenda has been prepared and sent to Councillors, the order of business for that meeting may only be altered by resolution of the Council. This includes the request for an item to be brought forward.

## 4 Council Decisions

### 4.1 Corporate

#### 4.1.1 2022/23 Annual Financial Statements and Performance report results

**Directorate:** Corporate

**Responsible Officer:** Manager Finance

**Manager:** Director Corporate

**Attachments:**

1. Consolidated Financial Statements- GPF S-2023 [4.1.1.1 - 65 pages]
2. CSC Performance Statement 2022-23 Draft [4.1.1.2 - 15 pages]

#### 1. PURPOSE

To present the audited draft financial and performance statements for Council's 'in principle' approval and authorise two Councillors to sign the 2022/23 Financial Statements and Performance Statement on behalf of Council.

#### 2. RECOMMENDATION

**That Council:**

1. **Approve 'in principle' the financial statements and performance statement for the period ended 30 June 2023.**
2. **Authorise the Manager Finance (Principal Accounting Officer) to make changes to the Financial Statements and Performance Statement as may be determined by the Victorian Auditor General's Office and that any material amendments be made in consultation with the Chief Executive Officer and Chair of the Audit and Risk Committee**
3. **Be notified of any material amendments if they are made, as soon as possible.**
4. **Authorise the Mayor, Cr Rob Amos and Cr \_\_\_\_\_ to sign the annual financial statements and performance statement on behalf of Council.**

#### 3. DISCUSSION

Under sections 99 (2) and 99 (3) of the Local Government Act 2020, Council cannot submit its financial or performance statements to the Victorian Auditor General's Office (VAGO) until Council has considered the statements, provided 'in principle' approval and signed them.

To satisfy this requirement, Council must pass two resolutions, the first gives 'in principle' approval for the financial statements and performance statement and the second authorises two councillors, on behalf of Council, to certify the statements once amendments or changes requested by the VAGO have been made.

The State Government provides the following guidance to Local Government on the process:

- The Audit and Risk Committee reviews the draft financial statements and performance statement and recommends any required changes.
- The Council formally meets to review the draft financial statements and performance statement.
- The Council is then required to pass a resolution giving 'in principle' approval to the statements and to authorise two specific councillors to sign the statements in their final form, before they can be forwarded to VAGO for sign off.
- The statements and other documentation are provided to the audit contractor who forwards them to VAGO.
- VAGO reviews the statements and other documentation and requests changes if appropriate.
- The Principal Accounting Officer considers the VAGO requested changes and incorporates them into the statement as agreed.
- The authorised councillors, CEO and Principal Accounting Officer sign the financial statements and submit a final signed copy of the statements to VAGO.
- VAGO then issues the audit report for both the financial statements and performance statement.

Council's VAGO appointed auditor, Johnsons MME, have worked with council officers to ensure the statements as presented reflect the appropriate financial position of Council. These statements were provided to Council's Audit and Risk Committee and discussed at their meeting held on the 15 September 2023.

The Audit and Risk Committee has reviewed the financial statements with Council's external auditor and have referred these statements to Council for their 'in principle' approval.

Council is required to consolidate the results of any subsidiaries into the Council's financial statements. The financial statements for 2022/23 have incorporated the results of the Campaspe Port Enterprise. The effect of this is an increase in the reported surplus of \$0.81 million.

The key differences between budget and actuals are:

- An additional \$12.05 million has been received that relates to the flood, the funds are for repairing essential public infrastructure and to fund the recovery effort.
- The Financial Assistance grants were fully prepaid in 2022/23 for 2023/24 (\$4.93 million).
- Increased expenditure that relates to the flood of \$7.71 million which is offset by the additional grants and disaster relief funding.
- Net loss on the disposal of property and infrastructure assets of \$8.56 million. Of this amount, \$2.70 million relates to the write-off of the Council owned portion of the Kyabram Fauna Park when these assets were transferred to Zoos Victoria. The remaining amount relates to writing off the remaining value of assets when they are renewed.

As part of the preparation of the financial statements this year, Council performed an index-based revaluation of roads and a full revaluation of land and land under roads. This has resulted in a substantial uplift in asset values. More detailed information on these movements can be found in Note 9.1 of the Financial Report.

The performance statement reports on the Council's results against the local government performance reporting indicators and demonstrates results consistent with prior years. These results are released publicly via two methods, Council's Annual Report and the Local Government Sector Performance Reporting website and can be compared with other councils of similar size and all councils across Victoria.

The financial and performance statements are being finalised with VAGO's appointed auditor and are still subject to final review of VAGO.

This report recommends that the Mayor, Cr Rob Amos, and a Councillor, who is a current member of the Council's Audit and Risk Committee, sign the financial statements and performance statement following advice from VAGO.

#### **4. CONSULTATION**

##### Internal consultation:

- Executive Leadership Team.

##### External consultation:

- Council's Audit and Risk Committee reviewed the financial statements and performance statement on 15 September 2023 and discussed the results with Council's VAGO appointed auditor, Johnsons MME.

##### Councillors:

- 5 September 2023 Council Briefing Session.

#### **5. STRATEGIC ALIGNMENT**

##### **Council Plan 2021-2025**

Well managed resources for a sustainable future.

Responsible management of Council's financial resources enables Council to deliver the services as set out in the Council Plan.

#### **6. POLICIES AND RELATED COUNCIL DOCUMENTS**

Council Plan

Finance Plan

#### **7. LEGAL AND STATUTORY OBLIGATIONS**

Section 9(2)(a) of the *Local Government Act 2020* (Vic) provides that Council decisions are to be made and actions taken in accordance with the relevant law.

#### **8. FINANCIAL IMPLICATIONS**

Section 9(2)(g) of the *Local Government Act 2020* (Vic) provides that the ongoing financial viability of the Council is to be ensured.

Council is in a sound financial position as at the 30 June 2023 but will need to manage its financial resources strategically in the future to remain operationally viable given the continued rising costs of inputs to service delivery.



## **9. ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPLICATIONS**

Council is a major employer in the region and utilises many local businesses to source services and supplies, which contribute to the local economy both directly and indirectly.

## **10. ISSUES AND RISK MANAGEMENT**

### **Issues:**

There are no issues identified in connection with this report.

### **Risk:**

Risk management has been considered in the preparation of this report and no risks with a high or extreme rating have been identified in this process.

## **11. CONFLICT OF INTEREST**

Section 130 of the *Local Government Act 2020* (Vic) requires members of Council staff to disclose any general or material conflict of interest in matters to be considered at a Council Meeting.

## **12. CHARTER OF HUMAN RIGHTS**

This report has considered and complies with the Human Rights and Responsibilities contained in the Victorian Charter of Human Rights and Responsibilities Act 2006.

## **13. INSTRUMENT OF DELEGATION**

This report has considered and complies with the Instrument of Sub-Delegation by the Chief Executive Officer in so far as this report is not contrary to the existing policy or Strategy previously adopted by Council.

DRAFT

# Campaspe Shire Council

CONSOLIDATED FINANCIAL REPORT  
for the year ended 30 June 2023

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## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Financial Report

for the year ended 30 June 2023

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## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Financial Report

for the year ended 30 June 2023

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## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Financial Report

for the year ended 30 June 2023

### Certification of the Financial Statements

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

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**Ailsa Box**

**Principal Accounting Officer**

**Dated:** dd MMMM yyyy

Echuca

In our opinion, the accompanying consolidated financial statements present fairly the financial transactions of Campaspe Shire Council and its controlled entity for the year ended 30 June 2023 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances which would render any particulars in the consolidated financial statements to be misleading or inaccurate.

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

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**Rob Amos**

**Mayor**

**Dated:** dd MMMM yyyy

Echuca

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**Councillor**

**Councillor**

**Dated:** dd MMMM yyyy

Echuca

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**Pauline Gordon**

**Chief Executive Officer**

**Dated:** dd MMMM yyyy

Echuca

Campaspe Shire Council

2022/2023 Financial Report

Consolidated Financial Report  
for the year ended 30 June 2023

Victorian Auditor-General's Office Report

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Insert VAGO Report here

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Campaspe Shire Council

2022/2023 Financial Report

Consolidated Financial Report

for the year ended 30 June 2023

Victorian Auditor-General's Office Report

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Insert VAGO Report here

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## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Comprehensive Income Statement

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
<b>Income / Revenue</b>			
Rates and charges	3.1	46,303	45,779
Statutory fees and fines	3.2	1,786	1,861
User fees	3.3	15,660	14,610
Grants - operating	3.4	31,706	19,096
Grants - capital	3.4	6,366	8,206
Contributions - monetary	3.5	210	511
Contributions - non monetary	3.5	1,908	961
Other income	3.7	4,226	1,102
<b>Total income / revenue</b>		<b>108,165</b>	<b>92,126</b>
<b>Expenses</b>			
Employee costs	4.1	30,215	29,361
Materials and services	4.2	37,512	26,095
Depreciation	4.3	22,182	20,626
Amortisation - Right of use assets	4.4	216	471
Bad and doubtful debts - allowance for impairment losses	4.5	125	188
Borrowing costs	4.6	167	88
Finance Costs - Leases	4.7	9	18
Net loss on disposal of property, infrastructure, plant and equipment	3.6	8,562	5,104
Other expenses	4.8	5,116	4,176
Impairment	6.1	1,057	-
<b>Total expenses</b>		<b>105,161</b>	<b>86,127</b>
<b>Surplus/(deficit) for the year</b>		<b>3,004</b>	<b>5,999</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	9.1	29,410	57,747
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>29,410</b>	<b>57,747</b>
<b>Total other comprehensive income</b>		<b>29,410</b>	<b>57,747</b>
<b>Total comprehensive result</b>		<b>32,414</b>	<b>63,746</b>

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



## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Balance Sheet

as at 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	6,628	10,490
Trade and other receivables	5.1	4,821	4,068
Other financial assets	5.1	88,000	59,020
Inventories	5.2	727	728
Other assets	5.2	3,068	2,416
<b>Total current assets</b>		<b>103,244</b>	<b>76,722</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1	16	16
Other financial assets	5.1	14,000	28,000
Property, infrastructure, plant and equipment	6.1	790,397	773,946
Intangible assets	5.2	4,261	3,919
Right-of-use assets	5.8	225	309
<b>Total non-current assets</b>		<b>808,899</b>	<b>806,190</b>
<b>Total assets</b>		<b>912,143</b>	<b>882,912</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	6,230	8,036
Trust funds and deposits	5.3	1,543	2,227
Unearned income/revenue	5.3	6,897	6,135
Provisions	5.5	6,206	5,923
Interest-bearing liabilities	5.4	1,602	1,430
Lease liabilities	5.8(b)	112	205
<b>Total current liabilities</b>		<b>22,590</b>	<b>23,956</b>
<b>Non-current liabilities</b>			
Trust funds and deposits	5.3	18	18
Provisions	5.5	1,095	1,818
Interest-bearing liabilities	5.4	3,991	5,090
Lease liabilities	5.8(b)	121	116
<b>Total non-current liabilities</b>		<b>5,225</b>	<b>7,042</b>
<b>Total liabilities</b>		<b>27,815</b>	<b>30,998</b>
<b>Net assets</b>		<b>884,328</b>	<b>851,914</b>
<b>Equity</b>			
Accumulated surplus		297,655	324,561
Reserves	9.1	586,673	527,353
<b>Total Equity</b>		<b>884,328</b>	<b>851,914</b>

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

## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
<b>2023</b>					
<b>Balance at beginning of the financial year</b>		851,914	324,561	497,947	29,406
<b>Adjusted opening balance</b>		851,914	324,561	497,947	29,406
<b>Surplus/(deficit) for the year</b>		3,004	3,004	–	–
<b>Other comprehensive income</b>					
Net asset revaluation increment/(decrement)	9.1	29,410	–	29,410	–
<b>Other comprehensive income</b>		29,410	–	29,410	–
<b>Total comprehensive income</b>		32,414	3,004	29,410	–
Transfers to other reserves	9.1	–	(37,656)	–	37,656
Transfers from other reserves	9.1	–	7,746	–	(7,746)
<b>Balance at end of the financial year</b>		884,328	297,655	527,357	59,316
<b>2022</b>					
<b>Balance at beginning of the financial year</b>		787,658	322,217	440,200	25,241
Correction of prior period errors – retrospective	11.1	309	309	–	–
Correction of prior period errors – not retrospective	6.3(b)	201	201	–	–
<b>Adjusted opening balance</b>		788,168	322,727	440,200	25,241
<b>Surplus/(deficit) for the year</b>		5,999	5,999	–	–
<b>Other comprehensive income</b>					
Net asset revaluation increment/(decrement)	9.1	57,747	–	57,747	–
<b>Other comprehensive income</b>		57,747	–	57,747	–
<b>Total comprehensive income</b>		63,746	5,999	57,747	–
Transfers to other reserves	9.1	–	(9,821)	–	9,821
Transfers from other reserves	9.1	–	5,656	–	(5,656)
<b>Balance at end of the financial year</b>		851,914	324,561	497,947	29,406

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

## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 Inflows/ (Outflows) \$ '000	2022 Inflows/ (Outflows) \$ '000
<b>Cash flows from operating activities</b>			
Rates and charges		45,788	46,199
Statutory fees and fines		1,765	1,934
User fees		17,771	15,385
Grants - operating		31,706	19,096
Grants - capital		6,552	9,686
Contributions - monetary		210	511
Interest received		2,243	548
Trust funds and deposits taken		12,234	10,606
Other receipts		(719)	438
Net GST refund/payment		-	1,589
Employee costs		(30,202)	(29,113)
Materials and services		(42,116)	(25,087)
Short-term, low value and variable lease payments		-	(145)
Trust funds and deposits repaid		(12,918)	(11,094)
Other payments		(3,654)	(4,393)
Payments for landfill rehabilitation		-	(19)
<b>Net cash provided by/(used in) operating activities</b>	9.2	<b>28,660</b>	<b>36,141</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(16,453)	(25,529)
Proceeds from sale of property, infrastructure, plant and equipment		234	3,221
Payments for investments		(75,500)	(48,530)
Proceeds from sale of investments		60,520	28,041
<b>Net cash provided by/(used in) investing activities</b>		<b>(31,199)</b>	<b>(42,797)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(167)	(87)
Proceeds from borrowings		600	4,262
Repayment of borrowings		(1,527)	(1,073)
Interest paid - lease liability		(9)	(18)
Repayment of lease liabilities		(220)	(477)
<b>Net cash flow provided by/(used in) financing activities</b>		<b>(1,323)</b>	<b>2,607</b>
<b>Net Increase (decrease) in cash and cash equivalents</b>		<b>(3,862)</b>	<b>(4,049)</b>
Cash and cash equivalents at the beginning of the financial year		10,490	14,539
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>6,628</b>	<b>10,490</b>

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

## Campaspe Shire Council

2022/2023 Financial Report

## Consolidated Statement of Capital Works

for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
<b>Property</b>		
Buildings	3,493	1,329
Heritage buildings	–	238
<b>Total buildings</b>	<u>3,493</u>	<u>1,567</u>
<b>Total property</b>	<u>3,493</u>	<u>1,567</u>
<b>Plant and equipment</b>		
Heritage plant and equipment	–	690
Plant, machinery and equipment	1,784	2,353
Computers and telecommunications	71	54
<b>Total plant and equipment</b>	<u>1,855</u>	<u>3,097</u>
<b>Infrastructure</b>		
Roads	5,598	9,861
Bridges	823	627
Footpaths and cycleways	325	1,269
Drainage	–	2,415
Recreational, leisure and community facilities	2,647	6,151
Waste management	72	55
Parks, open space and streetscapes	100	–
Off street car parks	259	–
Other infrastructure	2,273	455
<b>Total infrastructure</b>	<u>12,097</u>	<u>20,833</u>
<b>Total capital works expenditure</b>	<u>17,445</u>	<u>25,497</u>
<b>Represented by:</b>		
New asset expenditure	701	1,602
Asset renewal expenditure	14,072	17,382
Asset upgrade expenditure	2,672	6,513
<b>Total capital works expenditure</b>	<u>17,445</u>	<u>25,497</u>

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

## Campaspe Shire Council

2022/2023 Financial Report

### Notes to the Financial Statements

for the year ended 30 June 2023

#### Note 1. Overview

##### Introduction

Campaspe Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate.

The Council's main office is located at Heygarth Street, Echuca.

##### Statement of compliance

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

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

##### Significant accounting policies

###### 1.1 Basis of accounting

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1.)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1).
- the determination of employee provisions (refer to Note 5.5.).
- the determination of landfill provisions (refer to Note 5.5.)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 1. Overview

**Goods and Services Tax (GST)**

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

**1.2 Impact of Covid-19**

There have been no observable financial impacts on Council operations as the result of Covid 19 during 2022-23.

**1.3 Impact of Flood**

During October 2022 Campaspe Shire suffered major floods that impacted a large are of the community as well as Council operations. Council has noted the following significant impacts to its financial operations.

- Revenue Reduction - all services were closed in the Echuca and Rochester area while there was a state of emergency declaration in place. The closure of impacted services has reduced the revenue that was forecast to be raised.
- Additional revenue - funds have been received from State and Federal Government to assist with the recovery effort and to repair impacted infrastructure.
- Cost increases - costs have increased due to responding to the flood event. These costs relate to the initial response, recovery process and repairs to infrastructure. A large portion of this will be reimbursed from funding provided by other levels of Government. There will be components that will not be eligible for funding that will remain an additional cost to council, such as insurance excesses.
- Infrastructure impacts - There was widespread impact on infrastructure assets, a swimming pool and a building were extensively damaged and their future is currently being discussed with the Community. Road infrastructure that was damaged has had emergency repairs carried out to return the assets to a usable standard.
- Rates and debt collection - Council resolved to provide rate relief to residents that were affected by the October 2022 flood event. The relief provided depended on the level of impact to the individual or business. Council has also waived interest on unpaid rates until 30 June 2023.
- Income from Flood Recovery Funding received from both the Victorian and State Governments \$11.483M under the DFRA, Council Support Fund, Flood Recovery Officers Fund and the Landfill Levy.
- Expenditure incurred on flood related activities to date \$7.7M (Materials & Services, \$6.6M contractor costs, \$1.1m others). Not all costs incurred in relation to the flood will be able to be claimed against Government funds.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 2. Analysis of our results

## Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 per cent or \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

	Budget 2023 \$ '000	Actual 2023 \$ '000	Variance \$ '000	Variance %	Ref
<b>2.1.1 Income / Revenue and expenditure</b>					
<b>Income / Revenue</b>					
Rates and charges	40,961	46,303	5,342	13.04%	1
Garbage charges	6,245	–	(6,245)	(100.00)%	2
Statutory fees and fines	1,465	1,786	321	21.91%	3
User fees	15,108	15,660	552	3.65%	4
Grants - operating	14,742	31,706	16,964	115.07%	5
Grants - capital	2,623	6,366	3,743	142.70%	6
Contributions - monetary	–	210	210	–	7
Contributions - non monetary	–	1,908	1,908	–	8
Net gain on disposal of property, infrastructure, plant and equipment	650	–	(650)	(100.00)%	9
Other income	1,078	4,226	3,148	292.02%	10
<b>Total income / revenue</b>	<b>82,872</b>	<b>108,165</b>	<b>25,293</b>	<b>30.52%</b>	
<b>Expenses</b>					
Employee costs	31,035	30,215	820	2.64%	11
Materials and services	26,308	37,512	(11,204)	(42.59)%	12
Depreciation	20,959	22,182	(1,223)	(5.84)%	13
Amortisation - right of use assets	71	216	(145)	(204.23)%	14
Bad and doubtful debts - allowance for impairment losses	–	125	(125)	–	
Borrowing costs	146	167	(21)	(14.38)%	
Finance costs - leases	–	9	(9)	–	
Net loss on disposal of property, infrastructure, plant and equipment	–	8,562	(8,562)	–	15
Other expenses	5,182	5,116	66	1.27%	16
Impairment	–	1,057	(1,057)	–	17
<b>Total expenses</b>	<b>83,701</b>	<b>105,161</b>	<b>(21,460)</b>	<b>(25.64)%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(829)</b>	<b>3,004</b>	<b>3,833</b>	<b>(462.36)%</b>	

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 2.1 Performance against budget

## (i) Explanation of material variations

## Variance Explanation

## Ref

1. Rates and charges - The variance between the budget and the actual result is due to Council offering rate relief to flood affected residents following the October 2022 flood event. Credits of \$1.065m approx. were given for rates and the municipal charge to June 2023. This line also includes garbage charges of \$6.38m, which are budgeted separately.
2. Waste charges - The variance is due to waste charges being budgeted separately, these are combined in the financial statements. The actual waste charges were \$6.38m, the variance to budget is due to additional services being requested as housing developments come online. The number of services was greater than budgeted due to the unpredictability of when occupancy will be granted to a residences.
3. Statutory fees and fines - The variance is due to animal registrations being incorrectly classified in the budget as user fees. Budgeted statutory fees and fines should have been \$1.925m and the variance would be \$139k. This variance is due to reduced parking fees being collected because of the October 2022 flood event.
4. User fees - The variance is due to increased sales of rock from the Quarry for repairs to roads as the result of flood damage and refunds of approximately \$52k were provided for traders as part of the initial flood relief package.
5. Grants operating - The variance is due to General Purpose Grants (\$4.93m) being fully prepaid in 2022/23 for 2023/24 and additional funds received for flood recovery and repairs to infrastructure resulting from flood damage (\$12.05m).
6. Grants capital - Grants received in prior years are recognised as revenue in the current year based on the percentage of works completed.
7. Contributions monetary - Monetary contributions from developers for public open space and carparking, as per planning conditions, are not budgeted due to the uncertainty around these items.
8. Contributions non monetary - On completion of subdivisions by developers, the infrastructure assets are transferred to Council control and recognised in our asset register. These assets comprise roads, footpaths, kerb and channel, drainage and parks and open spaces. It is difficult to predict when these transfers will occur and therefor are not considered when setting the budget.
9. Gain on sale of assets - The budget only considers the sale of industrial land. All sales, disposals and write offs are combined and the net effect is accounted for in expenses.
10. Other income - Interest rates and the funds available for investment is budgeted conservatively. The amount of funds available to invest and the interest rates being paid by financial institutions has been greater than budgeted, resulting in greater than budget interest income.
11. Employee costs - Recruiting qualified staff to fill vacancies is an issue across the local government sector. This has resulted in savings in employee costs while recruiting to these roles. Where needed consultants or contractors have been engaged to have been used to cover these positions. These costs are recognised in materials and services, contributing to the unfavourable variance in that area. A summary of the combined consulting and wages costs is provided in detail later in the report.



## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 2.1 Performance against budget

- 
12. Materials and services - The main factor contributing to the variance is expenditure related to the October flood event (\$7.71m). These costs are being offset by the additional grant funds that have been received, see note 5.  
\$0.66m relates to increased costs at the quarry to enable an increase in production to meet demand, this is offset by increased revenue received.  
\$0.30m relates to increased advertising for recruitment purposes, offset by savings in employee costs.  
\$2.50m incurred on road and other capital projects that did not meet the capitalisation requirements.
13. Depreciation - The variance is due to new assets coming online and starting to be depreciated, the timing of this was uncertain when the budget was set and the full effect was not budgeted for. The impact of revaluation of infrastructure assets at the end of the 2021/22 year was greater than expected. Increasing the value of assets, increases the depreciation charge. These also contributed to the variance to budget.
14. Amortisation of right of use assets - The variance is due to new equipment being leased. It is more beneficial to lease than buy these items. These costs were not known when the budget was set.
15. Net Loss on disposal of property - the main items included in the result for the year is transfer of the Kyabram Fauna Park Reserve to Zoos Victoria \$2.7m, impairments of flood affected assets and the decommissioning of roads \$2.8m, buildings \$1.1m, bridges \$857k, stormwater drains \$469K, paths \$257k, kerbs \$117k. and the sale of industrial land \$250k.
16. Other expenses - Equipment hire for the quarry exceeded budget by \$600k. This equipment was initially budgeted to be leased. Contributions and Community grants payments exceed budget due to the payout to Campaspe Port Enterprise in accordance with the Business Plan.
17. Impairment - Assets damaged as the result of the October 2022 flood have had their value reduced in line with the value of the damage to the asset. These assets include the Rochester Swimming Pool \$661k, the Nanneella Recreation Reserve Tennis Pavillion \$93k, the Strathallan Hall \$52k, and the previous Rochester Kindergarten building \$251k. Council is working with each of the Community Groups to best determine the future use of these assets.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 2.1 Performance against budget

	Budget 2023 \$ '000	Actual 2023 \$ '000	Variance \$ '000	Variance %	Ref
<b>2.1.2 Capital works</b>					
<b>Property</b>					
Land improvements	4,923	–	(4,923)	(100.00)%	1
<b>Total land</b>	<b>4,923</b>	<b>–</b>	<b>(4,923)</b>	<b>(100.00)%</b>	
Buildings	6,750	3,493	(3,257)	(48.25)%	2
<b>Total buildings</b>	<b>6,750</b>	<b>3,493</b>	<b>(3,257)</b>	<b>(48.25)%</b>	
<b>Total property</b>	<b>11,673</b>	<b>3,493</b>	<b>(8,180)</b>	<b>(70.08)%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	3,887	1,784	(2,103)	(54.10)%	3
Computers and telecommunications	–	71	71	–	
<b>Total plant and equipment</b>	<b>3,887</b>	<b>1,855</b>	<b>(2,032)</b>	<b>(52.28)%</b>	
<b>Infrastructure</b>					
Roads	9,833	5,598	(4,235)	(43.07)%	4
Bridges	2,763	823	(1,940)	(70.21)%	5
Footpaths and cycleways	3,862	325	(3,537)	(91.58)%	6
Drainage	2,274	–	(2,274)	(100.00)%	7
Recreational, leisure and community facilities	1,780	2,647	867	48.71%	8
Waste management	373	72	(301)	(80.70)%	9
Parks, open space and streetscapes	107	100	(7)	(6.54)%	
Aerodromes	4,700	–	(4,700)	(100.00)%	10
Off street car parks	–	259	259	–	
Other infrastructure	107	2,273	2,166	2,024.30%	11
<b>Total infrastructure</b>	<b>25,799</b>	<b>12,097</b>	<b>(13,702)</b>	<b>(53.11)%</b>	
<b>Total capital works expenditure</b>	<b>41,359</b>	<b>17,445</b>	<b>(23,914)</b>	<b>(57.82)%</b>	
<b>Represented by:</b>					
New asset expenditure	10,265	701	(9,564)	(93.17)%	
Asset renewal expenditure	20,296	14,072	(6,224)	(30.67)%	
Asset upgrade expenditure	10,798	2,672	(8,126)	(75.25)%	
<b>Total capital works expenditure</b>	<b>41,359</b>	<b>17,445</b>	<b>(23,914)</b>	<b>(57.82)%</b>	

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## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 2.1 Performance against budget

**(i) Explanation of material variations****Variance Explanation****Ref**

1. Land improvements - The variance is due to the budgeted project to redevelop the Echuca Aquatic Reserve being dependent on securing grant funding. Funding applications for this project have not been successful to date.
2. Buildings - Projects that were planned to be delivered over multiple years were fully budgeted in 2022-23 and some works have been delayed due to the October flood event. The upgrade of the Rushworth Service centre is due to be completed mid 2023-24 and works at the Echuca Holiday Park were delayed by flood. The Kyabram Wilf Cox Pavilion project has not been successful in securing grant funding as yet.
3. Plant, machinery and equipment - Supply chain issues are continuing to impact the delivery of new plant and equipment. Items are ordered but were not delivered by year end.
4. Roads - Projects planned for the 2023-24 year have been impacted by the flood, with planned works being put on hold and repairing flood damage taking priority.
5. Bridges - Projects on bridges have been delayed due to flood with works unable to be carried out because of high water.
6. Footpaths and cycleways - Delays to works on Kyabram Breen Avenue walking track have contributed to the variance, it is planned to have this project completed in 2023-24. Works on many other projects have been delayed due to the flood and resources being redirected to emergency repairs from planned works.
7. Drainage - Planned works have been impacted by the October flood event with resources being redirected to emergency works.
8. Recreational, leisure and community facilities - Projects budgeted in prior years have been completed in 2022-23.
9. Waste management - Projects have been delayed due to resources being redirected to manage flood emergency works.
10. Aerodromes - The variance is due to the upgrade project at the airport being dependent on receiving a grant, the application was successful and works will commence in 2024.
11. Other infrastructure - Carried forward capital works from prior years have been completed in the 2022-23 year.

## Campaspe Shire Council

2022/2023 Financial Report

### Notes to the Financial Statements

for the year ended 30 June 2023

#### Note 2.2 Analysis of Council results by program

##### 2.2.1 Analysis of Council results by program

Council delivers its functions and activities through the following pillars as defined in the Council Plan 2021-2025. These pillars guide the delivery of services.

##### **Flourishing local economy**

Campaspe's economic drivers are numerous: agriculture, food production, manufacturing, health care and tourism. Many factors within Council's control contribute directly to these and others, such as roads and land allocation, and many areas we indirectly support are also important, such as freight links and education. Our aim over this term is to re-establish a sound basis for investment in Campaspe and, to do this, we will build a program of advocacy that helps attract funding for local infrastructure, boosts vocational education, employs our people, especially younger people, and supports all major sectors of our economy.

##### **Well planned places**

Council has significant responsibilities to make Campaspe a great place, and these are focused on ensuring we have the land we need for the future, and that we're well connected, within and outside the Shire. This means that Council, over this term, will invigorate and progress development of significant sites, such as the Bridge to Bridge locality, and identify future such sites. In addition, we will pay attention to ensuring we've got enough land available for living, working and industry. And, we'll focus on the underlying infrastructure like drains and stormwater, and the aboveground open spaces that our communities rely upon. All whilst protecting our natural environment for future generations and planning with the changing climate in mind. Roads are a vital part of our Shire, and 50% of our budget will continue to be spent on them. But, increasingly, we rely on digital communications also, so our advocacy efforts will be redoubled here.

##### **Resilient protected and healthy natural environment**

Council has several responsibilities to ensure a resilient natural environment now, and for future generations especially in light of changing climate. Chief amongst these is to lead — and deliver — an environmentally and economically sustainable waste service. Our aim is to ultimately become a circular economy, so it's important that we work with our communities to use less that ultimately becomes landfill. In addition, we will look carefully at our own practices, especially in water and energy use, and find ways to create less negative impact. We will continue to play an integral role in managing native vegetation and pest plants on roadsides and supporting the goal of 'no net loss to biodiversity as a result of the removal, destruction or lopping of native vegetation'. We will support farmers and landowners care for their land, to enable agricultural productivity into the future. Finally, we will act as steward for the land we manage, and as partners and advocates with other land managers so that we and future generations can have the best use and enjoyment of our Campaspe environment.

##### **Growing quality of life**

Strong economies, resilient natural environments, and great places don't automatically lead to a higher quality of life. But we will ensure that communities have a voice in how Council spends its limited budgets in each community's interests, in a fair way. We will review services and make prudent decisions about improving those the community wants the most and divest ourselves of some that others can perform just as well or better than we can. Finally, we will work with our numerous Communities of Priority to ensure that Campaspe is a place that welcomes, and provides opportunities, for all.

##### **Organisational support**

Council has several internal, enabling services which provide responsible management to the broader organisation and the community. These services ensure that the organisation has the necessary tools to perform and enhance effectiveness and efficiency.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 2.2 Analysis of Council results by program

## 2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

Functions/activities	Income / Revenue \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income / revenue \$ '000	Total assets \$ '000
<b>2023</b>					
Flourishing local economy	15,144	11,154	3,990	–	57,199
Well planned places	54,792	58,512	(3,720)	17,316	671,159
Resilient protected and healthy natural environment	12,351	8,343	4,008	262	14,548
Growing quality of life	14,529	12,758	1,771	2,239	65,315
Organisational support	11,331	14,397	(3,066)	18,254	82,386
<b>Total functions and activities</b>	<b>108,147</b>	<b>105,164</b>	<b>2,983</b>	<b>38,072</b>	<b>912,143</b>
<b>2022</b>					
Flourishing local economy	14,240	9,335	4,905	–	57,963
Well planned places	40,594	44,378	(3,784)	8,279	680,762
Resilient protected and healthy natural environment	12,415	7,910	4,505	257	15,535
Growing quality of life	14,803	12,193	2,610	1,637	63,097
Organisational support	10,074	12,311	(2,237)	17,130	65,044
<b>Total functions and activities</b>	<b>92,126</b>	<b>86,127</b>	<b>5,999</b>	<b>27,302</b>	<b>882,912</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

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

	2023 \$ '000	2022 \$ '000
<b>3.1 Rates and charges</b>		
Council uses capital improved values as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its equivalent to market price at the prescribed date of valuation.		
The valuation base used to calculate general rates for 2022/23 was \$11,128,495 million (2021/22 was \$8,979,379 million).		
Residential	21,183	20,855
Commercial	3,515	3,642
Industrial	1,752	1,892
Farm	9,475	8,982
Municipal charge	3,679	4,108
Waste management charge	4,656	4,313
Recycling and garden organics charges	1,727	1,641
Supplementary rates and rate adjustments	316	346
<b>Total rates and charges</b>	<b>46,303</b>	<b>45,779</b>

The date of the general revaluation of land for rating purposes, relevant to the reporting period, within the municipal district was 1 January 2022 by the Victorian Valuer General, and the valuation was first applied in the rating year commencing 1 July 2022.

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

**3.2 Statutory fees and fines**

Infringements and costs	394	443
Town planning fees	756	759
Land information certificates	91	116
Animal registrations	545	543
<b>Total statutory fees and fines</b>	<b>1,786</b>	<b>1,861</b>

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

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

	2023 \$ '000	2022 \$ '000
<b>3.3 User fees</b>		
Community Health	–	71
Caravan park fees	2,987	3,000
Child care/children's programs	2,542	3,764
Leisure centre and recreation	1,150	877
Livestock selling centre	561	559
Tourism	854	824
Other fees and charges	1,728	782
Parking	996	871
Quarry sales	3,924	3,154
Sale of materials	918	708
<b>Total user fees</b>	<b>15,660</b>	<b>14,610</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised at a point in time	15,660	14,610
<b>Total user fees</b>	<b>15,660</b>	<b>14,610</b>

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

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

	2023 \$ '000	2022 \$ '000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	23,254	24,445
State funded grants	14,818	2,857
<b>Total grants received</b>	<b>38,072</b>	<b>27,302</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Community Care	–	95
Environmental Health	4	2
Family and Children	2	–
Financial Assistance Grants - General purpose	11,958	10,812
Financial Assistance Grants - Local roads	6,206	5,704
<b>Recurrent - State Government</b>		
Community Programs	2	224
Environmental Health	140	85
Family and Children	929	895
Libraries	313	308
School crossing supervisors	126	99
<b>Total recurrent operating grants</b>	<b>19,680</b>	<b>18,224</b>
<b>Non-recurrent - Commonwealth Government</b>		
Community Programs	16	50
Family and Children	78	84
<b>Non-recurrent - State Government</b>		
Community care	–	3
Community Programs	203	525
Disaster Relief	11,483	–
Economic Development	37	–
Emergency services	–	73
Environmental Health	158	25
Family and children	42	–
Libraries	33	42
Waste Management	(24)	70
<b>Total non-recurrent operating grants</b>	<b>12,026</b>	<b>872</b>
<b>Total operating grants</b>	<b>31,706</b>	<b>19,096</b>



## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

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

	2023 \$ '000	2022 \$ '000
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,653	2,637
<b>Total recurrent capital grants</b>	<b>2,653</b>	<b>2,637</b>
<b>Non-recurrent - Commonwealth Government</b>		
Economic Development	–	185
Local Road and Community Infrastructure	2,337	4,805
Recreation	–	6
Roads	–	65
<b>Non-recurrent - State Government</b>		
Buildings	571	–
Economic Development	485	306
Recreation	43	256
Roads	76	(66)
Waste Management	201	12
<b>Total non-recurrent capital grants</b>	<b>3,713</b>	<b>5,569</b>
<b>Total capital grants</b>	<b>6,366</b>	<b>8,206</b>

**(c) Recognition of grant income**

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

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

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

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

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

General purpose	31,706	19,095
Specific purpose grants to acquire non-financial assets	6,366	8,206
	<b>38,072</b>	<b>27,301</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

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

	2023 \$ '000	2022 \$ '000
<b>(d) Unspent grants received on condition that they be spent in a specific manner:</b>		
<b>Operating</b>		
Balance at start of year	43	1,582
Received during the financial year and remained unspent at balance date	2,196	–
Received in prior years and spent during the financial year	(38)	(1,539)
<b>Balance at year end</b>	<b>2,201</b>	<b>43</b>
<b>Capital</b>		
Balance at start of year	5,548	3,896
Received during the financial year and remained unspent at balance date	3,384	4,533
Received in prior years and spent during the financial year	(3,029)	(2,881)
<b>Balance at year end</b>	<b>5,903</b>	<b>5,548</b>

Unspent grants are determined and disclosed on a cash basis.

## 3.5 Contributions

**Monetary contributions**

Monetary	210	511
<b>Total monetary contributions</b>	<b>210</b>	<b>511</b>

**Non-monetary contributions**

Non-monetary	1,908	961
<b>Total non-monetary contributions</b>	<b>1,908</b>	<b>961</b>

<b>Total contributions</b>	<b>2,118</b>	<b>1,472</b>
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Contributions of non monetary assets were received in relation to the following asset classes.

Land	169	194
Buildings	–	62
Infrastructure	1,739	705
<b>Total non-monetary contributions</b>	<b>1,908</b>	<b>961</b>

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

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

	2023 \$ '000	2022 \$ '000
<b>3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
<b>Property, infrastructure, plant and equipment</b>		
Proceeds of sale	234	3,221
Written down value of assets disposed	(8,796)	(7,471)
Written down value of assets held for sale	–	(854)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(8,562)</b>	<b>(5,104)</b>
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(8,562)</b>	<b>(5,104)</b>

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	2,243	668
Investment property rental	868	419
Other	26	–
Reimbursements	1,089	15
<b>Total other income</b>	<b>4,226</b>	<b>1,102</b>

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.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 4. The cost of delivering services

	2023 \$ '000	2022 \$ '000
<b>4.1 Employee costs</b>		
<b>(a) Employee costs</b>		
Wages and salaries	19,853	19,765
Annual leave and long service leave	2,880	2,584
Casual staff	2,488	2,481
Superannuation	2,880	2,634
WorkCover	347	225
Fringe benefits tax	155	137
Sick leave	945	1,122
Redundancy	667	413
<b>Total employee costs</b>	<b>30,215</b>	<b>29,361</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	150	131
	<b>150</b>	<b>131</b>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,677	1,670
Employer contributions - other funds	1,053	833
	<b>2,730</b>	<b>2,503</b>
Employer contributions payable at reporting date	156	97

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 4. The cost of delivering services

	2023 \$ '000	2022 \$ '000
<b>4.2 Materials and services</b>		
Consultants	1,730	1,498
Contract payments	19,247	9,363
Contract payments - waste management	2,546	2,414
Information technology	1,886	1,529
Insurance	1,038	926
Legal services	301	214
Materials	3,110	3,793
Repair and maintenance	3,200	2,576
Other	319	-
Service level contributions	768	875
Utility costs	2,064	1,860
Vehicle costs - other	168	185
Vehicle fuel costs	1,135	862
<b>Total materials and services</b>	<b>37,512</b>	<b>26,095</b>

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

## 4.3 Depreciation

**Property**

Land improvements	17	14
Buildings - specialised	2,664	2,682
<b>Total depreciation - property</b>	<b>2,681</b>	<b>2,696</b>

**Plant and equipment**

Heritage plant and equipment	37	37
Plant machinery and equipment	1,790	1,628
Fixtures fittings and furniture	8	8
Computers and telecomms	909	905
<b>Total depreciation - plant and equipment</b>	<b>2,744</b>	<b>2,578</b>

**Infrastructure**

Roads	12,907	11,686
Bridges	339	337
Footways and cycleways	651	625
Drainage	1,275	1,165
Recreational, leisure and community	755	765
Parks open spaces and streetscapes	334	294
Other infrastructure	496	480
<b>Total depreciation - infrastructure</b>	<b>16,757</b>	<b>15,352</b>

**Total depreciation**

<b>22,182</b>	<b>20,626</b>
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Refer to note 6.2 for a more detailed breakdown of depreciation charges and accounting policy.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 4. The cost of delivering services

	2023 \$ '000	2022 \$ '000
<b>4.4 Amortisation - Right of use assets</b>		
Fleet and plant & equipment	194	350
Office equipment	22	78
Other assets	-	43
<b>Total Amortisation - Right of use assets</b>	<b>216</b>	<b>471</b>

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

## 4.5 Bad and doubtful debts - allowance for impairment losses

Parking fine debtors	66	103
Animal debtors	59	78
Other debtors	-	7
<b>Total bad and doubtful debts - allowance for impairment losses</b>	<b>125</b>	<b>188</b>

**Movement in allowance for impairment losses in respect of debtors**

Balance at the beginning of the year	(898)	(727)
New provisions recognised during the year	(125)	(188)
Amounts already provided for and written off as uncollectible	-	16
Amounts provided for but recovered during the year	-	1
<b>Balance at end of year</b>	<b>(1,023)</b>	<b>(898)</b>

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

## 4.6 Borrowing costs

Interest - Borrowings	167	88
<b>Total borrowing costs</b>	<b>167</b>	<b>88</b>

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	9	18
<b>Total finance costs</b>	<b>9</b>	<b>18</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 4. The cost of delivering services

	2023 \$ '000	2022 \$ '000
<b>4.8 Other expenses</b>		
Advertising	423	225
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	79	56
Auditors' remuneration - Internal Audit	86	52
Bank fees	179	181
Commission	1,294	1,135
Contributions and Community Grants	478	450
Councillor - other expenses	18	3
Councillors' allowances	363	339
Councillor election costs	-	6
Equipment hire	672	247
Fire service levy	97	95
Food purchases	107	103
Licence fees	24	16
Marketing	106	208
Membership to associations	281	226
Operating lease rentals	269	219
Postage and stationery	255	275
Property rent	63	86
Protective clothing	97	88
Quarry Royalties	32	14
Veterinary costs	193	152
<b>Total other expenses</b>	<b>5,116</b>	<b>4,176</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
<b>Current</b>		
Cash on hand	7	9
Cash at bank	6,621	10,481
<b>Total current cash and cash equivalents</b>	<b>6,628</b>	<b>10,490</b>
<b>(b) Other financial assets</b>		
<b>Current</b>		
Term deposits - current	88,000	59,020
<b>Total current other financial assets</b>	<b>88,000</b>	<b>59,020</b>
<b>Non-current</b>		
Term deposits - non-current	14,000	28,000
<b>Total non-current other financial assets</b>	<b>14,000</b>	<b>28,000</b>
<b>Total current financial assets</b>	<b>94,628</b>	<b>69,510</b>
<b>Total non-current financial assets</b>	<b>14,000</b>	<b>28,000</b>

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

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

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

The 2024 Grants Commission funding of \$14.5m, DFRA \$9.1m and the Victorian Support Funds of \$3.9m funding received prior to June, increased the total funds invested as at the end of June 2023.



## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
<b>(c) Trade &amp; Other Receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	2,680	2,165
Parking infringement debtors	1,415	1,335
Net GST receivable	(124)	–
<i>Non-statutory receivables</i>		
Other debtors	1,873	1,466
<i>Provisions for doubtful debts</i>		
Provision for doubtful debts - parking infringements	(1,023)	(898)
<b>Total current trade and other receivables</b>	<b>4,821</b>	<b>4,068</b>
<b>Non-Current</b>		
<i>Statutory receivables</i>		
Special rate scheme	16	16
<b>Total non-current trade and other receivables</b>	<b>16</b>	<b>16</b>
<b>Total trade and other receivables</b>	<b>4,837</b>	<b>4,084</b>

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.

**(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)	1,163	680
Past due by up to 30 days	158	22
Past due between 31 and 180 days	509	738
Past due between 181 and 365 days	16	15
Past due by more than 1 year	27	11
<b>Total trade and other receivables</b>	<b>1,873</b>	<b>1,466</b>

**(e) Ageing of individually impaired receivables**

At balance date, debtors representing financial assets with a nominal value of \$1,301,497 (2022: \$1,263,900) were impaired. The amount of the provision raised against these debtors was \$1,023,199 (2022: \$897,528). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged for debt collectors or are on payment arrangements. The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	11	23
Past due by up to 30 days	37	24
Past due between 31 and 180 days	37	86
Past due between 181 and 365 days	64	75
Past due by more than 1 year	874	690
<b>Total trade and other receivables</b>	<b>1,023</b>	<b>898</b>

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## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
<b>5.2 Non-financial assets</b>		
<b>(a) Inventories</b>		
<b>Current</b>		
Other	727	728
<b>Total current inventories</b>	<b>727</b>	<b>728</b>
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.		
<b>(b) Other assets</b>		
<b>Current</b>		
Prepayments	207	380
Accrued income	2,861	2,036
<b>Total current other assets</b>	<b>3,068</b>	<b>2,416</b>
<b>(c) Intangible assets</b>		
Water Rights	4,261	3,919
<b>Total intangible assets</b>	<b>4,261</b>	<b>3,919</b>
	<b>Water rights \$ '000</b>	<b>Total \$ '000</b>
<b>Gross Carrying Amount</b>		
Balance at 1 July 2022	3,919	3,919
Revaluation	342	342
<b>Balance at 30 June 2023</b>	<b>4,261</b>	<b>4,261</b>

Valuation of water rights is based upon market value by reference to the water rate charged by the relevant authority and trading prices as at 30 June 2023.

Water rights are considered to have an indefinite life and are not subject to amortisation but are tested annually for impairment.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
<b>5.3 Payables, trust funds and deposits and unearned income/revenue</b>		
<b>(a) Trade and other payables</b>		
<b>Current</b>		
<i>Non-statutory payables</i>		
Trade payables	4,939	6,816
Accrued expenses	1,291	1,220
<b>Total current trade and other payables</b>	<b>6,230</b>	<b>8,036</b>
<b>(b) Trust funds and deposits</b>		
<b>Current</b>		
Refundable deposits	651	525
Refundable contract retention deposits	428	274
Fire services levy	2	1,085
Caravan Park deposits	462	343
<b>Total current trust funds and deposits</b>	<b>1,543</b>	<b>2,227</b>
<b>Non-current</b>		
Other refundable deposits	18	18
<b>Total non-current trust funds and deposits</b>	<b>18</b>	<b>18</b>
<b>(c) Unearned income/revenue</b>		
<b>Current</b>		
<b>Grants received in advance:</b>		
Grants received in advance	5,734	5,548
<b>Total grants received in advance</b>	<b>5,734</b>	<b>5,548</b>
<b>User fees received in advance:</b>		
Prepaid Rates	1,163	587
<b>Total user fees received in advance</b>	<b>1,163</b>	<b>587</b>
<b>Total current unearned income/revenue</b>	<b>6,897</b>	<b>6,135</b>

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of grants and pre-paid rates. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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

**Purpose and nature of items**

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

Fire Services 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.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

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.

Caravan park deposits - deposits are taken for forward accommodation bookings at the caravan park. These deposits are refundable if the accommodation booking is cancelled or converted to income when accommodation is used.

	2023 \$ '000	2022 \$ '000
<b>5.4 Interest-bearing liabilities</b>		
<b>Current</b>		
Treasury Corporation of Victoria borrowings - secured	669	788
Borrowings - secured	933	642
<b>Total current interest-bearing liabilities</b>	<b>1,602</b>	<b>1,430</b>
<b>Non-current</b>		
Treasury Corporation of Victoria borrowings - secured	1,011	3,410
Borrowings - secured	2,980	1,680
<b>Total non-current interest-bearing liabilities</b>	<b>3,991</b>	<b>5,090</b>
<b>Total</b>	<b>5,593</b>	<b>6,520</b>

Borrowings are secured by rates.

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

Not later than one year	1,602	1,430
Later than one year and not later than five years	3,991	5,003
Later than five years	-	87
	<b>5,593</b>	<b>6,520</b>

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

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	Employee provisions \$ '000	Landfill restoration \$ '000	Total \$ '000
<b>5.5 Provisions</b>			
<b>2023</b>			
Balance at the beginning of the financial year	6,424	1,317	7,741
Additional provisions	2,175	–	2,175
Amounts used	(1,830)	(525)	(2,355)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(332)	72	(260)
<b>Balance at the end of the financial year</b>	<b>6,437</b>	<b>864</b>	<b>7,301</b>
<b>Provisions</b>			
Provisions - current	6,123	83	6,206
Provisions - non-current	314	781	1,095
<b>Total Provisions</b>	<b>6,437</b>	<b>864</b>	<b>7,301</b>
<b>2022</b>			
Balance at the beginning of the financial year	6,837	1,335	8,172
Additional provisions	1,475	417	1,892
Amounts used	(1,597)	(111)	(1,708)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(291)	(324)	(615)
<b>Balance at the end of the financial year</b>	<b>6,424</b>	<b>1,317</b>	<b>7,741</b>
<b>Provisions</b>			
Provisions - current	5,819	104	5,923
Provisions - non-current	605	1,213	1,818
<b>Total Provisions</b>	<b>6,424</b>	<b>1,317</b>	<b>7,741</b>
		<b>2023</b>	<b>2022</b>
		<b>\$ '000</b>	<b>\$ '000</b>

**(a) Employee provisions****Current provisions expected to be wholly settled within 12 months**

Annual leave	1,488	1,388
Long service leave	438	414
	<b>1,926</b>	<b>1,802</b>

**Current provisions expected to be wholly settled after 12 months**

Annual leave	330	291
Long service leave	3,867	3,726
	<b>4,197</b>	<b>4,017</b>

**Total current employee provisions**

	<b>6,123</b>	<b>5,819</b>
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**Non-Current**

Long service leave	314	605
<b>Total Non-Current Employee Provisions</b>	<b>314</b>	<b>605</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
Aggregate Carrying Amount of Employee Provisions:		
Current	6,123	5,819
Non-current	314	605
<b>Total Aggregate Carrying Amount of Employee Provisions</b>	<b>6,437</b>	<b>6,424</b>

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

*Annual leave*

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

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

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

*Long service leave*

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

The discount rate and the wage inflation rates used are published by the Victorian State Government Department of Treasury and Finance monthly. The rates used are the May 2023, issued 1 June 2023 for the 2008 Long Service Leave Model.

## Key assumptions:

- discount rate	3.63%	3.38%
- inflation rate	4.35%	3.85%

**(b) Landfill restoration****Current**

Current	83	104
<b>Total current</b>	<b>83</b>	<b>104</b>

**Non-current**

Non-current	781	1,213
<b>Total non-current</b>	<b>781</b>	<b>1,213</b>

The provision for landfill restoration maintenance has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to maintain and monitor the site to comply with EPA requirements. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Council has no operating landfills, the landfill restoration provision relates to capped landfills previously operated by Council.

The discount rate is the Commonwealth Government 5 year bond rate published on 1 June 2023 and the inflation rate is March quarter all groups published by the Australian Bureau of Statistics and the Reserve Bank of Australia on 27 April 2023

## Key assumptions:

- discount rate	3.24%	3.09%
- inflation rate	7.00%	5.10%

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023	2022
	\$ '000	\$ '000

## 5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2023.

Bank overdraft	1,200	1,200
Credit card facilities	200	200
Asset finance leasing	–	36
Loans	5,593	6,520
<b>Total Facilities</b>	<b>6,993</b>	<b>7,956</b>
Used facilities	5,634	6,612
<b>Used facilities</b>	<b>5,634</b>	<b>6,612</b>
<b>Unused facilities</b>	<b>1,359</b>	<b>1,344</b>

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## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

## 5.7 Commitments

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

## (a) Commitments for expenditure

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
<b>2023</b>					
<b>Operating</b>					
Garbage collection	3,029	3,120	9,932	10,853	26,934
Landfill	1,488	1,533	4,881	1,726	9,628
Recycling and transfer stations	2,526	2,284	7,270	7,897	19,977
Consultancies	266	5	–	–	271
Cleaning/maintenance contracts	725	717	–	–	1,442
Corporate software	111	31	–	–	142
Caravan parks	367	–	–	–	367
Gym Equipment Lease	51	51	34	–	136
<b>Total</b>	<b>8,563</b>	<b>7,741</b>	<b>22,117</b>	<b>20,476</b>	<b>58,897</b>
<b>Capital</b>					
Tourism	574	–	–	–	574
Road	1,571	–	–	–	1,571
Plant and Fleet	1,531	–	–	–	1,531
Infrastructure	1,625	–	–	–	1,625
Recreation	319	–	–	–	319
Drainage	20	–	–	–	20
<b>Total</b>	<b>5,640</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5,640</b>
<b>2022</b>					
<b>Operating</b>					
Garbage collection	2,529	2,605	8,293	12,265	25,692
Landfill	1,402	1,444	4,598	3,299	10,743
Recycling and transfer stations	2,436	2,510	6,831	14,985	26,762
Consultancies	320	–	–	–	320
Cleaning/maintenance contracts	249	220	227	–	696
Corporate software	880	112	–	–	992
Caravan parks	315	–	–	–	315
<b>Total</b>	<b>8,131</b>	<b>6,891</b>	<b>19,949</b>	<b>30,549</b>	<b>65,520</b>
<b>Capital</b>					
Tourism	329	–	–	–	329
Road	1,656	–	–	–	1,656
Plant and Fleet	280	–	–	–	280
Infrastructure	2,104	–	–	–	2,104
Recreation	4,132	–	–	–	4,132
<b>Total</b>	<b>8,501</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,501</b>

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## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

**(b) Operating lease receivables****Operating lease receivables**

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

Not later than one year	197	388
Later than one year and not later than five years	313	510
	510	898

**5.8 Leases**

At inception of a contract, Council assesses 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;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council has the right to direct the use of the asset.

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

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

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

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

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

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Under *AASB 16 Leases*, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 5. Our financial position

## (a) Right-of-Use Assets

	Office Equipment \$ '000	Fleet, Plant & Equipment \$ '000	Other \$ '000	Total \$ '000
<b>2023</b>				
Balance at 1 July	30	244	35	309
Additions	–	3	131	134
Amortisation charge	(22)	(178)	(19)	(219)
<b>Balance at 30 June</b>	<b>8</b>	<b>70</b>	<b>147</b>	<b>225</b>
<b>2022</b>				
Balance at 1 July	108	392	71	571
Additions	–	202	7	209
Amortisation charge	(78)	(350)	(43)	(471)
<b>Balance at 30 June</b>	<b>30</b>	<b>244</b>	<b>35</b>	<b>309</b>
			<b>2023</b>	<b>2022</b>
			<b>\$ '000</b>	<b>\$ '000</b>

## (b) Lease Liabilities

Maturity analysis - contractual undiscounted cash flows			
Less than one year		118	213
One to five years		105	97
More than five years		30	33
<b>Total undiscounted lease liabilities as at 30 June:</b>		<b>253</b>	<b>343</b>
<b>Lease liabilities included in the Balance Sheet at 30 June:</b>			
Current		112	205
Non-current		121	116
<b>Total lease liabilities</b>		<b>233</b>	<b>321</b>

**Short-term and low value leases**

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

**Expenses relating to:**

Leases of low value assets	179	132
<b>Total</b>	<b>179</b>	<b>132</b>

**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	144	100
Later than one year but not later than five years	153	53
<b>Total lease commitments</b>	<b>297</b>	<b>153</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

## 6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount 30 June 2022 \$ '000	Additions \$ '000	Contributions \$ '000	Revaluation \$ '000	Depreciation \$ '000	Disposal \$ '000	Write-off \$ '000	Transfers \$ '000	Impairment of assets \$ '000	Carrying amount 30 June 2023 \$ '000
Property	244,403	676	169	10,039	(2,681)	(4,702)	–	1,505	(1,057)	248,352
Plant and equipment	14,341	–	–	–	(2,744)	(42)	–	1,745	–	13,300
Infrastructure	499,367	151	1,739	19,029	(16,756)	(4,046)	–	16,487	–	515,971
Work in progress	15,833	16,618	–	–	–	62	–	(19,737)	–	12,776
<b>Total</b>	<b>773,944</b>	<b>17,445</b>	<b>1,908</b>	<b>29,068</b>	<b>(22,181)</b>	<b>(8,728)</b>	<b>–</b>	<b>–</b>	<b>(1,057)</b>	<b>790,399</b>

Summary of Work in Progress	Opening WIP \$ '000	Additions \$ '000	Write-off \$ '000	Transfers \$ '000	Closing WIP \$ '000
Property	1,536	4,181	–	(1,505)	4,212
Plant and equipment	8	1,855	–	(1,745)	118
Infrastructure	14,291	10,582	62	(16,488)	8,447
<b>Total</b>	<b>15,835</b>	<b>16,618</b>	<b>62</b>	<b>(19,738)</b>	<b>12,777</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

	Land specialised \$ '000	Land non specialised \$ '000	Land improve- ments \$ '000	Land under roads \$ '000	Total land and land improve- ments \$ '000	Buildings specialised \$ '000	Total buildings \$ '000	Work in progress \$ '000	Total property \$ '000
<b>Property</b>									
At fair value 1 July 2022	103,433	31,845	614	5,200	141,092	178,101	178,101	1,536	320,729
Accumulated depreciation at 1 July 2022	–	–	(61)	–	(61)	(74,727)	(74,727)	–	(74,788)
	<u>103,433</u>	<u>31,845</u>	<u>553</u>	<u>5,200</u>	<u>141,031</u>	<u>103,374</u>	<u>103,374</u>	<u>1,536</u>	<u>245,941</u>
<b>Movements in fair value</b>									
Additions	–	–	–	–	–	676	676	4,181	4,857
Contributions	159	–	–	10	169	–	–	–	169
Revaluation	6,802	94	–	3,106	10,002	4,228	4,228	–	14,230
Disposal	(3,169)	(511)	–	–	(3,680)	(2,945)	(2,945)	–	(6,625)
Transfers	–	–	901	–	901	604	604	(1,505)	–
	<u>3,792</u>	<u>(417)</u>	<u>901</u>	<u>3,116</u>	<u>7,392</u>	<u>2,563</u>	<u>2,563</u>	<u>2,676</u>	<u>12,631</u>
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	–	–	(17)	–	(17)	(2,664)	(2,664)	–	(2,681)
Accumulated depreciation of disposals	–	–	–	–	–	1,923	1,923	–	1,923
Accumulated depreciation on revaluation	–	–	–	–	–	(4,191)	(4,191)	–	(4,191)
Impairment losses recognised in operating result	–	–	–	–	–	(1,057)	(1,057)	–	(1,057)
	<u>–</u>	<u>–</u>	<u>(17)</u>	<u>–</u>	<u>(17)</u>	<u>(5,989)</u>	<u>(5,989)</u>	<u>–</u>	<u>(6,006)</u>
At fair value 30 June 2023	107,225	31,427	1,515	8,317	148,484	180,663	180,663	4,213	333,360
Accumulated depreciation at 30 June 2023	(1)	–	(78)	–	(79)	(80,716)	(80,716)	–	(80,795)
<b>Carrying amount</b>	<u>107,224</u>	<u>31,427</u>	<u>1,437</u>	<u>8,317</u>	<u>148,405</u>	<u>99,947</u>	<u>99,947</u>	<u>4,213</u>	<u>252,565</u>

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## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

	Heritage plant and equipment \$ '000	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Computers and telecomms \$ '000	Artworks \$ '000	Total \$ '000	Work in progress \$ '000	Total plant and equipment \$ '000
<b>Plant and Equipment</b>								
At fair value 1 July 2022	3,029	16,001	326	9,288	1,138	29,782	8	29,790
Accumulated depreciation at 1 July 2022	(322)	(8,617)	(214)	(6,289)	–	(15,442)	–	(15,442)
	<u>2,707</u>	<u>7,384</u>	<u>112</u>	<u>2,999</u>	<u>1,138</u>	<u>14,340</u>	<u>8</u>	<u>14,348</u>
<b>Movements in fair value</b>								
Additions	–	–	–	–	–	–	1,855	1,855
Disposal	–	(611)	–	–	–	(611)	–	(611)
Transfers	–	1,745	–	–	–	1,745	(1,745)	–
	<u>–</u>	<u>1,134</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,134</u>	<u>110</u>	<u>1,244</u>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(37)	(1,790)	(8)	(909)	–	(2,744)	–	(2,744)
Accumulated depreciation of disposals	–	569	–	–	–	569	–	569
	<u>(37)</u>	<u>(1,221)</u>	<u>(8)</u>	<u>(909)</u>	<u>–</u>	<u>(2,175)</u>	<u>–</u>	<u>(2,175)</u>
At fair value 30 June 2023	3,029	17,134	326	9,288	1,138	30,915	117	31,032
Accumulated depreciation at 30 June 2023	(359)	(9,838)	(222)	(7,198)	–	(17,617)	–	(17,617)
<b>Carrying amount</b>	<u>2,670</u>	<u>7,296</u>	<u>104</u>	<u>2,090</u>	<u>1,138</u>	<u>13,298</u>	<u>117</u>	<u>13,415</u>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recrea- tional, leisure and community \$ '000	Parks open spaces and streets- capes \$ '000	Other infra- structure \$ '000	Total \$ '000	Work in progress \$ '000	Total infra- structure \$ '000
<b>Infrastructure</b>										
At fair value 1 July 2022	530,080	34,066	31,287	94,662	20,292	6,922	18,862	736,171	14,291	750,462
Accumulated depreciation at 1 July 2022	(154,253)	(17,098)	(13,648)	(33,655)	(8,659)	(3,307)	(6,185)	(236,805)	–	(236,805)
	<b>375,827</b>	<b>16,968</b>	<b>17,639</b>	<b>61,007</b>	<b>11,633</b>	<b>3,615</b>	<b>12,677</b>	<b>499,366</b>	<b>14,291</b>	<b>513,657</b>
<b>Movements in fair value</b>										
Additions	–	–	–	–	86	–	65	151	10,582	10,733
Contributions	1,215	–	159	364	–	–	–	1,738	–	1,738
Revaluation	36,059	–	–	–	–	–	–	36,059	–	36,059
Disposal	(4,501)	(1,892)	(514)	(687)	(333)	(232)	(47)	(8,206)	62	(8,144)
Transfers	8,267	1,809	2,820	1,836	247	711	797	16,487	(16,488)	(1)
	<b>41,040</b>	<b>(83)</b>	<b>2,465</b>	<b>1,513</b>	<b>–</b>	<b>479</b>	<b>815</b>	<b>46,229</b>	<b>(5,844)</b>	<b>40,385</b>
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation	(12,907)	(339)	(651)	(1,275)	(755)	(334)	(496)	(16,757)	–	(16,757)
Accumulated depreciation of disposals	2,189	1,020	357	206	206	164	18	4,160	–	4,160
Accumulated depreciation on revaluation	(14,834)	–	–	–	(2,196)	–	–	(17,030)	–	(17,030)
	<b>(25,552)</b>	<b>681</b>	<b>(294)</b>	<b>(1,069)</b>	<b>(2,745)</b>	<b>(170)</b>	<b>(478)</b>	<b>(29,627)</b>	<b>–</b>	<b>(29,627)</b>
At fair value 30 June 2023	571,120	33,984	33,752	96,175	20,293	7,401	19,677	782,402	8,446	790,848
Accumulated depreciation at 30 June 2023	(179,805)	(16,417)	(13,942)	(34,724)	(11,403)	(3,477)	(6,663)	(266,431)	–	(266,431)
<b>Carrying amount</b>	<b>391,315</b>	<b>17,567</b>	<b>19,810</b>	<b>61,451</b>	<b>8,890</b>	<b>3,924</b>	<b>13,014</b>	<b>515,971</b>	<b>8,446</b>	<b>524,417</b>

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## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

*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 years	Threshold Limit \$ '000
<b>Buildings</b>		
heritage buildings	75 years	10
buildings	75 years	10
building improvements	20 -50 years	10
<b>Plant and Equipment</b>		
heritage plant and equipment (paddlesteamers)	100 years	5
plant, machinery and equipment	3 - 20 years	10
fixtures, fittings and furniture	3 - 15 years	5
computers and telecommunications	4 years	5
<b>Infrastructure</b>		
road seals	15 - 20 years	10
road pavement	80 years	10
road formation and earthworks	999 years	10
road kerb, channel and minor culverts	50 - 80 years	10
gravel roads and gravel shoulders	15 years	10
bridges substructure	100 years	10
bridges deck	100 years	10
footpaths and cycleways	40 - 50 years	10
drainage	20 - 80 years	10

*Land under roads*

Council recognises land under roads it controls at fair value.

*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.

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

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

Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

*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 was undertaken by a qualified independent valuer, Simon Eishold, a qualified independent valuer from Eishold Property in April 2023. 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.

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

Valuation of specialised buildings was undertaken by Tony Blefari, a qualified independent valuer from Knowledge Asset Management Services in June 2022. The valuation of buildings is at fair value, being depreciated replacement cost, based on building net costs, estimated useful lives and asset condition assessments. These are unobservable inputs into the valuation.

Any significant movements in the unobservable inputs for land and land under roads and buildings 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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Specialised land	–	–	107,224	Apr-23	Full
Non specialised land	–	31,427	–	Apr-23	Full
Specialised buildings	–	–	99,968	Jun-22	Full
Land improvements	–	–	1,436	Jun-20	Index
Land under roads	–	–	8,317	Jan-23	Full
<b>Total</b>	<b>–</b>	<b>31,427</b>	<b>216,945</b>		

*Valuation of Infrastructure*

A fair value assessment of infrastructure assets has been carried out by Council staff using indices derived from ABS indexes. An index-based revaluation was conducted in the current year on Council's road assets using ABS civil construction/road and bridge construction indices. A full revaluation of these assets will be conducted in 2023/24.

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

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

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



## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Roads	–	–	391,315	Jun-23	Index
Bridges	–	–	17,567	Jun-20	Full
Footpaths and cycleways	–	–	19,810	Jun-20	Full
Drainage	–	–	61,451	Jun-20	Full
Recreational, leisure & community facilities	–	–	8,890	Jun-20	Index
Parks, open space & streetscapes	–	–	3,924	Jun-20	Index
Other Infrastructure	–	–	13,014	Jun-20	Full
<b>Total</b>	–	–	<b>515,971</b>		

**Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** are valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.15 and \$1,982 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 are calculated on a square metre basis and ranges from \$83 to \$7,847 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 25 years to 75 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 0 to 100 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.

**Reconciliation of specialised land**

	2023 \$ '000	2022 \$ '000
Specialised land	107,224	103,433
Land under roads	8,317	5,200
Land improvements	1,436	552
<b>Total specialised land</b>	<b>116,977</b>	<b>109,185</b>

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 6. Assets we manage

## 6.2 Investments in associates, joint arrangements and subsidiaries

## (a) Subsidiaries

**Campaspe Port Enterprise Pty Ltd**

## Background

Campaspe Port Enterprise Pty Ltd (CPE) was created on 1 October 2021 to assume responsibility for the management of tourism and paddlesteamer assets associated with the Port of Echuca Precinct. CPE is a separate entity, wholly owned by the Campaspe Shire Council. CPE has responsibility for managing the operations of the paddlesteamer and tourism business within the precinct. The board of directors were appointed in December 2021 but all of the company's operational transactions were still managed by Council. CPE began operating as a separate entity on 1 July 2022.

CPE did have set-up transactions that were incurred in 2022. These transactions were not consolidated into Council transactions in 2022 and have been treated as a correction of error through the Equity Statement.

**Summarised financial information****Summarised Statement of Comprehensive Income**

Total income	1,805	216
Total expenses	(1,192)	(15)
<b>Surplus/(Deficit) for the Year</b>	<b>613</b>	<b>201</b>

**Summarised Balance Sheet**

Current assets	1,073	217
Non-current assets	–	–
<b>Total assets</b>	<b>1,073</b>	<b>217</b>
Current liabilities	259	16
Non-current liabilities	–	–
<b>Total Liabilities</b>	<b>259</b>	<b>16</b>
<b>Net Assets</b>	<b>814</b>	<b>201</b>

**Significant Restrictions**

Campaspe Port Enterprise operates the Port of Echuca precinct under a service level agreement, Council makes cash contributions to facilitate the management of the precinct and relevant assets.

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2023, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Council include

- Campaspe Port Enterprise Pty Ltd

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 7. People and relationships

## 7.1 Council and key management remuneration

**(a) Related Parties***Parent entity*

Campaspe Shire Council is the parent entity.

*Subsidiaries and Associates*

Interests in subsidiaries are detailed in note 6.2.

**(b) Key Management Personnel**

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

Details of KMP at any time during the year are:

<b>Councillors</b>	Councillor Christine Weller ( Mayor, 17 November 2020 - 16 November 2022) Councillor Adrian Weston Councillor Leanne Pentreath Councillor John Zobec Councillor Daniel Mackrell Councillor Robert Amos ( Mayor, 17 November 2022 - Present) Councillor Colleen Gates Councillor Paul Jarman Councillor Tony Marwood
<b>KMP</b>	Chief Executive Officer x 3 Director - Corporate x 2 Director - Development Director - Community Director - Infrastructure Director - Emergency Management

	2023 No.	2022 No.
<b>Total Number of Councillors</b>	9	9
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	9	11
<b>Total Number of Key Management Personnel</b>	18	20

## Campaspe Shire Council

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for the year ended 30 June 2023

## Note 7. People and relationships

**(c) Remuneration of Key Management Personnel**

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

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

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

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

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

	2023 \$ '000	2022 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,744	2,232
Other long-term employee benefits	118	40
Post-employment benefits	32	166
Termination benefits	192	323
<b>Total</b>	<b>2,086</b>	<b>2,761</b>

	2023 No.	2022 No.
--	-------------	-------------

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

\$20,000 - \$29,999	1	8
\$30,000 - \$39,999	6	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	2	-
\$80,000 - \$89,999	-	1
\$100,000 - \$109,999	-	1
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	1	2
\$200,000 - \$209,999	-	1
\$230,000 - \$239,999	3	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	-	1
\$310,000 - \$319,999	1	-
\$630,000 - \$639,999	-	1
	<b>18</b>	<b>20</b>

## Campaspe Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 7. People and relationships

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

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

Total remuneration of other senior staff was as follows:

	2023 \$ '000	2022 \$ '000
Short-term employee benefits	1,923	292
Other long-term employee benefits	174	30
Post-employment benefits	37	15
Termination benefits	-	-
<b>Total</b>	<b>2,134</b>	<b>337</b>

The number of other senior staff are shown below in their relevant income bands:

	2023 No.	2022 No.
Income Range:		
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	3	-
\$210,000 - \$219,999	1	-
\$220,000 - \$229,000	1	-
	<b>11</b>	<b>2</b>

	2023 \$ '000	2022 \$ '000
Total Remuneration for the reporting year for Senior Officers included above amounted to:	2,134	337

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

\* Four positions that were accounted for as KMP in 2022 have been reviewed in 2023 and are now accounted for as Senior Officers.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 7. People and relationships

	2023	2022
	\$ '000	\$ '000

## 7.2 Related party disclosure

**(a) Transactions with related parties**

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

Council has two employees who are close family members of key management personnel, the total remuneration paid to these employees is	218	548
Total rental income received from related parties.	159	87
Councils' financial payments to Campaspe Port Enterprise	1,480	204

All contracts and transactions were at arms length and under normal business terms and conditions.

**(b) Outstanding balances with related parties**

There are no balances outstanding at the end of the reporting period in relation to transactions with related parties 2022/2023 Nil (2021/2022 Nil).

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

No loans have been made, guaranteed or secured by council to a responsible person 2022/2023 Nil (2021/2022 Nil).

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

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

Council has long term commercial rental agreements with related parties for properties owned by council.	475	638
Councils Financial Support for Campaspe Port Enterprise	2,000	-

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 8. Managing uncertainties

	2023 \$ '000	2022 \$ '000
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## 8.1 Contingent assets and liabilities

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

**(a) Contingent assets**

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

**(b) Contingent liabilities**

Contingent liabilities are:

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

**Superannuation**

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

**Insurance claims**

Council has no major insurance claims that could have a material impact on future operations.

**Legal matters**

Council has no major legal matters that could have a material impact on future operations.

**Building cladding**

Council has no potential contingents existing in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

**Liability Mutual Insurance**

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

**(c) Guarantees for loans to other entities**

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

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

*Bank Guarantees held in favour of other Entities:*

(a) Council currently has three Bank Guarantees in favour of the Department or Environment, Land, Water and Planning for the rehabilitation bond at the Nanneella Quarry.	365	365
(b) Council currently has three Bank Guarantees in favour of the Department or Environment, Land, Water and Planning for the rehabilitation bond at the Mt Scobie Quarry.	151	151

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## Campaspe Shire Council

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## Notes to the Financial Statements

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## Note 8. Managing uncertainties

	2023 \$ '000	2022 \$ '000
(c) Council currently has two Bank Guarantees in favour of the Department or Environment, Land, Water and Planning for the rehabilitation bond at Weeks and Browns Pits.	14	14
(d) Council held a Bank Guarantees in favour of the Environmental Protection Agency (EPA) for the rehabilitation bond for Council landfills. The EPA has now cancelled this bank guarantee.	–	800
<b>Total</b>	<b>530</b>	<b>1,330</b>

## 8.2 Change in accounting standards

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

## 8.3 Financial instruments

## (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank and TCV borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by 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 financial instruments will fluctuate because of changes in market prices. The Council's exposure 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 Council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

- diversification of investment product;
- monitoring of return on 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.

## (c) Credit risk



## Campaspe Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 8. Managing uncertainties

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

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with 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 Council provides 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 a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- 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 amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), 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 +1.5% and -1.5% in market interest rates (AUD) from year-end rates of 1.93%.

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.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 8. Managing uncertainties

## 8.4 Fair value measurement

*Fair Value Hierarchy*

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

<b>Asset Class</b>	<b>Revaluation frequency</b>
Land	3 years
Buildings	3 years
Roads	4 years
Bridges	3 years
Footpaths and cycleways	5 years
Drainage	5 years
Recreational, leisure and community facilities	5 years
Parks, open space and streetscapes	3 years
Other infrastructure	Not applicable

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.

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## Campaspe Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 8. Managing uncertainties

*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

Assets with a written down value of \$2,670,213 will be transferred to Campaspe Port Enterprise Pty Ltd as at the 1 July 2023. The assets to be transferred are three paddlesteamers and two barges.

Other than the above matter, no other events occurred after balance date that require disclosure in the financial report.

## Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Balance at end of reporting period \$ '000
<b>9.1 Reserves</b>			
<b>(a) Asset revaluation reserves</b>			
<b>2023</b>			
<b>Property</b>			
Land - specialised	–	6,802	6,802
Land - non specialised	–	94	94
Land and land improvements	71,941	–	71,941
Land under roads	–	3,106	3,106
Buildings	83,523	37	83,560
	<u>155,464</u>	<u>10,039</u>	<u>165,503</u>
<b>Plant and equipment</b>			
Plant machinery and equipment	1,659	–	1,659
Artworks	124	–	124
Water rights	3,648	342	3,990
	<u>5,431</u>	<u>342</u>	<u>5,773</u>
<b>Infrastructure</b>			
Roads	286,940	21,225	308,165
Bridges	11,305	–	11,305
Footpaths and cycleways	4,623	–	4,623
Drainage	26,453	–	26,453
Other infrastructure	7,731	(2,196)	5,535
	<u>337,052</u>	<u>19,029</u>	<u>356,081</u>
<b>Total asset revaluation reserves</b>	<u>497,947</u>	<u>29,410</u>	<u>527,357</u>

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## Campaspe Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increment (decrement) \$ '000	Balance at end of reporting period \$ '000
<b>2022</b>			
<b>Property</b>			
Land and land improvements	50,586	21,355	71,941
Buildings	83,523	–	83,523
	<u>134,109</u>	<u>21,355</u>	<u>155,464</u>
<b>Plant and equipment</b>			
Plant machinery and equipment	1,659	–	1,659
Artworks	124	–	124
Water rights	3,450	198	3,648
	<u>5,233</u>	<u>198</u>	<u>5,431</u>
<b>Infrastructure</b>			
Roads	254,966	31,974	286,940
Bridges	11,305	–	11,305
Footpaths and cycleways	4,623	–	4,623
Drainage	22,233	4,220	26,453
Other infrastructure	7,731	–	7,731
	<u>300,858</u>	<u>36,194</u>	<u>337,052</u>
<b>Total asset revaluation reserves</b>	<u>440,200</u>	<u>57,747</u>	<u>497,947</u>

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

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Transfer from Accumulated Surplus \$ '000	Transfer to Accumulated Surplus \$ '000	Balance at end of reporting period \$ '000
<b>(b) Other reserves</b>				
<b>2023</b>				
<b>Restricted reserves</b>				
Recreational land	1,471	65	–	1,536
Car parking	198	–	–	198
<b>Total</b>	<b>1,669</b>	<b>65</b>	<b>–</b>	<b>1,734</b>
<b>Unrestricted reserves</b>				
Strategic asset development reserve	2,517	29,083	(1,600)	30,000
Asset renewal	15,467	2,657	–	18,124
Asset renewal - plant replacement	998	2,661	(3,471)	188
Commercial investment - Holiday Park	55	1,850	(1,600)	305
Community plan implementation	80	–	(44)	36
Capital Works Contingency	1,000	439	(439)	1,000
Disability Discrimination Act reserve	531	100	(100)	531
Industrial land	2,949	–	–	2,949
Rochester water rights reserve	173	–	(35)	138
Waste reserve	3,966	801	(457)	4,310
<b>Total</b>	<b>27,736</b>	<b>37,591</b>	<b>(7,746)</b>	<b>57,581</b>
<b>Total Other reserves</b>	<b>29,405</b>	<b>37,656</b>	<b>(7,746)</b>	<b>59,315</b>
<b>2022</b>				
<b>Restricted reserves</b>				
Recreational land	1,397	74	–	1,471
Car parking	188	10	–	198
<b>Total</b>	<b>1,585</b>	<b>84</b>	<b>–</b>	<b>1,669</b>
<b>Unrestricted reserves</b>				
Strategic asset development reserve	2,517	–	–	2,517
Asset renewal	10,436	5,847	(813)	15,470
Asset renewal - plant replacement	1,970	1,614	(2,586)	998
Commercial investment - Holiday Park	954	250	(1,149)	55
Community plan implementation	80	–	–	80
Capital Works Contingency	1,000	977	(977)	1,000
Disability Discrimination Act reserve	561	100	(130)	531
Industrial land	2,000	949	–	2,949
Rochester water rights reserve	173	–	–	173
Waste reserve	3,966	–	–	3,966
<b>Total</b>	<b>23,657</b>	<b>9,737</b>	<b>(5,655)</b>	<b>27,739</b>
<b>Total Other reserves</b>	<b>25,242</b>	<b>9,821</b>	<b>(5,655)</b>	<b>29,408</b>

**Restricted Reserves** - Must be cash backed at all times and relate to funds received that must be used by Council for a specific purpose.

## Campaspe Shire Council

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## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

**Recreational Land** - The purpose of this reserve is to provide improved recreational facilities for the Campaspe Shire Council, both of an active and passive nature. This reserve is funded solely from subdivision developer contributions in lieu of the 5% public open space requirement. Outflows are limited to capital works on parks and playgrounds, recreation reserves and other outdoor sporting activities including swimming pool development. The call on the reserve has to be directly connected to the residential catchments for which the contribution has been made.

**Car parking** - The purpose of this reserve is to capture funds that are received by Council either from developer contributions in lieu of parking or from the sale of car parking land, and also to establish funding for future development of car parking spaces in accordance with the Echuca CBD and Heritage Parking Strategies. This reserve is funded principally from developer contributions and used to provide parking development.

**Unrestricted Reserves** - Must be cashed back at year end but can be used throughout the year to fund Council's working capital requirements.

**Strategic Asset Development Reserve**

The purpose of this reserve is to isolate funds to develop strategic assets, of a capital nature, that will deliver long term benefits to the community.

**Asset Renewal**

The purpose of this reserve is to isolate funds identified for asset renewal that have not been expended in the budget year and any savings from completed capital projects. These funds are to be used to support the delivery of the adopted 10 year capital works program.

**Asset Renewal - plant replacement**

The purpose of this reserve is to provide for the replacement of fleet, major and minor plant and is funded by a 100% budgeted depreciation allocation of these assets.

**Capital Works Contingency**

The purpose of this reserve is to hold funds to cover unforeseeable additional costs associated with capital works projects.

**Commercial Investment - Echuca Holiday Park**

The purpose of this reserve is to allocate funds for investment in the Echuca Holiday Park to maintain and grow revenue and is funded from operations or the resale of assets on the site.

**Community Plan Implementation**

The purpose of this reserve is to allocate funds for implementation of community plans in line with Council strategy and is funded from operations.

**Disability Discrimination Act reserve**

The purpose of this reserve is to allocate funds to upgrade community facilities in line with the Disability Discrimination Act when it is deemed necessary and is funded from operations.

**Industrial land**

The purpose of this reserve is to develop industrial land that can facilitate the growth, expansion and attraction of business across the Shire. This reserve is funded solely from sales of industrial land and must be used for the establishment of industrial estates.

**Rochester water rights reserve**

The purpose of this reserve is to manage the funds from the sale of water rights in Rochester to ensure these funds are spent back in the community.

**Waste reserve**

The purpose of this reserve is to provide funding in line with the approved waste strategy as adopted by Council. It is funded from the surplus or deficit of the waste service.

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

	2023 \$ '000	2022 \$ '000
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	3,004	5,999
Depreciation/amortisation	22,398	21,097
Profit/(loss) on disposal of property, infrastructure, plant and equipment	8,562	5,104
Contributions - Non-monetary assets	(1,908)	(961)
Amounts disclosed in financing activities	176	106
Bad debts	-	188
Other	-	8
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	(753)	854
(Increase)/decrease in inventories	1	(52)
(Increase)/decrease in prepayments	173	(130)
Increase/(decrease) in accrued income	(825)	(1,725)
Increase/(decrease) in trade and other payables	(1,806)	4,320
Increase/(decrease) in provisions	(440)	(430)
Increase/(decrease) in trust funds and deposits	(684)	(489)
Increase/(decrease) in Unearned income /revenue	762	2,252
<b>Net cash provided by/(used in) operating activities</b>	<b>28,660</b>	<b>36,141</b>

## 9.3 Superannuation

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

**Accumulation**

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

**Defined Benefit**

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

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

**Funding Arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns 5.7% pa  
Salary information 3.5% pa

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

Price inflation (CPI) 2.8% pa.

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

Net investment returns 5.5% pa  
 Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter  
 Price inflation (CPI) 3.00% pa.

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

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

**Employer contributions****(a) Regular contributions**

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

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

**(b) Funding calls**

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

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

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

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

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



## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

**The 2022 interim actuarial investigation surplus amounts**

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

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

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

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

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

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

**The 2023 triennial actuarial investigation**

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

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50% pa	2.50% pa for the first two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

**Superannuation contributions**

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

Scheme	Type of scheme	Rate	2023 \$ '000	2022 \$ '000
Vision Super	Defined Benefits	10.5% (2022:10.0%)	150	131
Vision Super	Accumulation	10.5% (2022:10.0%)	1,677	1,670
Other funds	Accumulation	10.5% (2022:10.0%)	985	833

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$NIL for 2022/23 year (2021/22 \$NIL).

## Campaspe Shire Council

2022/2023 Financial Report

## Notes to the Financial Statements

for the year ended 30 June 2023

## Note 9. Other matters

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$154,000.

## Note 10. Changes in accounting policies

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

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

## Note 11. Errors and changes in accounting estimates

## 11.1 Correction of error (found assets)

## Found Assets

Following a review of the building asset register Council found that assets to the value of \$309 thousand were not reflected in the register. In 2023 the asset adjustment has been brought to account as an adjustment to Council's accumulated surplus in the 2021/22 year.

	Original Balance 30 June, 2022 \$ '000	Impact Increase / (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
<b>Found assets</b>			
Total written down value	773,637	309	773,946
<b>Total found assets</b>	<b>773,637</b>	<b>309</b>	<b>773,946</b>



# PERFORMANCE STATEMENT

For the year ending 30 June 2023



## Performance Statement

For the year ended 30 June 2023

### Description of municipality

The Shire of Campaspe is located in north central Victoria, approximately 180 kilometres north of Melbourne. It includes the communities of Echuca, Kyabram, Rochester, Lockington, Gunbower, Rushworth, Stanhope and Tongala as well as many smaller areas outside of these main townships. The shire is located in the heart of one of the richest and most diverse agriculture and food processing areas in Victoria. Its climate, history, cultural heritage, natural assets and location in relation to major urban centres provide the shire with extensive opportunities. The shire encompasses a total land area of over 4,500 square kilometres.

The Shire of Campaspe scores 967 on the SEIFA (Socio-Economic Indexes for Areas) index, indicating that it is more disadvantaged than the Victorian average of 1010 and the national average of 1001.9. The level of disadvantage varies across the Shire of Campaspe from well below the national average to above the Victorian average.

### Overview of 2022/2023

#### Impact of Flood

During October 2022 Campaspe Shire suffered major floods that impacted a large are of the community as well as Council operations. Council has noted the following significant impacts to its financial operations.

- Revenue Reduction - all services were closed in the Echuca and Rochester area while there was a state of emergency declaration in place. The closure of impacted services has reduced the revenue that was forecast to be raised.
- Additional revenue - funds have been received from State and Federal Government to assist with the recovery effort and to repair impacted infrastructure.
- Cost increases - costs have increased due to responding to the flood event. These costs relate to the initial response, recovery process and repairs to infrastructure. A large portion of this will be reimbursed from funding provided by other levels of Government. There will be components that will not be eligible for funding that will remain an additional cost to council, such as insurance excesses.
- Infrastructure impacts - There was widespread impact on infrastructure assets, a swimming pool and a building were damaged and their future is currently being discussed with the Community. Road infrastructure that was damaged has had emergency repairs carried out to return the asset to a usable standard.
- Rates and debt collection - Council resolved to provide rate relief to residents that were affected by the October 2022 flood event. The relief provided depended on the level of impact to the individual or business. Council has also waived interest on unpaid rates until 30 June 2023.

#### Covid 19

There have been no observable financial impacts on council operations as the result of Covid 19.

The comments against individual indicators will explain the impact of the flood on the indicator results.

**Sustainable Capacity Indicators**  
For the year ended 30 June 2023

Indicator/measure	Results 2020	Results 2021	Results 2022	Results 2023	Material variations and comments
<b>Population</b>					
C1 Expenses per head of municipal population * <i>[Total expenses / Municipal population]</i>	\$2,434.75	\$2,361.99	\$2,280.81	\$2,736.75	The result for 2022-23 has been impacted by additional expenditure of \$7.71 m related to the October 2022 flood event.
C2 Infrastructure per head of municipal population <i>[Value of infrastructure / Municipal population]</i>	\$16,123.72	\$15,806.42	\$16,752.45	\$16,655.70	The result is in line with prior years except 2021-22 which was impacted by a valuation adjustment to a number of asset classes.
C3 Population density per length of road <i>[Municipal population / Kilometres of local roads]</i>	9.39	9.40	9.42	9.61	The long-term trend of the population density per length of road remains generally steady.
<b>Own-source revenue</b>					
C4 Own-source revenue per head of municipal population <i>[Own-source revenue / Municipal population]</i>	\$1,677.88	\$1,611.76	\$1,677.69	\$1,755.32	The overall trend in own-source revenue per head of municipal population has been an increase over the preceding four years in line with Council's financial principle of cost recovery for services where possible.
<b>Recurrent grants</b>					
C5 Recurrent grants per head of municipal population <i>[Recurrent grants / Municipal population]</i>	\$485.50	\$442.07	\$552.43	\$579.40	The increase in this indicator for the year is due to the pre-payment of 100% of 2023-24 Financial Assistance Grants being paid in 2022-23 and additional grants being received for flood response and recovery.
<b>Disadvantage</b>					
C6 Relative Socio-Economic Disadvantage <i>[Index of Relative Socio-Economic Disadvantage by decile]</i>	3.00	3.00	3.00	3.00	
<b>Workforce turnover</b>					
C7 Percentage of staff turnover <i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i>	19.01%	15.2%	17.3%	13.6%	Staff turnover is trending similar to prior years. Attracting and retaining staff is a sector wide issue. The result in 19/20 is due to exiting aged care services and subsequently a number of staff being made redundant.

\* Population data used in the indicators is updated ABS March 2022 estimates.

**Sustainable Capacity Indicators**

For the year ended 30 June 2023

**Definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

**Service Performance Indicators**  
For the year ended 30 June 2023

	<b>Service/indicator/measure</b>	<b>Results 2020</b>	<b>Results 2021</b>	<b>Results 2022</b>	<b>Results 2023</b>	<b>Material variations and comments</b>
	<b>Aquatic Facilities Utilisation *</b>					
AF6	<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	3.04	1.87	3.31	3.85	In September 2022, Council made the decision to waive the public entry fees for all outdoor pools. This saw a significant increase in visitation at all outdoor pools.
	<b>Animal Management</b>					
AM7	<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions/Total number of animal management prosecutions]x100	0.00	0.00	0.00	0.00	No animal prosecutions were issued in 2022/23.
	<b>Food Safety</b>					
FS4	<b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	100.00%	85.00%	100.00%	Staff have worked hard to ensure that all non-compliances identified were followed up despite significant staff shortages throughout the year.
	<b>Governance</b>					
G5	<b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	48.00	52.00	43.00	47.00	Council made several significant decisions throughout the year. Council recognises that there are diverse views across the community in relation to many of these decisions. Understanding the drivers behind community satisfaction remains a focus for Council decisions.

\* Population data used in the indicators is ABS March 2022 estimates.

**Service Performance Indicators**  
For the year ended 30 June 2023

	Service/indicator/measure	Results 2020	Results 2021	Results 2022	Results 2023	Material variations and comments
<b>Libraries</b>						
	<b>Participation *</b>					
LB4	<i>Active library borrowers in municipality</i> [The sum of the number of active library borrowers in the last three financial years / The sum of the population for the last three financial years] x100	15.31%	13.69%	12.33%	11.53%	The life of a membership to Campaspe Libraries is three years. A slight decline in active memberships this reporting period represents a higher than usual number of lapsed memberships at the conclusion of three years. Victorian Public Libraries has been actively encouraging community members to return to libraries following the COVID-19 pandemic through the "Return Yourself to the Library" campaign.
<b>Maternal and Child Health (MCH)</b>						
	<b>Participation</b>					
MC4	<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	72.81%	72.20%	69.11%	69.36%	This result is slightly lower than the previous four reporting periods and below the expected range. Significant service disruptions resulted from the October 2022 flood event. In addition, the continued impacts of staffing constraints also contribute to the result. These constraints result in cancellation of appointments and an inability to backfill staff leave or proactively engage families who are due for or have missed appointments.
	<b>Participation</b>					
MC5	<i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	73.91%	82.74%	78.23%	80.90%	Consistent high-level participation in the MCH service by Aboriginal children has resulted from embedding practice change with service coordination and documentation processes.

\* Population data used in the indicators is ABS March 2022 estimates.



**Service Performance Indicators**  
For the year ended 30 June 2023

Service/indicator/measure	Results 2020	Results 2021	Results 2022	Results 2023	Material variations and comments
<b>Roads</b>					
<b>R5</b>	<b>Satisfaction</b>				
	<i>Satisfaction with sealed local roads</i>				
	[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]				
	49.00	47.00	41.00	39.00	Negative sentiment towards Council resulting from some council decisions has impacted on the results of the Community Satisfaction Survey. Possibly exacerbated by the October flood event and wet weather.
<b>Statutory Planning Decision making</b>					
<b>SP4</b>	<i>Council planning decisions upheld at VCAT</i>				
	[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100				
	83.33%	80.00%	62.50%	50.00%	Council has had only four decisions appealed at VCAT, as opposed to six last year. The percentage does not accurately reflect the true situation, as the number of VCAT cases was low. Staff seek to address concerns through the processing of applications, including consultation meetings so concerns are addressed. This eliminates the need for VCAT appeals.
<b>Waste Collection</b>					
<b>Waste diversion</b>					
<b>WC5</b>	<i>Kerbside collection waste diverted from landfill</i>				
	[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100				
	48.02%	48.46%	48.76%	49.85%	The slight drop in landfill diversion may be attributed to the October flood event where some material that could have been recycled became contaminated with flood water and was disposed as general waste. The number of kerbside bins increased by 12,813, 20% of which were waste, 20% recycling and 60% Food Organics and Garden Waste

**Service Performance Indicators**

For the year ended 30 June 2023

**Definitions**

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

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

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

"annual report" means an annual report prepared by a council under sections 98 of the Act

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

### Financial Performance Indicators

For the year ended 30 June 2023

Dimension/ indicator/ measure	Results				Forecast				Material variations and comments	
	2020	2021	2022	2023	2024	2025	2026	2027		
<b>Efficiency</b>										
E2	<b>Expenditure level</b> <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$4,408.60	\$4,202.70	\$4,034.29	\$4,916.02	\$4,320	\$4,304	\$4,396	\$4,481	The increase in expense per property assessment is the result of the additional expenditure related to flood response and recovery. The trend is expected to remain steady over the forecast years.
E4	<b>Revenue level</b> <i>Average rate per property assessment.</i> [Total rate revenue / Number of property assessments]	1,784.07	\$1,830.88	\$1,865.47	\$1,860.38	\$2,002	\$2,070	\$2,124	\$2,168	The overall trend for the average rate per property assessment is consistent with the increase in property values. The slight decrease in 2022-23 is the result of rate relief being offered to flood effected residence.
<b>Liquidity</b>										
L1	<b>Working capital</b> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	376.00%	383.24%	319.42%	454.75%	324.68%	280.40%	274.53%	272.40%	The trend in working capital will remain strong, it has increased in the current year due to pre-payment of grants and flood related funding being received in advance. The forecast will see this indicator reduce.
L2	<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	270.55%	232.48%	213.31%	314.48%	213.81%	177.98%	177.97%	175.72%	The increase in unrestricted cash in 2022-23 is the result of grants being prepaid. The indicator will reduce in the forecast years as these funds are used for operational purposes.

### Financial Performance Indicators

For the year ended 30 June 2023

Dimension/ indicator/ measure	Results				Forecast				Material variations and comments	
	2020	2021	2022	2023	2024	2025	2026	2027		
<b>Loans and borrowings</b>										
<b>Obligations</b>										
O2	<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	10.01%	7.45%	14.24%	12.08%	8.12%	4.62%	2.15%	0.00%	There are no new borrowings planned and this indicator will reduce over the forecast years as existing loans are paid down.
O3	<i>Loans and borrowings compared to rates.</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.69%	2.63%	2.54%	3.66%	3.53%	3.51%	2.43%	2.13%	The increase in this indicator is due to the new borrowings taken up in 2021-22 being paid down. The trend over the forecast years is a decline as existing loans are paid down.
<b>Indebtedness</b>										
O4	<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	9.98%	7.03%	11.12%	7.72%	6.78%	4.90%	2.99%	2.79%	The trend over the preceding and forecast years is a decline as borrowings are paid down, the increase in 2021-22 is due to a new loan being taken up.

### Financial Performance Indicators

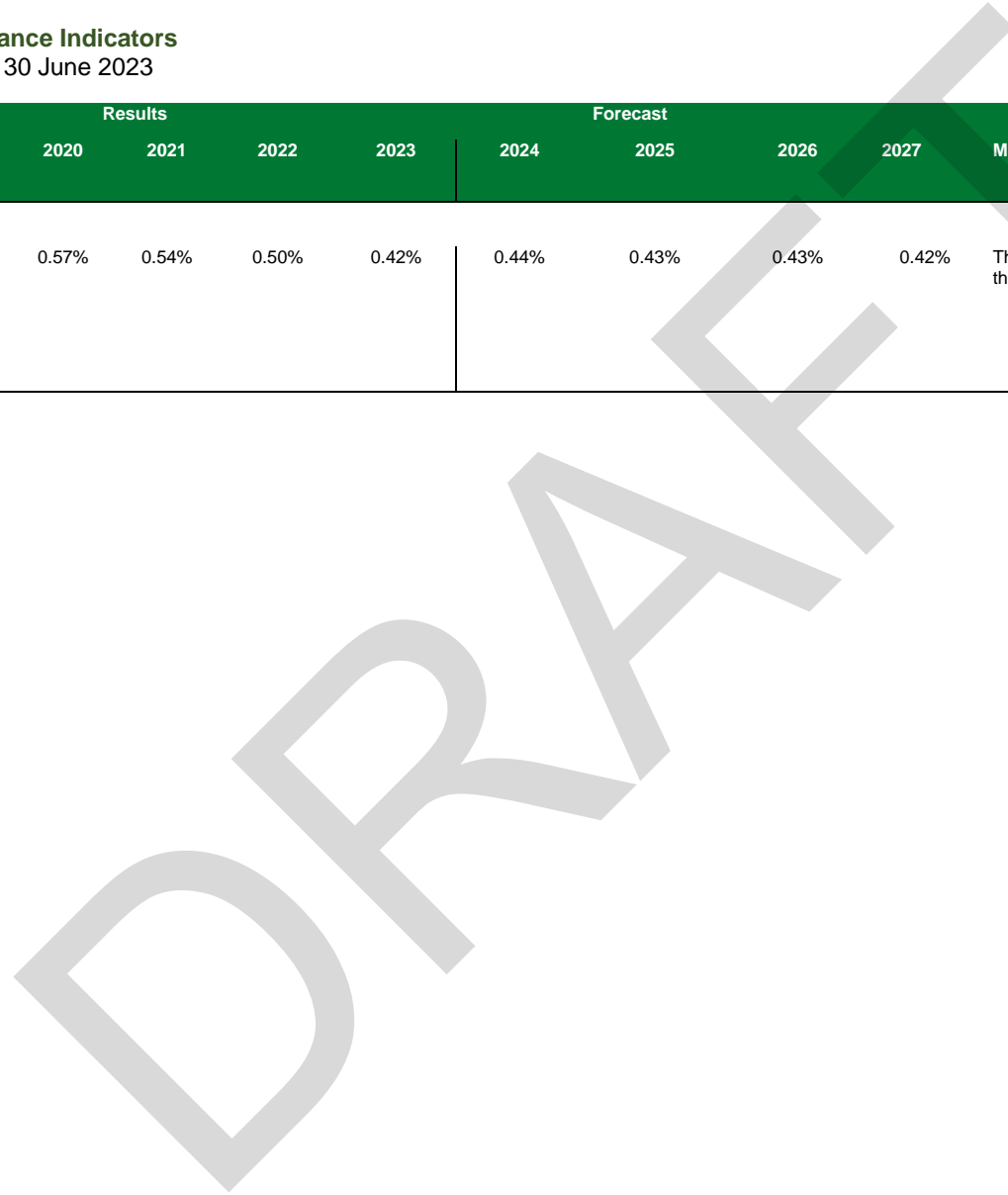
For the year ended 30 June 2023

Dimension/ indicator/ measure	Results				Forecast				Material variations and comments
	2020	2021	2022	2023	2024	2025	2026	2027	
<b>O5</b> <b>Asset renewal and Upgrade</b>									
<i>Asset renewal and upgrade compared to depreciation.</i> [Asset renewal and asset upgrade expense / Asset Depreciation] x 100	108.59%	95.37%	116.15%	71.76%	109.24%	105.00%	105.00%	105.00%	The decrease in this indicator is due to the October Flood event preventing planned capital works being carried out. These will be completed in the 2023-24 year.
<b>Operating position</b>									
<b>Adjusted underlying result</b> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	(10.49%)	(11.38%)	(0.75%)	(3.27%)	(8.93%)	(9.21%)	(9.21%)	(9.32%)	The result is worse than the prior year due to an increase in the loss on disposal of property, plant and equipment and an impairment expense related to flood damaged assets. Council has budgeted to run deficit operational budgets over the forecast years.
<b>Stability</b>									
<b>Rates concentration</b> <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	53.02%	56.17%	53.54%	45.33%	58.11%	60.07%	60.28%	60.38%	The 2022-23 result is impacted by the rate relief offered to flood impacted residents, this is a one off impact and is forecast to remain steady for the following four years.

**Financial Performance Indicators**

For the year ended 30 June 2023

Dimension/ indicator/ measure	Results				Forecast				Material variations and comments
	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Rates effort</b>									
S2 <i>Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100</i>	0.57%	0.54%	0.50%	0.42%	0.44%	0.43%	0.43%	0.42%	The trend in this indicator is to remain steady over the forward years.



**Definitions**

"adjusted underlying revenue" means total income other than-

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

paragraphs (a) and (b)

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

**Other Information**

For the year ended 30 June 2023

**1. Basis of preparation**

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

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

The performance statement presents the actual results for the current year and, for the prescribed financial performance indicators and measures, the results forecast by Council's budget. *The Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its budget on 21 June 2023, which forms part of the Council Plan. The budget includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The budget can be obtained from Council's website.



**Certification of the performance statement**

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

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*Ailsa Box*  
**Principal Accounting Officer**  
**Dated:** xx September 2023

In our opinion, the accompanying performance statement of the *Campaspe Shire Council* for the year ended 30 June 2023 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

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

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

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

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*Cr Rob Amos*  
**Councillor**  
**Dated:** xx September 2023

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*Cr xxx xxxxx*  
**Councillor**  
**Dated:** xx September 2023

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*Pauline Gordon*  
**Chief Executive Officer**  
**Dated:** xx September 2023

## 4.1.2 Appointment of internal auditor

**Directorate:** Corporate

**Responsible Officer:** Manager Finance

**Manager:** Director Corporate

**Attachments:** 1. CONFIDENTIAL REDACTED - Attachment 1 - Evaluation Panel Summary Report [4.1.2.1 - 4 pages]

### 1. PURPOSE

To provide information to Councillors in relation to the procurement process undertaken, prior to confirmation of the award of Contract 23031, Provision of Internal Audit Services, which will be approved under the Chief Executive Officer's financial delegation.

### 2. RECOMMENDATION

**That Council note:**

- 1. The award of Contract 23031 (Provision of Internal Audit Services) under the Chief Executive Officer's financial delegation, to the preferred tenderer listed at Item 1 of the confidential attachment, for an initial term of 3 years with one option to extend for a further term of two (2) years at Council's absolute discretion; and**
- 2. That the award of contract will be at the lump sum amount as listed at Item 2 in the confidential attachment to this report; and**
- 3. That the selection of preferred tenderer has been endorsed by the Audit and Risk Committee; and**
- 4. The successful tenderer name and contract sum will be published on Council's website.**

### 3. DISCUSSION

Under Section 53(1) of the Local Government Act 2020 (the Act) Council must establish an Audit and Risk Committee, and under Section 54(2)(d) of the Act, the Audit and Risk Committee must oversee internal and external audit functions.

The 5-year (3+1+1) contract for Council's current internal auditor comes to an end on 31 August 2023. This is the second contract held by the same audit firm, AFS & Associates Pty Ltd, which means that council has retained the same internal auditor for a 10-year period.

To ensure best value, Council officers approached the market via a public tender process C23031 – *Provision of Internal Audit Services* requiring the services of a suitably experienced provider to fulfil the role of Internal Auditor, providing all internal audit services. The successful provider was required to have sound knowledge of the local government sector and the various statutory requirements associated with same.

The provider was also required to have extensive experience in performing auditing services for a multidisciplinary business. A lump sum quotation was sought under the tender.

Five tender responses were received and were assessed in line with Council's tender process.

The tender assessment panel included the Manager Finance, Chief Financial Officer, Director Corporate and Contracts and Procurement Manager (as a non-voting member). Individual panel members scored the submissions independently before the panel came together to discuss each submission, collating notes and coming to an agreed score out of five using pre-determined scoring criteria, which were entered into the scoring matrix.

From the assessment, the tenderer listed at Item 1 of the confidential attachment to this report was determined as the highest scoring and preferred tenderer.

Referee checks have been performed, and a report has been prepared for CEO signature under delegation to accept the tender from the tenderer listed at Item 1 of the confidential attachment to this report. This contract is for a period of three (3) years with one option to extend for a further term of two (2) years at Council's absolute discretion.

The services to be provided include the preparation of a documented Strategic Internal Audit Plan for the contract period and a review of internal controls and practices in accordance with Council policies and statutory requirements.

#### **4. CONSULTATION**

##### Internal consultation:

- Manager Finance, Chief Financial Officer, Director Corporate and Contracts and Procurement Manager (as a non-voting member)

##### External consultation:

- Various councils listed on the preferred tenderer submission were contacted for comments including, Murray River Council, Bass Coast Shire Council, Horsham Rural City Council and Buloke Shire Council.

##### Councillors:

- 29 August 2023 Council Briefing Session.

##### Audit & Risk Committee

- 15 September 2023 Audit and Risk Committee meeting where the committee endorsed the report.

#### **5. STRATEGIC ALIGNMENT**

##### **Council Plan 2021-2025**

The appointment of the internal auditor is not directly relevant to the Council Plan, other than it is a cost that has been included in the Financial Budget for 2024 and will also be included in the 2025 and subsequent budgets.

#### **6. POLICIES AND RELATED COUNCIL DOCUMENTS**

Procurement Policy 126

#### **7. LEGAL AND STATUTORY OBLIGATIONS**

Section 9(2)(a) of the *Local Government Act 2020* (Vic) provides that Council decisions are to be made and actions taken in accordance with the relevant law.

Section 53 (1), 54(2)(d), of the *Local Government Act* require Council to establish an Audit and Risk Committee, which will oversee the functions of both the internal and external auditors.

## 8. FINANCIAL IMPLICATIONS

Section 9(2)(g) of the *Local Government Act 2020* (Vic) provides that the ongoing financial viability of the Council is to be ensured.

The cost of the Internal Audit Services is included in the Council Budget.

## 9. ECONOMIC, SOCIAL AND ENVIRONMENTAL IMPLICATIONS

The main implication related to this appointment is economic. The appointment of the internal auditor follows the procurement process that is in place for any major purchase (I.e., tender). The selection process considers the price of the service. In this case, the preferred tenderer was competitive on price.

## 10. ISSUES AND RISK MANAGEMENT

### Issues:

#### Issue 1:

Will the auditor be effective and provide a service that meets the needs of the Audit and Risk Committee and the Council?

#### Issue 2:

Price Overruns – they have quoted too cheap for the work, and they try and make up any cost over run through “variations”.

### Risk:

Risk	Likelihood	Consequence	Rating	Mitigation action
Underperform to the expectation of the Council	Possible	Major - Not meeting the deadlines set by Council and the audit and risk committee may ultimately have governance and/or reputational impact.	High	Council to be clear up front from the start of the engagement what their requirements are.  Management to work with the vendor to monitor and enforce performance.  Provision of internal audit reports to Audit and Risk Committee for review and oversight.
Claiming extra costs not budgeted through variations	Possible	Minor - Exceed Council budget	Low	Council to be clear with the Auditor around scoping of the work and ensure that any variations proposed are clearly discussed and approved with Council, with explanations as to why there are extra costs.

## **11. CONFLICT OF INTEREST**

Section 130 of the *Local Government Act 2020* (Vic) requires members of Council staff to disclose any general or material conflict of interest in matters to be considered at a Council Meeting.

There are no conflicts of interest with any Council staff members.

## **12. CHARTER OF HUMAN RIGHTS**

Not Applicable.

## **13. INSTRUMENT OF DELEGATION**

A report was presented to the Audit and Risk Committee on September 15<sup>th</sup> for endorsement prior to the preparation of this report. The Audit and Risk Committee endorsed the recommended tenderer.

Note that the CEO already has delegation to award the tender, including signing the contract, however, given the role of the Internal Auditor, it is appropriate for this report to be brought before Council for consideration.

## **5 Close Meeting**

Pauline Gordon

Chief Executive Officer