



FINANCIAL REPORT

FINANCIAL STATEMENTS AND
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

GLEN EIRA CITY COUNCIL
ANNUAL REPORT
2016-2017

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



GLEN EIRA
CITY COUNCIL

Contents

FINANCIAL REPORT

	Page
Reading our Financials	I
Financial Statements	
Comprehensive Income Statement	5
Balance Sheet	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Statement of Capital Works	9
Notes to the Financial Statements	
Introduction	10
Note 1 Significant accounting policies	10
Note 2 Budget comparison	19
Revenue	
Note 3 Rates and charges	24
Note 4 Statutory fees and fines	24
Note 5 User fees	24
Note 6 Grants	25
Note 7 Other income	28
Note 8 Contributions — monetary	28
Expenses	
Note 9 Investments in Joint operations	29
Note 10 Employee costs	31
Note 11 Materials and services	32
Note 12 Depreciation and amortisation	32
Note 13 Net loss on sale/disposal of property, infrastructure, plant and equipment	32
Note 14 Borrowing costs	33
Note 15 Other expenses	33
Assets	
Note 16 Cash and cash equivalents	34
Note 17 Other financial assets	34
Note 18 Trade and other receivables	35
Note 19 Other assets	35
Note 20 Property, infrastructure, plant and equipment	36
Note 21 Intangible assets	43

Contents (continued)

FINANCIAL REPORT

Notes to the Financial Statements (continued)	Page
<i>Liabilities</i>	
Note 22 Trade and other payables	43
Note 23 Trust funds and deposits	43
Note 24 Provisions	44
Note 25 Interest-bearing loans and borrowings	45
<i>Equity</i>	
Note 26 Reserves	46
<i>Other disclosures</i>	
Note 27 Reconciliation of cash flows from operating activities to surplus	48
Note 28 Reconciliation of cash and cash equivalents	48
Note 29 Commitments	49
Note 30 Leases	51
Note 31 Superannuation	52
Note 32 Contingent assets and liabilities	55
Note 33 Financial instruments	56
Note 34 Related party transactions	58
Note 35 Senior officer remuneration	60
Note 36 Residential aged care facilities	61
Note 37 Events occurring after balance date	62
Note 38 Special committees and other activities	62
Certification of Financial Report	63
Auditor-General's Report on the Financial Statements	64
 Performance Statement	
Description of municipality	66
Sustainable capacity indicators	67
Service performance indicators	69
Financial performance indicators	75
Other information	79
Certification of Performance Statement	80
Auditor-General's Report on the Performance Statement	81

Introduction

The Financial Statements are prepared by Glen Eira City Council staff to meet requirements of the *Local Government Act 1989* and Australian Accounting Standards. In addition, the Department of Environment, Land, Water and Planning's model accounts are used to assist with standardised financial reporting for Local Government organisations in Victoria.

Council's *Financial Report* contains two statements — the Financial Statements and the Performance Statement.

The Financial Statements and Performance Statement are audited by the Victorian Auditor-General's Office (VAGO) and are reviewed by Council's Audit Committee, which recommends adoption by Council in principle.

The reports are then forwarded to the Auditor-General's office for provision of independent opinions on the *Financial Report* and Performance Statement.

Once approval has been obtained from the Auditor-General's office, the annual reports are made available to the public.

Glen Eira City Council is committed to accountability. This section has been developed to assist readers understand and analyse the *Financial Report*.

(1) Financial Statements

Council's *Financial Report* has two main sections — the Financial Statements and the accompanying explanatory notes. The Financial Statements comprise the five main statements, namely:

1. Comprehensive Income Statement
2. Balance Sheet
3. Statement of Changes in Equity
4. Statement of Cash Flows
5. Statement of Capital Works

Each statement assists in the overall understanding of Council's financial position.

Comprehensive Income Statement

This Statement outlines all sources of Council's income for the financial year under various headings such as general rates and garbage charges; and all expenses incurred in the day-to-day running of Council over the financial year. These expenses relate to the daily operation and do not include capital expenditure, however the depreciation and amortisation of assets are included. Expenses include items such as labour costs, materials and supplies, utility and insurance costs.

The Statement is prepared on an 'accrual' basis. This means that all income and expenses for the financial year are recognised even though the income may not have yet been received (eg. interest on investments) or that expenditure has not yet been paid (invoices received, but not yet paid for materials and services that have already been used).

The key figure in this Statement is the result for the reporting period, which is the best measure of Council's financial performance. This figure is determined by deducting total expenses from total income. The figure indicates whether Council operated at a surplus or a deficit (a figure inside brackets reflects a deficit).

Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the surplus or deficit as required or permitted by other Australian Accounting Standards. The components of other comprehensive income include changes in revaluation reserve.

Balance Sheet

The Balance Sheet is a snapshot of Council's financial position as at 30 June. It outlines what Council owns (its assets) and what it owes (liabilities). Council's net worth (net assets or equity) is determined by deducting total liabilities from total assets — the larger the net equity, the stronger the financial position. Council's financial position at 30 June 2017 is sound, reflecting its commitment to financial and infrastructure sustainability.

The elements of the Balance Sheet are listed below:

Current and non-current assets

A current asset is expected to be used within a financial year, or can be easily converted to cash within 12 months. This includes items such as cash held, investments and money owed to Council by debtors. Net current assets are more commonly known as working capital. The figure is calculated by deducting current liabilities from current assets to ascertain whether Council can meet its short-term commitments. A non-current asset is not expected to be used or turned into cash within an operating cycle. Non-current assets include items such as roads, drains, buildings, artwork, furniture, fixtures and fittings, vehicles and equipment.

Current and non-current liabilities

1. Trade and other payables are those to whom Council owes money.
2. Provisions are made for employee benefits and include annual leave, long service leave and sick leave. Provision has also been made for environmental rehabilitation of the Clayton Landfill Tip site.
3. Trust monies are those funds that Council holds in trust.
4. Interest-bearing liabilities, which includes borrowings and leases.

Net assets

This term describes the difference between the value of total assets and the value of total liabilities.

Total equity

The value of total equity is equivalent to the value of net assets and comprises the following:

1. Asset revaluation reserve, which is the difference between the previously recorded value of Council's assets and their latest valuations.
2. Transfers from the asset replacement reserve during the financial year reflecting the funding of eligible open space capital works projects.
3. Accumulated surplus is the value of surpluses/profits accumulated over time.

Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in Council's real worth throughout the financial year. It shows the changes that have happened during the year for each of the amounts shown under the net assets section of the Balance Sheet. Council's net worth can change as a result of a surplus or deficit as recorded in the Comprehensive Income Statement; or an increase in the net value of non-current assets resulting from a revaluation of those assets.

Statement of Cash Flows

The Statement of Cash Flows shows all the cash received and paid during the financial year. Figures without brackets are inflows (receipts) and figures inside brackets are outflows (payments). This Statement shows how much cash Council had at the beginning of the financial year, the inflows and outflows during the financial year and the cash balance at the end of the financial year.

Cash is generated or used in three main areas of activity of Council:

(i) Cash flows from operating activities

These activities refer to the cash generated or used in the normal service delivery functions of Council. They also include receipts of monies held in trust.

(ii) Cash flows from investing activities

These activities refer to the cash used or generated in the enhancement or creation of infrastructure and other assets. These activities also include the acquisition and sale of other assets such as vehicles, property equipment etc.

(iii) Cash flows from financing activities

These activities refer to cash used or generated in the financing of Council functions and include borrowings from financial institutions and advancing of repayable loans to other organisations. These activities also include repayment of borrowings and leases.

Statement of Capital Works

The Statement of Capital Works sets out all the capital expenditure in relation to non-current assets for the year. It also shows the amount of capital works expenditure that was spent on expanding, renewing or upgrading Council's asset base. This is important because each of these categories has a different impact on Council's future costs. A distinction is made between expenditure on new assets, asset renewal, upgrade and expansion as follows:

(a) Asset renewal expenditure — expenditure on an existing asset that returns the service potential or the life of the asset up to which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Asset upgrade expenditure — expenditure that enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in Council's asset base.

(c) Asset expansion expenditure — expenditure that extends an existing asset at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs because it increases Council's asset base, but may be associated with additional revenue from the new user group.

(d) Asset new expenditure — this results in the creation/acquisition of a new asset.

Notes to the Financial Report

The notes to the *Financial Report* give greater meaning to the figures used in the four main statements. They should be read in conjunction with the statements to get a clearer picture of Council's finances. The notes give the details behind the summary line items contained in the statements, showing exactly what each of the accumulated amounts are made up of.

The notes also provide information on the rules and assumptions used to prepare the Financial Statements, advise the reader about any changes to the Australian Accounting Standards, policy or legislation that may affect the way the statements are prepared and disclose other information which cannot be incorporated into the statements.

Notes are particularly useful where there has been a significant change from the previous year's comparative figure.

Other notes include:

- the breakdown of expenses, revenues, reserves and other assets;
- contingent assets and liabilities; and
- transactions with persons related to Council.

(2) Performance Statement

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

Certifications

Each of the statements are certified by two Councillors, with the *Financial Report* and Performance Statement also being certified by Council's Chief Executive Officer and Principal Accounting Officer — or in Glen Eira City Council's case, the Chief Financial Officer. Two Councillors and the Chief Executive Officer must make certifications stating that in their opinion the relevant statements are fair, correct and not misleading. The Principal Accounting Officer, being the person responsible for the financial management of Council, must make a separate certification stating whether, in their opinion, the statements have met all the statutory and professional reporting requirements.

Auditor-General's reports

The Auditor-General's audit reports provide an external and independent opinion on the *Financial Report* and Performance Statement. They cover both the statutory and professional requirements and also the fairness aspects of the statements. They will also advise separately if there are any issues of concern. In this *Annual Report*, the Auditor-General has prepared an audit report for the *Financial Report* and a separate audit report for the Performance Statement.

Comprehensive Income Statement
for the year ended 30 June 2017

Page 5

	Notes	2017 \$ '000	2016 \$ '000
Income			
Rates and charges	3	101,254	97,237
Statutory fees and fines	4	8,634	6,779
User fees	5	26,840	24,976
Grants — operating	6	24,668	20,703
Grants — capital	6	2,166	2,391
Other income	7	4,170	3,919
Contributions — monetary	8	7,811	5,865
Share of net surplus of joint operations	9 (a)	-	314
Total income		175,543	162,184
Expenses			
Employee costs	10	67,008	64,822
Materials and services	11	50,256	50,126
Depreciation and amortisation	12	21,503	21,331
Net loss on sale/disposal of property, infrastructure, plant and equipment	13	1,248	2,089
Borrowing costs	14	768	6,649
Other expenses	15	4,950	4,652
Share of net loss of joint operations	9 (a)	385	-
Total expenses		146,118	149,669
Surplus for the year		29,425	12,515
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	26 (a)	124,259	332,196
Total comprehensive result		153,684	344,711

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

Balance Sheet
as at 30 June 2017

Page 6

	Notes	2017 \$ '000	2016 \$ '000
Assets			
Current assets			
Cash and cash equivalents	16	22,409	17,008
Other financial assets	17	38,703	28,922
Trade and other receivables	18	12,739	10,408
Other assets	19	1,497	1,297
Total current assets		75,348	57,635
Non-current assets			
Other financial assets	17	5	5
Investments in joint operations	9 (a)	1,592	2,125
Property, infrastructure, plant and equipment	20	2,183,334	2,047,138
Intangible assets	21	764	1,042
Total non-current assets		2,185,695	2,050,310
Total assets		2,261,043	2,107,945
Liabilities			
Current liabilities			
Trade and other payables	22	14,717	16,494
Trust funds and deposits	23	29,874	25,501
Provisions	24	12,850	12,891
Interest-bearing loans and borrowings	25	3,343	3,149
Total current liabilities		60,784	58,035
Non-current liabilities			
Provisions	24	1,431	1,186
Interest-bearing loans and borrowings	25	18,302	21,734
Other liabilities	9 (b)	2,420	2,568
Total non-current liabilities		22,153	25,488
Total liabilities		82,937	83,523
Net assets		2,178,106	2,024,422
Equity			
Accumulated surplus		919,972	890,150
Reserves	26	1,258,134	1,134,272
Total equity		2,178,106	2,024,422

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

2017	Notes	Total	Accumulated surplus	Public open space reserve	Asset revaluation reserve
		\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year		2,024,422	890,150	4,093	1,130,179
Surplus for the year		29,425	29,425	-	-
Net asset revaluation increment	26 (a)	124,259	-	-	124,259
Transfers to public open space reserve	26 (b)	-	(7,811)	7,811	-
Transfers from public open space reserve	26 (b)	-	8,208	(8,208)	-
Balance at the end of the financial year		2,178,106	919,972	3,696	1,254,438

2016	Notes	Total	Accumulated surplus	Public open space reserve	Asset revaluation reserve
		\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year		1,679,711	878,187	3,541	797,983
Surplus for the year		12,515	12,515	-	-
Net asset revaluation increment	26 (a)	332,196	-	-	332,196
Transfers to public open space reserve	26 (b)	-	(5,865)	5,865	-
Transfers from public open space reserve	26 (b)	-	5,313	(5,313)	-
Balance at the end of the financial year		2,024,422	890,150	4,093	1,130,179

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

	Notes	2017 inflows/ (outflows) \$ '000	2016 inflows/ (outflows) \$ '000
Cash flows from operating activities			
Rates and charges		100,498	96,395
Statutory fees and fines		9,229	7,572
User fees		26,255	24,675
Other receipts		3,553	2,816
Grants — operating		24,668	20,703
Grants — capital		2,166	2,391
Contributions — monetary		7,807	5,871
Interest received		1,088	1,463
Trust funds and deposits taken		17,710	17,126
Net GST refund		6,406	7,053
Employee costs		(68,541)	(66,035)
Materials and services		(59,999)	(55,116)
Trust funds and deposits repaid		(13,338)	(16,295)
Other payments		(4,950)	(4,652)
Net cash provided by operating activities	27	52,552	43,967
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(33,895)	(36,783)
Proceeds from sale of property, infrastructure, plant and equipment		512	358
Proceeds from other financial assets		28,922	23,714
Payments for other financial assets		(38,703)	(28,922)
Net cash used in investing activities		(43,164)	(41,633)
Cash flows from financing activities			
Finance costs		(749)	(1,704)
Repayment of borrowings		(3,238)	(1,272)
Repayment of finance lease		-	(40)
Net cash provided used in financing activities		(3,987)	(3,016)
Net increase/(decrease) in cash and cash equivalents		5,401	(682)
Cash and cash equivalents at the beginning of the financial year		17,008	17,690
Cash and cash equivalents at the end of the financial year	28	22,409	17,008
Restrictions on cash assets	16		

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

	2017 \$ '000	2016 \$ '000
Property		
Land	3,501	-
Buildings	3,795	5,965
Total property	7,296	5,965
Plant and equipment		
Plant, machinery and equipment	1,693	963
Computers and telecommunications	510	1,100
Library books, materials and equipment	1,112	826
Other plant and equipment	596	2,211
Total plant and equipment	3,911	5,100
Infrastructure		
Roads	7,747	7,946
Footpaths	1,763	1,798
Drainage	3,861	3,573
Open space and recreation	9,311	11,088
Car parks	698	1,083
Streetscape works	418	940
Total infrastructure	23,798	26,428
Total new capital works expenditure	35,005	37,493
Represented by:		
Asset renewal expenditure	14,798	17,153
Asset upgrade expenditure	11,806	13,152
Asset expansion expenditure	6,719	6,130
Asset new expenditure	1,682	1,058
Total capital works expenditure	35,005	37,493

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

Introduction

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

Statement of compliance

These Financial Statements are a general purpose *Financial Report* that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and notes accompanying these Financial Statements. The general purpose *Financial Report* complies with Australian Accounting Standards (AASs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1(j));
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1(k));
- the determination of employee provisions (refer to note 1(p)); and
- the determination of the landfill rehabilitation provision (refer to note 1(q)).

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

(b) Changes in accounting policies

There have been no changes in accounting policies from the previous period.

(c) Committees of management

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

(d) Accounting for investments in associates and joint operations

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

Note 1 Significant accounting policies (continued)

(e) Revenue recognition

Income is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to Council and the amount of the contribution can be measured reliably.

Rates and charges

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.

Statutory fees and fines

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

User fees

User fees are recognised as revenue when the service has been provided or the payment is received, whichever occurs first.

Grants

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon receipt (or acquittal) or upon earlier notification that the grant has been secured, and valued at fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Dividends

Dividend revenue is recognised when Council's right to receive payment is established.

Other income

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

Note 1 Significant accounting policies (continued)

(f) Fair value measurement

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

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

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

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

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

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

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

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

(g) Cash and cash equivalents

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

(h) Trade and other receivables

Short-term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(i) Other financial assets

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

Note 1 Significant accounting policies (continued)

(j) Recognition and measurement of property, plant and equipment, infrastructure, intangibles

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

In accordance with Council's policy, the threshold limits detailed in note 1(k) have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at note 20, Property, infrastructure, plant and equipment.

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

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

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

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

Land under roads

Council recognises land under roads it controls at fair value.

Note 1 Significant accounting policies (continued)

(k) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles

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

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

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

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

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

Asset recognition depreciation periods	Depreciation/ amortisation period	Threshold limit
Property		
Buildings	(20–120 years)	\$10,000
Land	(indefinite)	-
Land under roads	(indefinite)	-
Leasehold improvements	(20 years)	\$500
Plant and equipment		
Computer equipment	(3–5 years)	\$500
Furniture and equipment	(5–10 years)	\$2,000
Motor vehicles and trucks	(5–8 years)	\$500
Plant and equipment	(3–15 years)	\$500
Sports equipment (leased)	(4 years)	-
Infrastructure		
Car parks	(24 years)	\$15,000
Drains	(100 years)	\$1,500
Footpaths	(32–53 years)	-
Kerbs and channels	(98–111 years)	\$1,000
Local area traffic management devices	(20–50 years)	\$1,000–\$50,000
Right of ways	(35–106 years)	\$3,000
Roads substructure	(151–160 years)	\$2,000
Roads surfaces	(25–141 years)	\$2,000
Road formation and earthworks	-	\$2,000
Street furniture and signs	(15–25 years)	\$100–\$2,000
Parks and gardens improvements	(5–60 years)	\$1,500
Recreational facilities	(5–60 years)	\$1,500
Art collection and municipal regalia		
Art collection	(indefinite)	-
Municipal regalia	(indefinite)	-
Intangibles		
Software and software licences	(5 years)	\$10,000

Note 1 Significant accounting policies (continued)

(l) Repairs and maintenance

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

(m) Impairment of assets

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

(n) Trust funds and deposits

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 (refer to note 23).

(o) Borrowings

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

Borrowing costs

Borrowing costs (debt servicing costs) are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on bank overdrafts, interest on borrowings and finance lease charges.

Note 1 Significant accounting policies (continued)

(p) Employee costs and benefits

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

Wages, salaries and annual leave

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

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

Long service leave

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

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

The components of this current liability are measured at :

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

Classification of employee costs

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

Non-current LSL liability is measured at present value.

Sick leave

It was the former City of Caulfield's policy to make payments equivalent to 50 per cent of unused sick leave to some sections of its workforce on their retirement due to age or disability. This became payable after completing five years of service. There are no new entrants into the scheme since award restructuring in 1991. Provision for the estimated amount of this benefit for eligible employees is shown in note 24 as a current provision. Liability is measured at nominal value.

Superannuation

The amount charged to the Comprehensive Income Statement in respect of superannuation represents contributions made or due by Glen Eira City Council to the relevant superannuation plans in respect to the services of Glen Eira's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Glen Eira City Council is required to comply with.

Note I Significant accounting policies (continued)

(q) Landfill rehabilitation provision

The joint owners are obligated to restore the Clayton Regional Landfill site to a particular standard. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast, timing of the work, work required and related costs (refer to notes 9 and 32).

(r) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over their estimated useful lives to Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a four-year period.

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Leasehold improvements

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

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 1 Significant accounting policies (continued)

(t) Financial guarantees

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 right will be exercised. Details of guarantees that Council has provided, that are not recognised in the Balance Sheet are disclosed at note 32 Contingent assets and liabilities.

(u) Contingent assets and liabilities and commitments

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

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

(v) Pending accounting standards

The following new AASs have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019-20)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known, however, it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Leases (AASB 16) (applies 2019-20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

(w) Rounding

Unless otherwise stated, amounts in the *Financial Report* have been rounded to the nearest thousand dollars. Figures in the Financial Statements may not equate due to rounding.

Note 2 Budget comparison

The *Budget* comparison notes compare Council's financial plan, expressed through its *Annual Budget*, with actual performance. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variances. Council has generally adopted a materiality threshold of the lower of 10 per cent or \$1m where further explanation is warranted.

The *Budget* figures detailed below are those adopted by Council on 21 June 2016. The *Budget* was based on assumptions that were relevant at the time of adoption of the *Budget*. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The *Budget* did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

(a) Income and expenditure	Budget 2017 \$ '000	Actuals 2017 \$ '000	Variance 2017 \$ '000	Ref
Income				
Rates and charges	101,022	101,254	232	
Statutory fees and fines	5,260	8,634	3,374	(a)
User fees	25,500	26,840	1,340	(b)
Grants — operating	22,567	24,668	2,101	(c)
Grants — capital	1,876	2,166	290	(d)
Other income	3,221	4,170	949	(e)
Contributions — monetary	5,500	7,811	2,311	(f)
Total income	164,946	175,543	10,597	
Expenses				
Employee costs	68,692	67,008	1,684	(g)
Materials and services	50,274	50,256	18	
Depreciation and amortisation	22,514	21,503	1,011	(h)
Net loss on sale/disposal of property, infrastructure, plant and equipment	1,050	1,248	(198)	(i)
Borrowing costs	762	768	(6)	
Other expenses	4,438	4,950	(512)	(j)
Share of net loss of joint operations	-	385	(385)	(k)
Total expenses	147,730	146,118	1,612	
Surplus for the year	17,216	29,425	12,209	

Note 2 Budget comparison (continued)

Explanation of material variations — income statement

Variance reference	Explanation — income items
	<p>(a) Statutory fees and fines — Statutory fees relate mainly to fees and fines levied in accordance with legislation and include animal registrations, health act registrations and parking fines. The favourable variance of \$3.37m is due to higher than anticipated revenue from parking infringements of \$3.2m to emphasise safety around schools and balance from trader and patron parking due to increased building activity and the grade separation works.</p>
	<p>(b) User fees — User fees relate mainly to the recovery of service delivery costs through the charging of fees to users of Council's services. These include use of leisure, community facilities and the provision of human services such as Family Day Care and Community Care Services. User fees are favourable to budget by \$1.34m mainly due to increased town planning income reflecting the changes from the new planning and subdivision fee regulations applicable from October 2016 — \$1.0m.</p>
	<p>(c) Grants — operating — was favourable by \$2.10m due to the Commonwealth Government announcement that 50 per cent of Council's Victorian Grants Commission funding would be prepaid in 2016–17. The amount of \$1.84m (50 per cent of the 2017–18 grants) was received for financial assistance and local roads funding during the 2016–17 financial year.</p>
	<p>(d) Grants — capital — includes all monies received from State, Federal and community sources for the purposes of funding the capital works program and were favourable to budget by \$290k due to:</p> <p>(i) income received from the Department of Education for the Children's Facilities Capital Program including Brady Road Kindergarten and Bentleigh West Kindergarten early learning facility upgrades \$225k; and</p> <p>(ii) receipt of <i>Black Spot Programme</i> funding from VicRoads of \$109k offset by increased capital expenditure for road safety.</p>
	<p>(e) Other income — was favourable to budget by \$949k due to:</p> <p>(i) increased interest income attributed to higher than anticipated cash holdings \$504k;</p> <p>(ii) unbudgeted reimbursements of prior year expenditure from the Level Crossing Removal Authority \$211k; and</p> <p>(iii) unbudgeted liquidation of bank guarantees resulting from contractual disputes with the construction of capital works projects \$94k.</p>
	<p>(f) Contributions — monetary — higher than anticipated open space fees exceeding the budget by \$2.31m. These contributions are levied on multi-unit property developments in order to fund open space and depend on decisions made by developers, not Council. Refer to notes 8 and 26(b) for further details.</p>

Note 2 Budget comparison (continued)

Explanation of material variations — income statement

Variance reference	Explanation — expense items
	<p>(g) Employee costs — includes all labour related expenditure and on-costs such as allowances, leave entitlements and employer superannuation. The favourable variance of \$1.68m is due to favourable staff movements including vacancies during the year. Also contributing were savings against budget for Council's WorkSafe premium of \$538k.</p>
	<p>(h) Depreciation and Amortisation — Depreciation and amortisation are accounting measures which attempt to allocate the value of an asset over its useful life for Council's property, plant and equipment including infrastructure assets such as roads and drains. The favourable variance of \$1.01m is due to the impact of annual revaluations of Council's infrastructure assets being unknown at the time of setting the 2016–17 Budget.</p>
	<p>(i) Net loss on sale/disposal of property, infrastructure, plant and equipment — unfavourable variance of \$198k was due mainly to higher than anticipated disposals of Council's infrastructure assets. Such items included in these assets are disposals for road surfaces, pavements, kerb and channels, footpaths, drains, right of ways and local area traffic management. These amounts are difficult to predict when the budget is set.</p>
	<p>(j) Other expenses — is unfavourable to budget by \$512k mainly due to an increase in the provision for bad and doubtful parking debtors of \$695k. This is due to a higher level of traffic infringement activity in 2016-17 and is offset by the increase in income (refer to statutory fees and fines income).</p>
	<p>(k) Share of net loss of joint operations — is unfavourable to budget by \$385k. This is as a result of no profit or loss being budgeted due to the difficulty in estimating the result from the landfill site each financial year.</p> <p>The result of the Clayton Regional Landfill site reflects the completion of waste filling at the site and preparation for a program of rehabilitation works that include the construction of a landfill cap over the whole of the landfill. Refer to notes 9 and 32 for further details.</p>

Note 2 Budget comparison (continued)

(b) Capital works	Budget 2017 \$ '000	Actuals 2017 \$ '000	Variance 2017 \$ '000	Ref
New works				
Property				
Land	-	3,501	(3,501)	(l)
Buildings	3,727	2,803	924	(m)
Total property	3,727	6,304	(2,577)	
Plant and equipment				
Plant, machinery and equipment	1,706	1,693	13	
Computers and telecommunications	838	510	328	(n)
Library books, materials and equipment	1,106	1,112	(6)	
Other plant and equipment	943	596	347	(o)
Total plant and equipment	4,593	3,911	682	
Infrastructure				
Roads	8,145	7,425	720	
Footpaths	1,725	1,763	(38)	
Drainage	3,510	3,861	(351)	(p)
Open space	10,257	9,080	1,177	(q)
Car parks	775	698	77	(r)
Streetscape works	567	418	149	(s)
Total infrastructure	24,979	23,245	1,734	
Total new capital works expenditure	33,299	33,460	(161)	
Carried forward projects from previous year	3,000	1,545	1,455	(t)
Total capital works expenditure (including carry forwards)	36,299	35,005	1,294	
Represented by:				
Asset renewal expenditure	17,495	14,798	2,697	
Asset upgrade expenditure	9,984	11,806	(1,822)	
Asset expansion expenditure	6,642	6,719	(77)	
Asset new expenditure	2,178	1,682	496	
Total capital works expenditure	36,299	35,005	1,294	

Note 2 Budget comparison (continued)

Explanation of material variations — capital works statement

Variance reference	Explanation — capital items
(l)	<p>Land — unbudgeted spend of \$3.5m due to the acquisition of two land parcels during the 2016–17 year:</p> <ul style="list-style-type: none"> (i) 53 Magnolia Road for \$1.39m, approved by Council on 19 September 2016 to extend Gardenvale Park; and (ii) 6 Aileen Avenue, Caulfield South — \$2.1m, approved by Council on 9 August 2016 to provide the community with additional open space.
(m)	<p>Buildings — comprising buildings and building improvements, upgrade and renewal of community facilities; Municipal offices; sports facilities; and pavilions. Buildings were underspent by \$924k in projects mainly relating to: Town Hall works, Lord Hex Pavilion, Carnegie; and Marlborough Pavilion, Bentleigh East. These works will be carried forward to the 2017–18 budget year.</p>
(n)	<p>Computers and telecommunications — were under budget by \$328k due to early rollout of new PCs, which occurred during the prior financial year.</p>
(o)	<p>Other plant and equipment — were underspent to budget by \$347k due to:</p> <ul style="list-style-type: none"> (i) delay in installation of parking meters which has been deferred to 2017–18 pending development of Monash University master plan (\$150k); (ii) a delay in the purchase of residential aged care equipment (\$83k); and (iii) delay in installation of swipe card readers at various buildings capitalised within Buildings (\$81k).
(p)	<p>Drainage — includes drains in road reserves and sports grounds drainage and irrigation. Drainage expenditure was overspent by \$351k due to additional works across the municipality.</p>
(q)	<p>Open space — includes open space initiatives; parks; playing surfaces; and playground equipment. Open space is underspent by \$1.18m due to projects in progress at the end of June 2017. This includes the skate park redevelopment at Bailey Reserve, East Bentleigh; outer track works at Duncan Mackinnon Reserve, Murrumbeena; and Open Space initiatives at Pell Street, Bentleigh East and Marara Road Reserve, Caulfield South. These works will be carried forward to the 2017–18 budget year.</p>
(r)	<p>Car parks — were underspent by \$77k. This will be carried forward into 2017–18 budget year for carpark renewal works.</p>
(s)	<p>Streetscape works — includes street beautification of Council's streets and shopping precincts. Capital spend is favourable to budget within streetscapes due to the Patterson Road works being postponed pending an additional needs analysis for pedestrian crossing associated with Patterson Station (\$231k).</p>
(t)	<p>Carried forward expenditure from 2015–16 — related to projects that were either incomplete or not commenced due to planning issues, weather delays, extended consultation etc. Amounts spent on carried forward projects from the 2015–16 financial year were lower than anticipated in the 2016–17 Budget.</p> <p>Council approved carried forward projects of \$2.05m in July 2016 of which \$1.55m was spent as at 30 June 2017.</p> <p>At the time of adopting the 2016–17 Budget, \$3m was estimated for carried forward amounts for projects.</p>

	2017	2016
	\$ '000	\$ '000

Note 3 Rates and charges

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

The valuation base used to calculate general rates for 2016–17 was \$2,950m (2015–16 \$2,357m). The 2016–17 rate in the dollar was 2.9033 cents (2015–16 3.4920 cents).

Municipal rates	85,346	81,723
Waste and recycling charges	14,769	14,314
Supplementary rates and rate adjustments	749	851
Interest on rates and charges	390	349
Total rates and charges	101,254	97,237

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2016 and the valuation was applied to the rating period commencing 1 July 2016.

Note 4 Statutory fees and fines

Parking infringements*	7,253	5,724
Registration fees — food premises/ <i>Health Act</i>	409	401
Voting infringement fees**	283	-
Property information	240	232
Building fees	187	171
Land information certificates	167	140
Magistrate court fees	75	95
Other statutory fees and fines	20	16
Total statutory fees and fines	8,634	6,779

* The increase in parking infringements is due to the emphasis on safety around schools and balancing trader and patron parking due to increased building activity and the grade separation works.

**Voting infringements relates to compulsory penalties imposed by the Victorian Electoral Commission (VEC) for failing to vote in the 2016 Local Government elections. The VEC had a legislative mandate to manage voting and the compulsory enforcement process for the elections. These funds were collected by the VEC and remitted to Council.

Note 5 User fees

Leisure centre and recreation	12,578	12,399
Aged and health services	3,672	3,788
Building and planning services*	2,914	1,784
Family and early learning centres	2,381	2,273
Animal registrations and local laws	1,410	1,231
Community care	1,000	1,204
Other fees and charges	626	489
Council facilities hire	534	507
Parking metre fees	479	454
State Revenue Office — valuation recoupment	361	95
Road openings and reinstatements	336	209
Footpath rentals	165	177
Waste and sustainability	146	121
Library and learning centres	130	125
Maintenance	108	120
Total user fees	26,840	24,976

* The increase in building and planning fees reflects the changes to the planning and subdivision fee regulations on 27 September 2016 with the new fees applying from 13 October 2016. Planning and responsible authorities provide services under the *Planning and Environment Act 1987* which attract a fee in accordance with the *Planning and Environment (Fees) Regulations 2016*.

	2017	2016
	\$ '000	\$ '000

Note 6 Grants

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	16,172	12,731
State funded grants	9,771	9,657
Others	891	706
Total grants received	26,834	23,094

Operating grants

Recurrent — Commonwealth Government

Aged care	8,561	8,550
Family and early learning centres	1,174	1,128
Family day care	367	441
Victorian Grants Commission — general purpose*	4,457	1,458
Victorian Grants Commission — local roads*	929	311

Recurrent — State Government

Community care	6,182	6,021
Immunisation	160	151
Libraries and learning centres	920	899
Maternal and child health	1,024	870
MetroAccess	132	127
Other	33	46
School crossing supervisors	229	212
Senior citizens	90	93
Social support	410	396
Total operating grants	24,668	20,703

* During the year, the Commonwealth Government announced prepayments of Council's Victorian Grants Commission funding for 2017–18. The amount of \$1.84m (50 per cent of the grant) was received for financial assistance and local roads funding in the 2016–17 financial year.

	2017	2016
	\$ '000	\$ '000
Note 6 Grants (continued)		
Capital grants		
Recurrent — Commonwealth Government		
<i>Roads to Recovery Program</i>	665	823
Total recurrent capital grants	665	823
Non-recurrent — Commonwealth Government		
<i>Stronger Community Program</i> — Allnutt Park toddlers playground	-	20
<i>Stronger Community Program</i> — EE Gunn Reserve playspace redevelopment	20	-
Non-recurrent — State Government		
Booran Reserve redevelopment	65	585
Centenary Park Pavilion redevelopment	-	50
<i>The Children's Facilities Capital Program</i> — Brady Road Kindergarten and Bentleigh West Kindergarten early learning facility upgrades	225	-
Duncan Mackinnon Pavilion redevelopment	-	100
Duncan Mackinnon Reserve athletic track reconstruction	100	-
Duncan Mackinnon Reserve netball courts	90	-
King George Reserve Pavilion female facilities redevelopment	90	-
Leckie Street Reserve play space redevelopment	-	75
<i>Restoring Community War Memorial Grants Program</i>	-	14
Tobacco inspection	20	8
<i>Walk to School Program</i>	-	10
Non-recurrent — Other		
<i>Black Spot Programme</i>	109	601
EE Gunn Reserve rehabilitation — warm season grasses	653	-
EE Gunn Reserve community projects	95	-
<i>Living Rivers Program</i>	23	105
<i>Storm Water Community Education Program</i>	6	-
VicRoads Community Road Safety	5	-
Total non-recurrent capital grants	1,501	1,568
Total capital grants	2,166	2,391

	2017 \$ '000	2016 \$ '000
--	-----------------	-----------------

Note 6 Grants (continued)

Conditions on grants

Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Victorian Grants Commission — financial assistance and local roads funding

Open balance brought forward	-	-
Grants received during the financial year	5,386	-
Amounts expended during the financial year	(3,549)	-
Balance remaining to be spent	1,837	-

During the year, the Commonwealth Government announced prepayments of 50 per cent of Council's Victorian Grants Commission funding. The amount of \$1.84m was received, comprising financial assistance and local roads funding.

Duncan Mackinnon Reserve athletic track reconstruction

Open balance brought forward	-	-
Grants received during the financial year	100	-
Amounts expended during the financial year	-	-
Balance remaining to be spent	100	-

The Department of Health and Human Services will contribute \$250k in total towards the installation of a new sandwich polyurethane synthetic surface and base for the regional athletics track at Duncan Mackinnon Reserve. The project is expected to be completed during the 2017–18 financial year.

Duncan Mackinnon Reserve netball courts

Open balance brought forward	-	-
Grants received during the financial year	90	-
Amounts expended during the financial year	-	-
Balance remaining to be spent	90	-

The Department of Health and Human Services will contribute \$100k in total towards the construction of two new netball courts with 200 lux lighting at Duncan Mackinnon Reserve. The project is expected to be completed during the 2017–18 financial year.

King George Reserve Pavilion female facilities

Open balance brought forward	-	-
Grants received during the financial year	90	-
Amounts expended during the financial year	-	-
Balance remaining to be spent	90	-

The Department of Health and Human Services will contribute \$100k in total towards the redevelopment of the existing change rooms and amenities at King George Reserve. The project is expected to be completed during the 2017–18 financial year.

	2017 \$ '000	2016 \$ '000
Note 6 Grants (continued)		
<i>Living Rivers Program</i>		
Open balance brought forward	105	-
Grants received during the financial year	23	105
Amounts expended during the financial year	(128)	-
Balance remaining to be spent	-	105
Melbourne Water contributed \$128k in total towards the water sensitive urban design of Booran Reserve. The project was completed during the 2016–17 financial year.		
<i>Walk to School Program</i>		
Open balance brought forward	10	-
Grants received during the financial year	-	10
Amounts expended during the financial year	(10)	-
Balance remaining to be spent	-	10
Grant funding of \$10k received from the Department of Public Health is for Council to promote <i>Walk to School</i> in the municipality, to liaise with local primary schools to encourage them to actively participate in <i>Walk to School</i> 2016, and undertake local initiatives to support ongoing active travel among primary school-aged children and their families.		
Grants that were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Net increase/(decrease) in restricted assets resulting from grant revenues for the year:	-	-

Note 7 Other income

Rentals and leases	1,494	1,464
Interest	1,404	1,377
Licences and permits* (grade separation works)	856	293
Other revenue	322	299
Bank guarantees**	94	486
Total other income	4,170	3,919

* The licences and permits income associated with the Level Crossing Removal Authority (LXRA) project relates to commercial licencing fees derived from the State Government's temporary occupation of Council's car parks within the municipality.

** Relates to the liquidation of bank guarantees resulting from contractual disputes with the construction of capital works projects — \$94k (2016–17) for Booran Reserve and \$486k (2015–16) for Duncan Mackinnon Pavilion.

Note 8 Contributions — monetary

Public open space	7,811	5,865
Total contributions — monetary	7,811	5,865

Public open space fees received during the year are transferred to other reserves pursuant to section 18 of the *Subdivision Act 1988* (public open space reserve). Refer to note 26 (b).

	2017	2016
	\$ '000	\$ '000

Note 9 Investments in joint operations

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

The landfill site is jointly owned by five councils including Glen Eira City Council and the equity is distributed accordingly: Boroondara 35.22 per cent, Glen Eira 21.10 per cent, Monash 16.80 per cent, Stonnington 12.76 per cent and Whitehorse 14.12 per cent.

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

**Note 9 (a) Summarised Statement of Comprehensive Income
for the year ended 30 June 2017**

Total income	104	1,800
Total expenses	489	1,486
Share of net (loss)/surplus of joint operations	(385)	314

**Summarised Balance Sheet
as at 30 June 2017**

Assets		
Current assets	1,687	2,236
Total assets	1,687	2,236
Liabilities		
Current liabilities	745	847
Non-current liabilities	1,770	1,832
Total liabilities	2,515	2,679
Net liabilities	(828)	(443)
Equity/(deficit)		
Accumulated deficit	(828)	(443)
Total equity/(deficit)	(828)	(443)
Adjusted for rehabilitation costs (refer to note 9 (b))	2,420	2,568
Total investment in joint operations (excluding rehabilitation costs)	1,592	2,125

		2017	2016
		\$ '000	\$ '000

Note 9 Investments in joint operations (continued)

Note 9 (b) Other liabilities

Provision for environmental rehabilitation	2,420	2,568
Total other liabilities	2,420	2,568

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site over a period of 28 years. Remediation is expected to be completed by 2045.

The calculation of the provision is based on a review of the annual and event aftercare costs of the site. These costs have been inflated at an assumed inflation rate of 2.5 per cent annually for 28 years. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 28 years.

The provision also takes into account a forecast \$2.52m of capping and gas infrastructure works that are required to be completed primarily in 2017–18 in order to decommission the land fill.

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

Council's share of the joint operation is also disclosed as a contingent liability in note 32. The environmental rehabilitation represents Council's future share of rehabilitation costs payable by Clayton Regional Landfill (not Council) but will translate into a cash injection by Council in the future.

Summarised statement of cash flows

Net cash provided used in operating activities	(548)	(364)
Net decrease in cash and cash equivalents	(548)	(364)

Summary of joint operations

Movements for the year

Share of joint operations as at 1 July	(443)	(757)
Share of net (loss)/surplus of joint operations	(385)	314
Share of total equity of joint operations as at 30 June	(828)	(443)

	Notes	2017 \$ '000	2016 \$ '000
Note 10 (a) Employee costs			
Wages and salaries		55,166	53,649
Superannuation (refer to note 10(b))		5,827	5,687
Annual leave		4,644	4,480
Long service leave		1,580	1,166
WorkSafe		666	913
Other employee costs		1,075	949
Fringe benefits tax		206	226
Total gross employee costs		69,164	67,070
Capitalised salaries	27	(2,156)	(2,248)
Total net employee costs		67,008	64,822

Note 10 (b) Superannuation

Council made contributions to the following funds:

Defined benefit plans

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	375	423
	375	423

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,494	4,386
Employer contributions to HESTA	705	657
Employer contributions to other funds	253	221
	5,452	5,264

Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date (accumulation fund)	545	490
	545	490

Summary

Employer contributions paid at reporting date	5,827	5,687
Employer contributions payable at reporting date	545	490

Refer to note 31 for further information relating to Council's superannuation obligations.

		2017	2016
		\$ '000	\$ '000
Note 11	Materials and services		
	Contract payments	31,999	30,484
	Maintenance	6,671	7,625
	Materials and consumables	5,535	5,635
	Utilities	3,694	4,107
	Training	874	748
	Insurance	780	754
	Grants and subsidies	703	773
	Total materials and services	50,256	50,126
Note 12	Depreciation and amortisation		
	Infrastructure	11,718	11,437
	Plant and equipment	4,636	4,802
	Property	4,850	4,641
	Total depreciation	21,204	20,880
	Intangible assets	299	451
	Total depreciation and amortisation	21,503	21,331
	Refer to note 20 and 21 for a more detailed breakdown of depreciation and amortisation charges.		
Note 13	Net loss on sale/disposal of property, infrastructure, plant and equipment		
	Proceeds of sale	821	632
	Written down value (WDV) of assets disposed (refer to note 20)	(1,844)	(2,489)
	Disposal costs for laneway sales	(146)	(120)
	Discontinued capital works projects*	(79)	(112)
	Total net loss on sale/disposal of property, infrastructure, plant and equipment	(1,248)	(2,089)
	*Relates to the write-off of design costs on projects that did not proceed.		

		2017	2016
		\$ '000	\$ '000
Note 14	Borrowing costs		
	Economic cost*	-	4,927
	Interest — borrowings	749	1,703
	Interest — equipment lease	19	18
	Interest — finance lease	-	1
	Total borrowing costs	768	6,649

*In 2016, Council considered a number of options to determine if cost savings were available from restructuring the existing borrowings. The options involved refixing the loan for a shorter term of seven years at a fixed rate of interest (as this was the optimum period for making a saving).

Note 15	Other expenses		
	Bad and doubtful debts*	954	658
	Other expenses	816	879
	Rentals (refer to note 30)	451	449
	Lodgement fees	451	341
	Councillors' allowances	344	351
	Advertising	327	364
	Memberships and subscriptions	230	215
	Leasing	224	333
	Program costs	222	141
	VicRoads extracts	139	109
	Document storage	136	149
	Laundry fees	129	136
	Licences and registrations	89	137
	Animal registrations and levies	71	79
	Business development seminars	60	68
	Party in the parks	32	27

* The increase in bad and doubtful debts is attributable to the increased activity in parking infringements throughout the municipality, refer to notes 3 and 18 of the Financial Statements.

Auditors remuneration

	Internal auditors*	186	107
	External auditors — VAGO — audit of the Financial Statements, Performance Statement and grant acquittals	63	75
	Other auditors remuneration costs	26	34
	Total other expenses	4,950	4,652

* The internal audit program for 2015–16 related to audits conducted for a partial year due to the tendering of the services in September 2015.

	2017	2016
	\$ '000	\$ '000
Note 16 Cash and cash equivalents		
Cash at bank and on hand	9,960	6,606
Term deposits	12,449	10,402
Total cash and cash equivalents	22,409	17,008
Other financial assets (refer note 17)	38,703	28,922
Total cash and cash equivalents and other financial assets	61,112	45,930

Restricted funds

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

Trust funds and deposits (note 23)	(29,874)	(25,501)
Public open space reserve (note 8, 26 (b))	(3,696)	(4,093)
Total restricted funds	(33,570)	(29,594)
Total unrestricted cash and cash equivalents	27,542	16,336

Intended allocations

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

Cash held to fund carried forward capital works	6,000	3,000
Total funds subject to intended allocations	6,000	3,000

Refer also to Note 17 for details of other financial assets held by Council.

Note 17 Other financial assets

Current

Term deposits (maturity greater than three months)	38,703	28,922
---	---------------	---------------

Non-current

MAPS shareholding — at fair value*	5	5
---	----------	----------

* 5,020 shares were issued on 17 May 1995. These shares are held with MAPS Group Ltd Trading as Strategic Purchasing.

	2017	2016
	\$ '000	\$ '000

Note 18 Trade and other receivables

Statutory receivables

Rates debtors	5,791	5,098
Parking infringement debtors — Council	1,801	1,264
Parking infringement debtors — PERIN Court	2,329	1,749
Provision for doubtful debts — parking infringements	(2,276)	(1,701)
Net GST Receivable	1,307	1,657
Fire services property levy	642	579

Non-statutory receivables

Other trade receivables	3,168	1,766
Provision for doubtful debts — other trade receivables	(23)	(4)

Total trade and other receivables	12,739	10,408
--	---------------	---------------

(a) Ageing of trade and other receivables

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

Current (not yet overdue)	2,844	1,449
Past due by up to 30 days	120	267
Past due between 31 and 180 days	204	50

Total trade and other receivables	3,168	1,766
--	--------------	--------------

(b) Movements in provisions for doubtful debts

Balance at the beginning of the year	(1,705)	(1,261)
(Increase) in provisions recognised during the year	(594)	(444)
Balance at end of year	(2,299)	(1,705)

Note 19 Other assets

Accrued income	671	831
Prepayments*	826	466

Total other assets	1,497	1,297
---------------------------	--------------	--------------

* Prepayments are expenses that Council has paid in advance of service delivery as at 30 June. The increase in prepayments relates to the timing of Council receiving invoices from suppliers.

Note 20 Property, infrastructure plant and equipment

Summary of property, infrastructure plant and equipment

	WDV 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At fair value 30 June 2017
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Land	1,577,325	10,324	-	118,666	-	-	-	1,706,315
Buildings	174,803	3,653	-	-	(4,850)	(53)	-	173,553
Plant and equipment	13,894	4,037	-	-	(4,636)	(137)	-	13,158
Infrastructure	265,053	21,338	-	5,593	(11,718)	(1,641)	-	278,625
Art collection and municipal regalia	1,910	-	-	-	-	-	-	1,910
Work in progress	14,153	-	-	-	-	-	(4,380)	9,773
	2,047,138	39,352	-	124,259	(21,204)	(1,831)	(4,380)	2,183,334

Summary of work in progress (WIP)

	Opening WIP	Additions	Transfers to completed assets	Closing WIP
	\$ '000	\$ '000	\$ '000	\$ '000
Land and buildings	8,099	748	(7,296)	1,551
Plant and equipment	-	3,917	(3,911)	6
Infrastructure	6,054	25,960	(23,798)	8,216
	14,153	30,625	(35,005)	9,773

Note 20 Property, infrastructure plant and equipment (continued)

Property	Notes	Land - specialised	Land under roads	Total land	Buildings - non specialised	Buildings - specialised	Leasehold improvements	Total buildings	Total property
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At fair value 1 July 2016		998,768	578,557	1,577,325	219,098	42,713	382	262,193	1,839,518
Accumulated depreciation		-	-	-	(80,078)	(7,153)	(159)	(87,390)	(87,390)
Work in progress		-	-	-	8,091	8	-	8,099	8,099
		998,768	578,557	1,577,325	147,111	35,568	223	182,902	1,760,227
Movements in fair value									
Acquisition of assets at fair value		10,324	-	10,324	3,653		-	3,653	13,977
Contributed assets									
Revaluation increments	26 (a)	118,666	-	118,666	-	-	-	-	118,666
Fair value of assets disposed	13	-	-	-	(582)	-	-	(582)	(582)
Work in progress		-	-	-	(6,780)	232	-	(6,548)	(6,548)
		128,990	-	128,990	(3,709)	232	-	(3,477)	125,513
Movements in accumulated depreciation									
Depreciation	12	-	-	-	(4,273)	(559)	(18)	(4,850)	(4,850)
Accumulated depreciation of disposals	13	-	-	-	528	-	-	528	528
		-	-	-	(3,745)	(559)	(18)	(4,322)	(4,322)
At fair value 30 June 2017		1,127,758	578,557	1,706,315	222,169	42,713	382	265,264	1,971,579
Accumulated depreciation at 30 June 2017		-	-	-	(83,823)	(7,712)	(177)	(91,712)	(91,712)
Work in progress		-	-	-	1,311	240	-	1,551	1,551
		1,127,758	578,557	1,706,315	139,657	35,241	205	175,103	1,881,418

Note 20 Property, infrastructure plant and equipment (continued)

Plant and equipment	Notes	Plant and equipment	Furniture and equipment	Total plant and equipment
		\$ '000	\$ '000	\$ '000
At cost 1 July 2016		8,930	33,042	41,972
Accumulated depreciation		(5,473)	(22,605)	(28,078)
Work in progress		-	-	-
		3,457	10,437	13,894
Movements in cost				
Acquisition of assets at cost		1,693	2,344	4,037
Contributed assets				
Revaluation increments/(decrements)	26 (a)	-	-	-
Cost of assets disposed	13	(1,242)	(235)	(1,477)
Work in progress			6	6
		451	2,115	2,566
Movements in accumulated depreciation				
Depreciation	12	(1,115)	(3,521)	(4,636)
Accumulated depreciation of disposals	13	1,105	235	1,340
		(10)	(3,286)	(3,296)
At cost 30 June 2017		9,381	35,150	44,531
Accumulated depreciation at 30 June 2017		(5,483)	(25,891)	(31,374)
Work in progress		-	6	6
		3,898	9,266	13,164

Note 20 Property, infrastructure plant and equipment (continued)

Infrastructure	Notes	Roads	Footpaths, furniture and signs	Drains	Parks and gardens	Total infrastructure
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At fair value 1 July 2016		249,735	112,291	174,104	68,363	604,493
Accumulated depreciation		(133,855)	(71,747)	(98,833)	(35,005)	(339,440)
Work in progress		2,871	228	2,692	263	6,054
		118,751	40,772	77,963	33,621	271,107

Movements in fair value

Acquisition of assets at fair value		5,005	2,331	5,264	8,738	21,338
Contributed assets						
Revaluation decrements at fair value	26 (a)	(5,440)	(2,209)	(4,131)	17,373	5,593
Fair value of assets disposed	13	(1,760)	(826)	(123)	(650)	(3,359)
Work in progress		1,252	110	44	756	2,162
		(943)	(594)	1,054	26,217	25,734

Movements in accumulated depreciation

Depreciation	12	(4,256)	(2,272)	(1,749)	(3,441)	(11,718)
Accumulated depreciation of disposals	13	1,163	22	88	446	1,719
		(3,093)	(2,250)	(1,661)	(2,995)	(9,999)

At fair value 30 June 2017		247,540	111,587	175,114	93,825	628,066
Accumulated depreciation at 30 June 2017		(136,948)	(73,997)	(100,494)	(38,000)	(349,439)
Work in progress		4,123	338	2,736	1,019	8,216
		114,715	37,928	77,356	56,843	286,842

Note 20 Property, infrastructure plant and equipment (continued)

Art collection and municipal regalia	Notes	Art collection and municipal regalia	Total art collection and municipal regalia
		\$ '000	\$ '000
At fair value 1 July 2016		1,910	1,910
		1,910	1,910
Movements in fair value			
Acquisition of assets at fair value		-	-
Acquisition of assets at cost		-	-
Revaluation increments	26 (a)	-	-
Fair value of assets disposed	13	-	-
		-	-
At fair value 30 June 2017		1,910	1,910
		1,910	1,910

Note 20 Property, infrastructure plant and equipment (continued)

(a) Valuations of land and buildings

Valuations of land and buildings were undertaken by a qualified independent valuer, Belinda Macfarlane (A.A.P.I) Certified Practising Valuer from Patel Dore Valuers. The valuations of land and buildings are at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

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

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year and was based on sales data to determine the movement in fair value. A full revaluation of these assets will be conducted in 2017–18.

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of
	\$ '000	\$ '000	\$ '000	Valuation
Land — specialised	-	-	1,127,758	01/16
Land under roads	-	-	578,557	01/16
Buildings — specialised	-	-	35,001	01/16
Buildings — non specialised	-	138,346	-	01/16
Total land and buildings	-	138,346	1,741,316	

(b) Valuations of infrastructure

Valuations of infrastructure assets, except for Parks and recreation assets, have been assessed by Glen Eira City Council's Director Infrastructure, Environment and Leisure Samantha Krull B.Science Engineering (Civil), GradD Engineering (Civil) as at 30 June 2017.

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of
	\$ '000	\$ '000	\$ '000	Valuation
Roads	-	-	110,592	06/14
Footpaths, furniture and signs	-	-	37,590	06/14
Drains	-	-	74,620	06/14
Parks and gardens	-	-	55,823	04/17
Total infrastructure	-	-	278,625	

Note 20 Property, infrastructure plant and equipment (continued)

(c) Valuation of art collection and municipal regalia

Art collection assets were assessed by Lauraine Diggins, Director Fine Art Pty Ltd as at 30 June 2015. The basis of valuation was market value.

Details of Council's art collection and municipal regalia and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Date of
	\$ '000	\$ '000	\$ '000	Valuation
Art collection and municipal regalia	-	-	1,910	06/15
Total art collection and municipal regalia	-	-	1,910	

(d) Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between five per cent and 95 per cent. The market value of land varies significantly depending on the location of the land and the current market conditions. 2015–16 land values range between approximately \$219 and \$3,524 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of the buildings. Current replacement cost is calculated on a square metre basis ranges from \$186 to \$3,840 per square metre. The remaining useful lives of the buildings are determined on the basis of the current condition of buildings and vary from 22 years to 107 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from five years to 160 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.

	2017	2016
	\$'000	\$'000
Reconciliation of specialised land		
Land	1,127,758	998,768
Land under roads	578,557	578,557
Total specialised land	1,706,315	1,577,325

	2017	2016
	\$'000	\$'000
Note 21 Intangible assets		
Computer software and licences — at cost	4,934	5,238
Accumulated amortisation	(4,170)	(4,196)
Total intangible assets	764	1,042

Movements for the year

Computer software and licences — as at 1 July	1,042	750
Additions	37	743
Disposals (note 13)	(14)	-
Amortisation expense	(301)	(451)
Net book value at 30 June	764	1,042

Note 22 Trade and other payables

Trade payables	8,310	11,009
Accrued expenses	6,407	5,485
Total trade and other payables	14,717	16,494

Note 23 Trust funds and deposits

Current — expected to be refundable within 12 months

Residential aged care bonds and deposits	7,420	6,257
Refundable deposits	4,231	3,807
Fire services property levy	910	837
	12,561	10,901

Current — expected to be refundable after 12 months

Residential aged care bonds and deposits	17,313	14,600
	17,313	14,600

Total trust funds and deposits	29,874	25,501
---------------------------------------	---------------	---------------

Purpose and nature of items:

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

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

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

Note 24 Provisions

	Annual leave	Long service leave	Sick leave	Total
2017	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	4,035	10,033	9	14,077
Additional provisions	4,615	1,630	1	6,246
Amounts used	(4,642)	(1,376)	-	(6,018)
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	-	(24)	-	(24)
Balance at the end of the financial year	4,008	10,263	10	14,281
2016				
Balance at beginning of the financial year	3,947	9,920	12	13,879
Additional provisions	4,449	1,124	-	5,573
Amounts used	(4,361)	(1,049)	(3)	(5,413)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	-	38	-	38
Balance at the end of the financial year	4,035	10,033	9	14,077

	2017	2016
	\$ '000	\$ '000

Employee provisions

Current provisions expected to be wholly settled within 12 months

Annual leave	3,425	3,410
Long service leave	746	715
Sick leave	10	9
	4,181	4,134

Current provisions expected to be wholly settled after 12 months

Annual leave	583	625
Long service leave	8,086	8,132
	8,669	8,757

Total current provisions

12,850 12,891

Non-current

Long service leave	1,431	1,186
	1,431	1,186

Aggregate carrying amount of employee provisions:

Current provisions	12,850	12,891
Non-current provisions	1,431	1,186
Total aggregate carrying amount of employee provisions	14,281	14,077

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

Weighted average increase in employee costs	2.50%	3.70%
Weighted average discount rates	2.61%	1.99%
Weighted average settlement period	15.48 years	15.75 years

	2017	2016
	\$'000	\$'000

Note 25 Interest-bearing loans and borrowings

Current

Borrowings — secured	3,343	3,149
	3,343	3,149

Non-current

Borrowings — secured	18,302	21,734
	18,302	21,734

Total	21,645	24,883
--------------	---------------	---------------

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

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

Not later than one year	3,343	3,149
Later than one year and not later than five years	18,302	17,815
Later than five years	-	3,919
	21,645	24,883

Note 26 Reserves

(a) Asset revaluation reserve

2017	Balance at beginning of reporting period \$ '000	Increment/ (decrement) \$ '000	Balance at end of reporting period \$ '000
Property			
Land	686,900	118,666	805,566
Land under roads	216,578	-	216,578
Buildings	81,266	-	81,266
Infrastructure			
Road assets	98,930	(5,440)	93,490
Footpaths	20,594	(2,209)	18,385
Drainage	17,898	(4,131)	13,767
Parks and gardens	6,925	17,373	24,298
Art collection and municipal regalia			
Art collection	1,088	-	1,088
	1,130,179	124,259	1,254,438
2016	Balance at beginning of reporting period \$ '000	Increment/ (decrement) \$ '000	Balance at end of reporting period \$ '000
Property			
Land	568,970	117,930	686,900
Land under roads	-	216,578	216,578
Buildings	79,308	1,958	81,266
Infrastructure			
Road assets	101,298	(2,368)	98,930
Footpaths	22,222	(1,628)	20,594
Drainage	18,172	(274)	17,898
Parks and gardens	6,925	-	6,925
Art collection and municipal regalia			
Art collection	1,088	-	1,088
	797,983	332,196	1,130,179
The asset revaluation reserve is used to record the net movement of Council's assets over time.			

Note 26 Reserves (continued)

(b) Public open space reserve

	Balance at beginning of reporting period	Transfers from accumulated surplus	Transfers to accumulated surplus	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000	\$ '000
2017				
Public open space reserve	4,093	7,811	(8,208)	3,696
	4,093	7,811	(8,208)	3,696
2016				
Public open space reserve	3,541	5,865	(5,313)	4,093
	3,541	5,865	(5,313)	4,093

Expenditure on *Open Space* projects for 2016–17 totalled \$8.21m and related to the following initiatives:

- Booran Reserve, corner Booran and Glenhuntly Roads, Glen Huntly \$4.62m
- 6 Aileen Ave, Caulfield South \$2.11m
- 53 Magnolia Road, Gardenvale \$1.48m.

Council approved its *Open Space Strategy* on 8 April 2014 following community consultation.

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

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

Summary of reserves	Balance at beginning of reporting period	Increment/ (decrement) and transfers	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000
2017			
Asset revaluation reserve	1,130,179	124,259	1,254,438
Public open space reserve	4,093	(397)	3,696
	1,134,272	123,862	1,258,134
2016			
Asset revaluation reserve	797,983	332,196	1,130,179
Public open space reserve	3,541	552	4,093
	801,524	332,748	1,134,272

	Notes	2017 \$ '000	2016 \$ '000
Note 27	Reconciliation of cash flows from operating activities to surplus		
Surplus for the year		29,425	12,515
Share of net loss/(surplus) of joint operations	9	385	(314)
Capitalised salaries	10 (a)	(2,156)	(2,248)
Depreciation and amortisation	12	21,503	21,331
Loss on sale/disposal of property, infrastructure, plant and equipment	13	1,410	2,243
Borrowing costs	14	748	1,704
Economic cost of borrowings	14	-	4,927
Change in assets and liabilities:			
Increase in trade and other receivables	18	(2,169)	(1,588)
(Increase)/decrease in other assets	19	(360)	176
(Decrease)/increase in trade and other payables	22	(808)	4,192
Increase in provisions	24	202	198
Increase in trust funds and other deposits	23	4,372	831
Net cash provided by operating activities		52,552	43,967
Note 28	Reconciliation of cash and cash equivalents		
Cash and cash equivalents	16	22,409	17,008
		22,409	17,008

Note 29 Commitments

Council has entered into the following commitments:

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

Capital expenditure commitments — includes provision for the following: sportsground lighting; park redevelopments; pavilion works; building improvements; information systems and technology; shopping centre upgrades; landscaping; road works; drainage works; and annual footpath concrete works.

Receivables — are contractual commitments for operating and capital related period costs for future services. These services have not been delivered as at 30 June 2017. Similarly, the receipt of future income (contract receivables) has not been recognised as it relates to future services post 30 June 2017.

2017	Not later than 1 year \$ '000	Later than 1 year but less than 2 years \$ '000	Later than 2 years but less than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
Operating					
Buildings	83	-	-	-	83
Cleaning	602	286	-	-	888
Community care	539	214	-	-	753
Consultancies	2,593	1,430	2,723	-	6,746
Maintenance	4,460	3,578	4,289	-	12,327
Parks and gardens	4,408	-	-	-	4,408
Plant and equipment	737	628	321	-	1,686
Traffic and parking	2,848	331	-	-	3,179
Waste and sustainability	8,713	8,539	19,105	8,800	45,157
Other contractual obligations	1,594	422	7	-	2,023
Total operating commitments	26,577	15,428	26,445	8,800	77,250
Capital					
Buildings	367	-	-	-	367
Parks and gardens	250	167	-	-	417
Roads	2,127	-	-	-	2,127
Total capital expenditure commitments	2,744	167	-	-	2,911
Receivables					
Other	1,040	1,040	2,079	-	4,159
Total contract receivables	1,040	1,040	2,079	-	4,159

Note 29 Commitments (continued)

2016	Not later than 1 year	Later than 1 year but less than 2 years	Later than 2 years but less than 5 years	Later than 5 years	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Operating					
Buildings	110	83	-	-	193
Cleaning	602	343	286	-	1,231
Community care	1,310	539	214	-	2,063
Consultancies	2,114	833	55	-	3,002
Drainage	57	57	76	-	190
Maintenance	1,457	1,032	668	-	3,157
Parks and gardens	4,453	8	-	-	4,461
Plant and equipment	780	630	745	-	2,155
Traffic and parking	2,524	2,250	100	-	4,874
Waste and sustainability	7,922	7,702	22,720	1,148	39,492
Other contractual obligations	1,719	945	336	-	3,000
Total operating commitments	23,048	14,422	25,200	1,148	63,818
Capital					
Buildings	367	-	-	-	367
Parks and gardens	250	250	167	-	667
Roads	2,931	1,002	-	-	3,933
Total capital expenditure commitments	3,548	1,253	167	-	4,967
Receivables					
Other	1,306	1,040	3,119	-	5,465
Total contract receivables	1,306	1,040	3,119	-	5,465

	2017 \$ '000	2016 \$ '000
--	-----------------	-----------------

Note 30 Leases

(a) Novated leases

At the reporting date, the municipality had the following obligations under novated finance leases for the use of motor vehicles:

Not later than one year	6	12
Later than one year and not later than five years	2	30
Total finance leases	8	42

(b) Operating lease commitments

At the reporting date, Council had the following obligations under non-cancellable operating leases for the lease of land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	448	373
Later than one year and not later than five years	1,440	69
Later than five years	1,843	4
Total operating lease commitments	3,731	446

The increase in operating lease commitments from 2015–16 to 2016–17 relates to the renewal of the building lease for Council's Works Depot.

(c) Operating lease receivables

Council has entered into leases on its properties. These properties held under operating leases have remaining non-cancellable lease terms of between one and 20 years.

At the reporting date, Council had the following future minimum lease payments receivable under non-cancellable operating leases (these receivables are not recognised as assets):

Not later than one year	271	473
Later than one year and not later than five years	831	284
Later than five years	-	38
Total operating lease receivables	1,102	795

No contingent rental payments will arise from the above leases.

Some of the leases are presently subject to month-to-month tenancy.

In relation to the independent living unit leases, both parties must comply with the *Residential Tenancies Act 1997*.

Some of the leases are subject to periodic rent reviews.

Rental payments made during period	451	449
---	------------	------------

Note 31 Superannuation

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

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

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5 per cent as required under Superannuation Guarantee (SG) legislation).

Defined Benefit

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

Funding arrangements

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

As at 30 June 2017, 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 103.1 per cent as at 30 June 2017. To determine the VBI, the Fund Actuary used the following long-term assumptions:

- Net investment returns 6.5 per cent per annum
- Salary information 3.5 per cent per annum
- Price inflation (CPI) 2.5 per cent per annum

Note 31 Superannuation (continued)

Employer contributions

Regular contributions

On the basis of the results of the 2017 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 2017, this rate was 9.5 per cent of members' salaries (9.5 per cent in 2015–16). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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 Superannuation Prudential Standard 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 per cent.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Glen Eira City 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.

Note 31 Superannuation (continued)

2016 interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the Defined Benefit category of which Glen Eira City Council is a contributing employer:

- A VBI surplus of \$40.3 million; and
- A total service liability surplus of \$156 million.

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 2016.

The total service liability surplus means that the current value of the assets in the Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

Contributions by Glen Eira City Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2017 are detailed below:

Scheme	Type of scheme	Rate	2017 \$'000	2016 \$'000
Vision Super	Defined Benefits	9.50%	\$375	\$423
Vision Super	Accumulation	9.50%	\$4,494	\$4,386
Hesta	Accumulation	9.50%	\$705	\$657
Other	Accumulation	9.50%	\$253	\$221
Total			\$5,827	\$5,687

In addition to the above contributions, Glen Eira City Council has paid unfunded liability payments to Vision Super totalling \$nil during the 2016-17 year (\$nil paid during the 2015-16 year).

There were no contributions outstanding and loans issued from or to the above schemes as at 30 June 2017.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ended 30 June 2018 is \$nil.

Note 32 Contingent assets and liabilities

Contingent assets

As at 30 June 2017, there are no potential contingent assets.

Contingent liabilities

(a) Arising from legal matters

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

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

(b) Arising from insurable claims

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

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

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

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

(c) Regional Landfill Clayton South Joint Operation

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

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

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

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

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site over a period of 28 years. Remediation is expected to be completed by 2045. The provision is assessed at the end of each reporting period in order to ensure that it accurately reflects the cost of closing and restoring the site. Further costs may arise for the future after care of the landfill site, however, at this stage, these costs are too uncertain to reliably determine.

Note 33 Financial instruments

(a) Objectives and policies

Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in note 1 of the Financial Statements. Risk management is carried out by senior management under policies approved by Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

(c) Interest rate risk

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

(d) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our Balance Sheet. To help manage this risk we only invest surplus funds with financial institutions that have a recognised credit rating specified in our investment policy.

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

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

We may also be subject to credit risk for transactions which are not included in the Balance Sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 32.

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.

Note 33 Financial instruments (continued)

(e) Liquidity risk

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

To help reduce these risks Council:

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

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

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at note 25.

(f) Fair value

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

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.

(g) Financial instruments — sensitivity disclosure analysis

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

- A parallel shift of plus one and minus one per cent in market interest rates (AUD) from year-end rates of 1.5 per cent (assuming cash remains steady throughout the year).

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

Note 34 Related party disclosures

(a) Related parties

Parent entity

Glen Eira City Council

Subsidiaries , associates and joint operations

Interests in joint operations are detailed in note 9.

(b) Key management personnel

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

Councillors

Tony Athanasopoulos	Councillor	8 November 2016—30 June 2017
Clare Davey	Councillor	8 November 2016—30 June 2017
Mary Delahunty	Councillor	1 July 2016—22 October 2016
	Mayor	8 November 2016—30 June 2017
Margaret Esakoff	Councillor	1 July 2016—22 October 2016
	Councillor	8 November 2016—30 June 2017
Kelvin Ho	Councillor	1 July 2016—22 October 2016
Jamie Hyams	Councillor	1 July 2016—22 October 2016
	Councillor	8 November 2016—30 June 2017
Michael Lipshutz	Councillor	1 July 2016—22 October 2016
Oscar Lobo	Councillor	1 July 2016—22 October 2016
Jim Magee	Councillor	1 July 2016—22 October 2016
	Deputy Mayor	8 November 2016—30 June 2017
Neil Pilling	Mayor	1 July 2016—22 October 2016
Joel Silver	Councillor	8 November 2016—30 June 2017
Thomas Sounness	Deputy Mayor	1 July 2016—22 October 2016
Dan Sztrajt	Councillor	8 November 2016—30 June 2017
Nina Taylor	Councillor	8 November 2016—30 June 2017

Chief Executive Officer and other key management personnel

Rebecca McKenzie	Chief Executive Officer	1 July 2016—30 June 2017
Samantha Krull	Director Infrastructure, Environment and Leisure	1 July 2016—30 June 2017
Peter Jones	Director Community Wellbeing	1 July 2016—30 June 2017
Peter Swabey	Director Corporate Services	1 July 2016—30 June 2017
Ron Torres	Director Planning and Place	1 July 2016—30 June 2017

**2017
No.**

Summary

Total number of Councillors*	14
Chief Executive Officer and other key management personnel	5
Total key management personnel	19

* Council elections were conducted on 22 October 2016 and new Councillors were sworn in on 8 November 2016.

For periods commencing on 1 July 2016 the requirements of Australian Accounting Standards Board 124 Related Party Disclosures (AASB 124) will apply to financial statements prepared by local governments within Victoria.

Note 34 Related party transactions (continued)

(c) Remuneration of key management personnel

	2017 \$ '000
Total remuneration of key management personnel was as follows:	
Short-term benefits (salary and annual leave)	1,469
Post-employment benefits (superannuation)	174
Long-term benefits (long service leave)	33
Total	1,676

For the period commencing 1 July 2016 key management personnel includes Directors of Glen Eira Council (no comparative figures for 2015–16).

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

Income range:	2017 No.
\$0–\$9,999	4
\$20,000–\$29,999	5
\$30,000–\$39,999	4
\$80,000–\$89,999	1
\$230,000–\$239,999	1
\$240,000–\$249,999	1
\$250,000–\$259,999	2
\$320,000–\$329,999	1
Total key management personnel	19

For the period commencing 1 July 2016 key management personnel includes Directors of Glen Eira Council (no comparative figures for 2015–16).

(d) Transactions with related parties

There were no transactions with related parties which required disclosure during the 2016–17 or 2015–16 reporting years.

(e) Outstanding balances with related parties

There were no outstanding balances with related parties which required disclosure during the 2016–17 or 2015–16 reporting years.

(f) Loans to/from related parties

No loans have been made, guaranteed, or secured by Council to related parties which required disclosure during the 2016–17 or 2015–16 reporting years.

(g) Commitments to/from related parties

No commitments have been made, guaranteed, or secured by Council to related parties which required disclosure during the 2016–17 or 2015–16 reporting years.

Note 35 Senior officer remuneration

A Senior Officer is an officer of Council, other than key management personnel, who:
— has management responsibilities and reports directly to the Chief Executive; or
— whose total annual remuneration exceeds \$142,000 (\$139,000 in 2015–16).

The above numbers include staff holding senior officer positions where two or more staff members have occupied a senior role in a given year.

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

Income range:	2017 No.	2016 No.
<\$142,000	3	1
\$142,001–\$149,999	4	8
\$150,000–\$159,999	-	3
\$160,000–\$169,999	8	3
\$170,000–\$179,999	6	1
\$180,000–\$189,999	1	2
\$190,000–\$199,999	1	3
\$200,000–\$209,999	2	-
\$210,000–\$219,999	2	1
\$230,000–\$239,999	-	1
\$240,000–\$249,999	-	3
\$460,000–\$469,999*	1	-
Total senior officers	28	26

* Includes termination payments

The 2015–16 figures also include Directors who were classified as senior officers.

	2017 \$ '000	2016 \$ '000
Total remuneration for the reporting year for senior officers included above amounted to:	4,910	4,473

Note 36 Residential aged care facilities

Council is an approved provider of three residential aged care facilities — 173 total beds located at Warrawee (90), Spurway (30) and Rosstown (53) under the *Aged Care Act 1997*.

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

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

Income Statement for residential aged care facilities for the year ended 30 June 2017	2017 \$ '000	2016 \$ '000
Income		
Resident charges	3,672	3,789
Other income	2	2
Government grants	8,561	8,550
Interest on unpaid bonds	36	52
Investment income	644	750
Total income	12,915	13,143
Expenses		
Wages and superannuation — care	7,106	6,980
Wages and superannuation — administration	288	288
Wages and superannuation — other	3,070	2,939
Staff on-costs	1,281	1,252
Training	33	17
Agency costs	131	164
Materials and consumables	1,043	1,034
Contractor payments	390	397
Maintenance	109	116
Utility services	325	326
Other expenses	248	257
Management fees	443	346
Direct and indirect overheads	1,088	1,009
Depreciation on property, plant and equipment	814	1,294
Total expenses	16,369	16,419
Deficit	(3,454)	(3,276)

Note 36 Residential aged care facilities (continued)

Balance Sheet for residential aged care facilities as at 30 June 2017	2017 \$ '000	2016 \$ '000
Current assets		
Cash and financial assets	24,733	20,857
Trade and other receivables	113	147
Total current assets	24,846	21,004
Non-current assets		
Property, plant and equipment	17,666	18,335
Total non-current assets	17,666	18,335
Total assets	42,512	39,339
Current liabilities		
Trade and other payables	113	89
Residential aged care bonds and deposits	24,733	20,857
Employee provisions	2,324	2,342
Total current liabilities	27,170	23,288
Non-current liabilities		
Employee provisions	240	205
Total non-current liabilities	240	205
Total liabilities	27,410	23,493
The information provided above in connection with the Residential Aged Care Balance Sheet is derived from selected disclosure of key asset and liability accounts included in Glen Eira City Council's core Balance Sheet.		

Note 37 Events occurring after balance date

Council has not received any information after the reporting date about conditions that existed at the reporting date which requires disclosure. In addition, there are no material non-adjusting events after the reporting date which have not been disclosed.

Note 38 Special committees and other activities

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

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



John Vastianos

Principal Accounting Officer FCPA

Dated: 8 September 2017

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

In our opinion the accompanying Financial Statements present fairly the financial transactions of Glen Eira City Council for the year ended 30 June 2017 and the financial position of Council as at that date.

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

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



Councillor Mary Delahunty

Mayor

Dated: 8 September 2017

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



Councillor Jim Magee

Deputy Mayor

Dated: 8 September 2017

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



Rebecca McKenzie

Chief Executive Officer

Dated: 8 September 2017

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



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Glen Eira City Council

Opinion	<p>I have audited the financial report of Glen Eira City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2017 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including a summary of significant accounting policies • certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
14 September 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

Description of municipality

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

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

Glen Eira is home to more than 148,846 people across more than 59,815 households — representing more than 160 different cultural backgrounds.

Indicator/Measure	Results			Material variations
	2017	2016	2015	
Population				
Expenses per head of municipal population	\$ 971	\$ 1,023	\$ 929	Shows a reduction in expenses for 2016–17 as a result of one-off unbudgeted items in 2015–16 including: the restructuring of existing loan facilities \$4.93m and the payment to the Clayton Landfill site of \$1.94m relating to undercharges.
[Total expenses/Municipal population]				
Infrastructure per head of municipal population	\$ 3,210	\$ 3,218	\$ 3,207	
[Value of infrastructure/Municipal population]				
Population density per length of road	299	294	290	
[Municipal population/Kilometres of local roads]				
Own-source revenue				
Own-source revenue per head of municipal population	\$ 936	\$ 911	\$ 834	2016–17 rate income incurred in line with Council's <i>Strategic Resource Plan</i> and additional revenue from parking infringements income and open space contributions.
[Own-source revenue/Municipal population]				
Recurrent grants				
Recurrent grants per head of municipal population	\$ 170	\$ 147	\$ 165	Increase in recurrent grants due to the Commonwealth Government announcement that 50 per cent of Council's Victorian Grants Commission funding would be prepaid in 2016–17. The amount of \$1.84m (50 per cent of the 2017–18 grants) was received for financial assistance and local roads funding during the 2016–17 financial year.
[Recurrent grants/Municipal population]				

Indicator/Measure	Results			Material variations
	2017	2016	2015	
Disadvantage				
Relative socio-economic disadvantage	10	10	10	
[Index of relative socio-economic disadvantage by decile]				

Definitions

“adjusted underlying revenue” means total income other than:

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

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

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

“population” means the resident population estimated by Council

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

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

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

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

Service/Indicator/Measure	Results			Material variations
	2017	2016	2015	
Aquatic facilities				
Utilisation				
Utilisation of aquatic facilities	10	8	8	The Glen Eira Sports and Aquatic Centre delivers a diverse range of facilities including aquatics, gymnasium, child care, hydrotherapy, indoor stadium and fitness classes. A new overhead people counting system has been installed which is much more accurate than the older visitor counting system and reflects a higher level of visits to GESAC.
[Number of visits to aquatic facilities/Municipal population]				
Animal management				
Health and safety				
Animal management prosecutions	4	13	16	Successful education and patrols over the past twelve months has resulted in the reduction of serious dog attacks.
[Number of successful animal management prosecutions]				
Food safety				
Health and safety				
Critical and major non-compliance notifications	99%	100%	100%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up /Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100				

Service/Indicator/Measure	Results			Material variations
	2017	2016	2015	
Governance				
Satisfaction				
Satisfaction with Council decisions	55	54	60	
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]				
Home and Community Care				
Participation				
Participation in HACC service	Reporting ceased 1 July 2016	24%	26%	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of people that received a HACC service/Municipal target population for HACC services] x100				
Participation in HACC service by culturally and linguistically diverse (CALD) people	Reporting ceased 1 July 2016	20%	22%	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
[Number of CALD people who receive a HACC service/Municipal target population in relation to CALD people for HACC services] x100				

Performance Statement
Service performance indicators (continued)
for the year ended 30 June 2017

Page 71

Service/Indicator/Measure	Results			Material variations
	2017	2016	2015	

Libraries

Participation

Active library members	17%	17%	17%	
------------------------	-----	-----	-----	--

[Number of active library members/
Municipal population] x100

Maternal and child health

Participation

Participation in the MCH service	87%	88%	87%	
----------------------------------	-----	-----	-----	--

[Number of children who attend the
MCH service at least once (in the year) /Number
of children enrolled in the
MCH service] x100

Service/Indicator/Measure	Results			Material variations
	2017	2016	2015	
Maternal and child health				
Participation				
Participation in the MCH service by Aboriginal children	109%	93%	88%	Twelve Aboriginal children were seen for Key Ages Stages visits throughout the year. At some stage during the year, one of these children has moved out of the municipality. We now only have 11 Aboriginal children enrolled in Glen Eira at year end.
[Number of aboriginal children who attend the MCH service at least once (in the year)/Number of aboriginal children enrolled in the MCH service] x100				
Roads				
Satisfaction				
Satisfaction with sealed local roads	69	69	74	This measure is derived from the State Government’s <i>Community Satisfaction Survey</i> . Main roads within the municipality are the responsibility of VicRoads whilst lesser roads are the responsibility of Local Government. The <i>Survey</i> does not differentiate between the responsibilities of State and Local Government. This measure risks measuring satisfaction with VicRoads and attributing it to Council.
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]				

Service/Indicator/Measure	Results			Material variations
	2017	2016	2015	
Statutory Planning				
Decision making				
Council planning decisions upheld at VCAT	42%	57%	59%	During the last 12 months there has been an increase in the number of appeals for applications refused by Council. This has resulted in a decrease in the number of Council's decisions upheld at VCAT. VCAT is legally required to take account of Council's planning scheme policies but is not legally required to apply them. Further, applicants can change their plans significantly before they get to VCAT so VCAT may be considering a quite different proposal to the one decided by Council. It follows that VCAT is often not making the same decision as Council. The measure does not capture mediated outcomes.
[Number of VCAT decisions that did not set aside Council’s decision in relation to a planning application/Number of VCAT decisions in relation to planning applications] x100				
Waste Collection				
Waste diversion				
Kerbside collection waste diverted from landfill	45%	44%	43%	
[Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins] x100				

Definitions

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

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

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

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

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

"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

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

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

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

"HACC program" means the *Home and Community Care* program established under the Agreement entered into for the purpose of the *Home and Community Care Act 1985* of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

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

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

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

"population" means the resident population estimated by council

"target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the *Occupational Health and Safety Act 2004*

Dimension/Indicator/Measure	Results				Forecasts			Material variations
	2015	2016	2017	2018	2019	2020	2021	
Efficiency								
Revenue level								
Average residential rate per residential property assessment [Residential rate revenue/Number of residential property assessments]	\$ 1,416	\$ 1,485	\$ 1,521	\$ 1,549	\$ 1,572	\$ 1,600	\$ 1,629	Movements in line with Council's <i>Strategic Resource Plan</i> .
Expenditure level								
Expenses per property assessment [Total expenses/Number of property assessments]	\$ 2,150	\$ 2,233	\$ 2,231	\$ 2,341	\$ 2,360	\$ 2,382	\$ 2,418	
Workforce turnover								
Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100	10%	11%	9%	11%	11%	11%	11%	
Liquidity								
Working capital								
Current assets compared to current liabilities [Current assets/Current liabilities] x100	99%	99%	124%	118%	113%	108%	104%	Increase in 2016–17 relates to: higher than anticipated income from parking infringements, open space contributions and brought forward income for VGC funding. Forecast movements in line with Council's <i>Strategic Resource Plan</i> .

	Results			Forecasts				
Dimension/Indicator/Measure	2015	2016	2017	2018	2019	2020	2021	Material variations
Unrestricted cash								
Unrestricted cash compared to current liabilities [Unrestricted cash/Current liabilities] x100	25%	28%	45%	26%	30%	23%	18%	Increase in 2016–17 relates to: higher than anticipated income from parking infringements, open space contributions and brought forward income for VGC funding. Forecast movements in line with Council's <i>Strategic Resource Plan</i> .
Obligations								
Asset renewal								
Asset renewal compared to depreciation [Asset renewal expenses/Asset depreciation] x100	78%	82%	70%	79%	95%	84%	74%	Lower expenditure on asset renewal as a result of a reduced capital program in 2016–17. Forecast movements in line with Council's <i>Strategic Resource Plan</i> .
Loans and borrowings								
Loans and borrowings compared to rates [Interest-bearing loans and borrowings/Rate revenue] x100	23%	26%	21%	18%	14%	10%	7%	Borrowings restructured in June 2016 which resulted in a net financial benefit to Council. Reflects repayment of loan borrowings according to schedule. The principal loan was to build GESAC.
Loans and borrowings								
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest-bearing loans and borrowings/Rate revenue] x100	3%	3%	4%	4%	4%	4%	3%	Borrowings restructured in June 2016 which resulted in a net financial benefit to Council. Reflects repayment of loan borrowings according to schedule.

Performance Statement
Financial performance indicators (continued)
for the year ended 30 June 2017

Page 77

	Results			Forecasts				
Dimension/Indicator/Measure	2015	2016	2017	2018	2019	2020	2021	Material variations
Indebtedness								
Non-current liabilities compared to own source	20%	19%	16%	13%	10%	8%	5%	Reflects Council's reduction in debt according to scheduled loan repayments.
Non-current liabilities/Own source revenue] x100								
Operating position								
Adjusted underlying result								
Adjusted underlying surplus (or deficit)	9%	7%	16%	9%	10%	10%	10%	Underlying result for 2016 impacted by one-off, unbudgeted expenditure items. Increase for 2017 relates to higher than anticipated income from parking infringements, open space contributions and brought forward income for VGC funding.
[Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100								
Stability								
Rates concentration								
Rates compared to adjusted underlying revenue	62%	61%	59%	61%	61%	62%	62%	Rates concentration was reduced in 2016–17 due to increased adjusted underlying revenue. This is a result of increased parking fees, increased planning and subdivision fees and prepayment of VGC grant income.
[Rate revenue/Adjusted underlying revenue] x100								
Rates effort								
Rates compared to property values	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
[Rate revenue/Capital improved value of rateable properties in the municipality] x100								

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

I. Basis of preparation

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

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 (eg. 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 *Strategic Resource Plan*. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the Performance Statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the Performance Statement are those adopted by Council in its *Strategic Resource Plan* on 27 June 2017 and which forms part of the *Council and Community Plan*. The *Strategic Resource Plan* includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long-term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The *Strategic Resource Plan* can be obtained by contacting Council.

In my opinion, the accompanying Performance Statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



John Vastianos

Principal Accounting Officer FCPA

Dated: 8 September 2017

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

In our opinion, the accompanying Performance Statement of Glen Eira City Council for the year ended 30 June 2017 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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 Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this Performance Statement in its final form.



Councillor Mary Delahunty

Mayor

Dated: 8 September 2017

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



Councillor Jim Magee

Deputy Mayor

Dated: 8 September 2017

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



Rebecca McKenzie

Chief Executive Officer



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Glen Eira City Council

Opinion

I have audited the accompanying performance statement of Glen Eira City Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2017
- sustainable capacity indicators for the year ended 30 June 2017
- service performance indicators for the year ended 30 June 2017
- financial performance indicators for the year ended 30 June 2017
- other information and
- the certification of the performance statement.

In my opinion, the performance statement of Glen Eira City Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the *Local Government Act 1989*.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the *Auditor's responsibilities for the audit of the performance statement* section of my report.

My independence is established by the *Constitution Act 1975*. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Councillors' responsibilities for the performance statement

The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 1989* and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.

**Auditor's
responsibilities for the
audit of the
performance
statement**

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

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

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

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

