



FINANCIAL REPORT

FINANCIAL STATEMENTS AND
PERFORMANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

GLEN EIRA CITY COUNCIL
ANNUAL REPORT
2017–2018

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



GLEN EIRA
CITY COUNCIL

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FINANCIAL REPORT

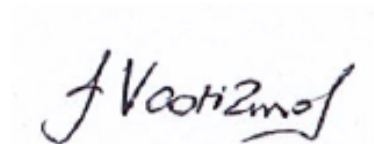
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In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional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



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

Principal Accounting Officer

Dated: 4 September 2018

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 2018 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.

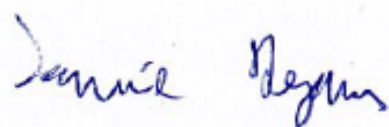


Councillor Tony Athanasopoulos

Mayor

Dated: 4 September 2018

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



Councillor Jamie Hyams

Deputy Mayor

Dated: 4 September 2018

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



Rebecca McKenzie

Chief Executive Officer

Dated: 4 September 2018

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 2018• 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• notes to the financial statements, including significant accounting policies• certification of the financial report. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

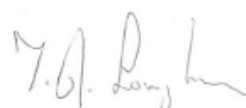
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and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

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

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

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

MELBOURNE
8 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement
for the year ended 30 June 2018

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	Notes	2018 \$ '000	2017 \$ '000
Income			
Rates and charges	2.1	104,227	101,254
Statutory fees and fines	2.2	9,202	8,634
User fees	2.3	27,908	26,840
Grants — operating	2.4	23,359	24,668
Grants — capital	2.4	1,632	2,166
Other income	2.5	4,400	4,170
Contributions — monetary	2.6	10,348	7,811
Contributions — non monetary	2.6	5,230	-
Total income		186,306	175,543
Expenses			
Employee costs	3.1	71,446	67,008
Materials and services	3.2	53,009	50,256
Depreciation and amortisation	3.3	22,002	21,503
Net loss on sale/disposal of property, infrastructure, plant and equipment	3.4	1,153	1,248
Borrowing costs	3.5	661	768
Other expenses	3.6	5,737	4,950
Share of net loss of joint operations	5.1	535	385
Total expenses		154,543	146,118
Surplus for the year		31,763	29,425
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	8.1 (a)	341,558	124,259
Total comprehensive result		373,321	153,684

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

Balance Sheet
as at 30 June 2018

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	Notes	2018 \$ '000	2017 \$ '000
Assets			
Current assets			
Cash and cash equivalents	4.1 (a)	28,864	22,409
Other financial assets	4.1 (b)	45,343	38,703
Trade and other receivables	4.1 (d)	13,815	12,739
Other assets	4.2 (a)	1,625	1,497
Total current assets		89,647	75,348
Non-current assets			
Other financial assets	4.1 (b)	5	5
Investments in joint operations	5.1	1,457	1,592
Property, infrastructure, plant and equipment	5.2	2,541,984	2,183,334
Intangible assets	4.2 (b)	563	764
Total non-current assets		2,544,009	2,185,695
Total assets		2,633,656	2,261,043
Liabilities			
Current liabilities			
Trade and other payables	4.3 (a)	13,926	14,717
Trust funds and deposits	4.3 (b)	32,353	29,874
Provisions	4.5	13,468	12,850
Interest-bearing loans and borrowings	4.4	3,444	3,343
Total current liabilities		63,191	60,784
Non-current liabilities			
Provisions	4.5	1,360	1,431
Interest-bearing loans and borrowings	4.4	14,858	18,302
Other liabilities	5.1	2,820	2,420
Total non-current liabilities		19,038	22,153
Total liabilities		82,229	82,937
Net assets		2,551,427	2,178,106
Equity			
Accumulated surplus		941,638	919,972
Reserves	8.1	1,609,789	1,258,134
Total equity		2,551,427	2,178,106

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

2018	Notes	Total	Accumulated surplus	Public open space reserve	Asset revaluation reserve
		\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year		2,178,106	919,972	3,696	1,254,438
Surplus for the year		31,763	31,763	-	-
Net asset revaluation increment	8.1(a)	341,558	-	-	341,558
Transfers to public open space reserve	8.1(b)	-	(10,348)	10,348	-
Transfers from public open space reserve	8.1(b)	-	251	(251)	-
Balance at the end of the financial year		2,551,427	941,638	13,793	1,595,996

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	8.1(a)	124,259	-	-	124,259
Transfers to public open space reserve	8.1(b)	-	(7,811)	7,811	-
Transfers from public open space reserve	8.1(b)	-	8,208	(8,208)	-
Balance at the end of the financial year		2,178,106	919,972	3,696	1,254,438

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

	Notes	2018 inflows/ (outflows) \$ '000	2017 inflows/ (outflows) \$ '000
Cash flows from operating activities			
Rates and charges		103,526	100,498
Statutory fees and fines		9,794	9,229
User fees		28,310	26,255
Other receipts		3,003	3,553
Grants — operating		23,358	24,668
Grants — capital		1,633	2,166
Contributions — monetary		10,352	7,807
Interest received		1,750	1,088
Trust funds and deposits taken		19,240	17,710
Net GST refund		7,114	6,406
Employee costs		(72,923)	(68,541)
Materials and services		(63,071)	(59,999)
Trust funds and deposits repaid		(16,761)	(13,338)
Other payments		(5,737)	(4,950)
Net cash provided by operating activities	8.2	49,588	52,552
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(32,817)	(33,895)
Proceeds from sale of property, infrastructure, plant and equipment		311	512
Proceeds from other financial assets		38,703	28,922
Payments for other financial assets		(45,343)	(38,703)
Net cash used in investing activities		(39,146)	(43,164)
Cash flows from financing activities			
Finance costs		(644)	(749)
Repayment of borrowings		(3,343)	(3,238)
Net cash provided used in financing activities		(3,987)	(3,987)
Net increase in cash and cash equivalents		6,455	5,401
Cash and cash equivalents at the beginning of the financial year		22,409	17,008
Cash and cash equivalents at the end of the financial year		28,864	22,409
Restrictions on cash assets	4.1(c)		

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

	2018 \$ '000	2017 \$ '000
Property		
Land	3,643	3,501
Buildings	4,234	3,795
Total property	7,877	7,296
Plant and equipment		
Plant, machinery and equipment	1,477	1,693
Computers and telecommunications	946	510
Library books, materials and equipment	872	1,112
Other plant and equipment	913	596
Total plant and equipment	4,208	3,911
Infrastructure		
Roads	8,230	7,747
Footpaths	2,597	1,763
Drainage	3,978	3,861
Open space and recreation	7,579	9,311
Car parks	561	698
Streetscape works	198	418
Total infrastructure	23,143	23,798
Total new capital works expenditure	35,228	35,005
Represented by:		
Asset renewal expenditure	16,279	14,798
Asset upgrade expenditure	10,250	11,806
Asset expansion expenditure	1,728	6,719
Asset new expenditure	6,971	1,682
Total capital works expenditure	35,228	35,005

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

Overview

Introduction

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

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 5.2);
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 5.2);
- the determination of employee provisions (refer to note 4.5); and
- other areas requiring judgements.

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

Note 1 Performance against budget

The performance against *budget* notes compare Council's financial plan, expressed through its *Annual Budget*, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has generally adopted a materiality threshold of the lower of 10 per cent or \$1m where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The *Budget* figures detailed below are those adopted by Council on 27 June 2017. The *Budget* was based on assumptions that were relevant at the time of adoption of the *Budget*. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The *Budget* did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure	Budget 2018 \$ '000	Actuals 2018 \$ '000	Variance 2018 \$ '000	Ref
Income				
Rates and charges	104,267	104,227	(40)	
Statutory fees and fines	6,630	9,202	2,572	(a)
User fees	27,185	27,908	723	
Grants — operating	21,224	23,359	2,135	(b)
Grants — capital	1,200	1,632	432	(c)
Other income	4,151	4,400	249	
Contributions — monetary	7,500	10,348	2,848	(d)
Contributions — non monetary	-	5,230	5,230	(e)
Total income	172,157	186,307	14,150	
Expenses				
Employee costs	72,206	71,446	760	
Materials and services	53,101	53,009	92	
Depreciation and amortisation	23,234	22,002	1,232	(f)
Net loss on sale/disposal of property, infrastructure, plant and equipment	1,030	1,153	(123)	(g)
Borrowing costs	660	661	(1)	
Other expenses	4,707	5,737	(1,029)	(h)
Share of net loss of joint operations	-	535	(535)	(i)
Total expenses	154,938	154,543	396	
Surplus for the year	17,219	31,763	14,545	

Note 1 Performance against budget (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 \$2.57m is due to higher than anticipated revenue from parking infringements across the municipality (\$2.58m) and the receipt of unbudgeted voting infringement income (\$197k).</p>
	<p>(b) Grants — operating — Is favourable by \$2.13m due to:</p> <p>i. The Commonwealth Government announcement that part of Council's Victorian Grants Commission funding would be prepaid in 2017–18. 50 per cent of the 2018–19 grants was received for financial assistance and local roads funding during the 2017–18 financial year (\$1.94m);</p> <p>ii. Higher than budgeted Child Care Subsidy Grant has been received for Early Learning Centres (\$362k) which is offset by reduced fee income; and</p> <p>iii. Offset by the return of unspent grant funding to Commonwealth Home Support Services (\$222k). This is as a result of lower than anticipated demand for services relating to Delivered Meals and Flexible Respite hours.</p>
	<p>(c) 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 \$433k due to receipt of income for the development of Caulfield Wedge land (\$355k).</p>
	<p>(d) Contributions — monetary — Higher than anticipated open space fees exceeding the budget by \$2.85m. 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 note 8.1(b) for further details.</p>
	<p>(e) Contributions — non monetary — On 30th October 2017, The Department of Environment, Land, Water and Planning (DELWP) provided confirmation of Council's appointment as Committee of Management (COM) for Booran Road Community Reserve, located on the corner of Kambrook, Glen Eira and Booran Roads. Council's valuers, Patel Dore, returned a formal valuation of \$5.23m for this parcel of land.</p>

Note I Performance against budget (continued)

Explanation of material variations — income statement

Variance reference	Explanation — expense items
(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 \$1.23m is due to the impact of annual revaluations of Council's infrastructure assets being unknown at the time of setting the 2017-18 Budget.
(i) Net loss on sale/disposal of property, infrastructure, plant and equipment	Unfavourable variance of \$123k 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.
(j) Other expenses	Is unfavourable to budget by \$1.03m relating mainly to provision for parking infringement debtors (\$430k) and court lodgement fees (\$554k), both due to a higher level of parking infringements during 2017-18 and offset by additional parking infringements income, (refer to statutory fees and fines above).
(k) Share of net loss of joint operations	Is unfavourable to budget by \$535k. 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. The result of the Clayton Regional Landfill site reflects the completion of the waste filling and is now undergoing for a program of rehabilitation works that include the construction of a landfill cap over the whole of the landfill. Refer to notes 5.1 and 7.1(c) for further details.

Note I Performance against budget (continued)

I.2 Capital works	Budget 2018 \$ '000	Actuals 2018 \$ '000	Variance 2018 \$ '000	Ref
New works				
Property				
Land	-	3,643	(3,643)	(j)
Buildings	5,836	2,648	3,188	(k)
Total property	5,836	6,291	(454)	
Plant and equipment				
Plant, machinery and equipment	1,672	1,477	195	
Computers and telecommunications	1,918	771	1,147	(l)
Library books, materials and equipment	872	872	-	
Other plant and equipment	738	798	(60)	
Total plant and equipment	5,200	3,918	1,282	
Infrastructure				
Roads	7,843	7,525	318	
Footpaths	2,010	2,597	(587)	(m)
Drainage	3,570	3,950	(380)	(n)
Open space	8,853	6,442	2,411	(o)
Car parks	420	483	(63)	
Streetscape works	350	198	152	
Total infrastructure	23,046	21,195	1,851	
Total new capital works expenditure	34,082	31,404	2,678	
Carried forward projects from previous year	6,000	3,824	2,176	(p)
Total capital works expenditure (including carry forwards)	40,082	35,228	4,854	
Represented by:				
Asset renewal expenditure	18,045	16,279	1,766	
Asset upgrade expenditure	11,921	10,250	1,671	
Asset expansion expenditure	5,775	1,728	4,047	
Asset new expenditure	4,341	6,971	(2,630)	
Total capital works expenditure	40,082	35,228	4,854	

Note I Performance against budget (continued)

Explanation of material variations — capital works statement

Variance reference	Explanation — capital items
(j)	Land — unbudgeted spend of \$3.64m due to the acquisition of property at 296-298 Neerim Road, Carnegie during the 2017-18 year. Council resolved to acquire this property at its Special Council Meeting on 2 August 2017.
(k)	<p>Buildings — comprising buildings and building improvements, upgrade and renewal of community facilities; Municipal offices; sports facilities; and pavilions. Buildings were underspent by \$3.19m relating to the following projects which will be carried forward to the 2018-19 financial year:</p> <ul style="list-style-type: none"> i. Town Hall accommodation works delayed due to the prioritisation of completing the heating, ventilation, and air conditioning unit (\$702k). ii. Delays in tendering for sustainability projects such as LED lighting works across Council facilities (\$476k); iii. Public toilet installations not completed by 30 June (\$605k); and iv. Construction of change and bathroom facilities at King George Reserve Pavilion delayed due to scope modifications as a result of the consultation process and negotiation of new State Government funding (\$701k). Change and bathroom facilities at Koornang Park Pavilion in design stage with construction due to begin in September 2018 (\$358k).
(l)	Computers and telecommunications — were under budget by \$1.15m. This was mainly due to projects such as: the Corporate Performance Reporting System, Project Management System, Online Forms enhancements and Website redevelopments which were unable to be completed during the current year (\$966k). These projects will be carried forward to the 2018-19 financial year. Contributing to the favourable variance are savings relating to the Human Resources Information System as the project did not proceed during 2017-18 (\$200k).
(m)	Footpaths — additional works required from the 2018-19 renewal program being brought forward to utilise availability of contractors (\$587k).
(n)	Drainage — includes drains in road reserves and sports grounds drainage and irrigation. Additional spending on drainage was required for a number of small high risk flood related projects such as Dunoon Street, Murrumbeena, Narrawong Street, Caulfield South and Clarence Street Elsternwick (\$180k) and for emergency drainage works due to a collapsed drain in Aileen Avenue (\$150k).
(o)	<p>Open space — includes open space initiatives; parks; playing surfaces; and playground equipment. Open space is underspent by \$2.41m due to projects in progress at the end of June 2018 :</p> <ul style="list-style-type: none"> i. Playground projects unable to be delivered within current scope (\$902k); ii. Projects deferred to 2018-19 (\$643k) including passive open space works at Spring Road Reserve and Princes Park and shared use paths across multiple locations; and iii. Delays in appointing contractors for Rosanna Street Reserve (\$223k), EE Gunn Reserve (\$369k) and Duncan Mackinnon walking track (\$565k). <p>These works will be carried forward to the 2018-19 budget year.</p>
(p)	<p>Carried forward expenditure from 2016-17 — 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 2016-17 financial year were lower than anticipated in the 2017-18 Budget.</p> <p>Council approved carried forward projects of \$5.12m in July 2017 of which \$3.8m was spent as at 30 June 2018. It is expected that the remaining \$1.32m will be spent during the 2018-19 financial year.</p> <p>At the time of adopting the 2017-18 Budget, \$6m was estimated for carried forward amounts for projects.</p>

2018
\$ '000

2017
\$ '000

Note 2 Funding for the delivery of our services

2.1 Rates and charges

Council uses Net Annual Value (NAV) as the basis of rating of all properties within the municipal district. For residential properties, NAV is fixed at five per cent of the Capital Improved Value (CIV). For all other properties, the NAV is the current value of a property's net annual rent 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 2017–18 was \$3,006m (2016–17 \$2,950m). The 2017–18 rate in the dollar was 2.9597 cents (2016–17 2.9033 cents).

Municipal rates	88,438	85,346
Waste and recycling charges	14,719	14,769
Supplementary rates and rate adjustments	618	749
Interest on rates and charges	452	390

Total rates and charges	104,227	101,254
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The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2018 and the valuation was applied to the rating period commencing 1 July 2018.

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.

2.2 Statutory fees and fines

Parking infringements*	7,832	7,253
Registration fees — food premises/ <i>Health Act</i>	388	409
Property information	254	240
Building fees	253	187
Voting infringement fees**	197	283
Land information certificates	153	167
Magistrate court fees	93	75
Other statutory fees and fines	32	20

Total statutory fees and fines	9,202	8,634
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Statutory fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever occurs first.

* The 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.

	2018	2017
	\$ '000	\$ '000

Note 2 Funding for the delivery of our services (continued)

2.3 User fees

Glen Eira Leisure*	13,360	12,578
Aged and health services	3,893	3,672
Building and planning services	2,876	2,914
Family and early learning centres	2,315	2,381
Animal registrations and local laws	1,882	1,410
Community care	969	1,000
Council facilities hire	609	534
Other fees and charges	522	626
Parking meter fees	461	479
Road openings and reinstatements	255	336
Footpath rentals	193	165
Waste and sustainability	162	146
State Revenue Office — valuation recoupment	145	361
Library and learning centres	136	130
Maintenance	130	108
Total user fees	27,908	26,840

User fees are recognised as revenue when the service has been provided or Council has otherwise earned the income.

* Leisure fees increased due to the in-house management of the Caulfield Recreation Centre and Carnegie Swim Centre during September 2017, previously outsourced.

	2018	2017
	\$ '000	\$ '000
2.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	14,560	16,172
State funded grants	10,431	10,662
Total grants received	24,991	26,834
Operating grants		
Recurrent — Commonwealth Government		
Aged care	8,471	8,561
Family and early learning centres	1,245	1,174
Family day care	405	367
Victorian Grants Commission — general purpose*	3,213	4,457
Victorian Grants Commission — local roads*	641	929
Recurrent — State Government		
Community care	5,785	6,182
Immunisation	157	160
Libraries and learning centres	940	920
Maternal and child health	1,172	1,024
MetroAccess	139	132
Other	48	33
School crossing supervisors	368	229
Senior citizens	84	90
Social support	691	410
Total recurrent operating grants	23,359	24,668

* During the year, the Commonwealth Government announced prepayments of Council's Victorian Grants Commission funding for 2018–19. The amount of \$1.94m (50 per cent of the grant) was received for financial assistance and local roads funding in the 2017–18 financial year.

	2018 \$ '000	2017 \$ '000
2.4 Funding from other levels of government (continued)		
Capital grants		
Recurrent — Commonwealth Government		
<i>Roads to Recovery Program</i>	576	665
Total recurrent capital grants	576	665
Non-recurrent — Commonwealth Government		
<i>Stronger Community Program</i> — EE Gunn Reserve playspace redevelopment	-	20
Non-recurrent — State Government		
<i>Black Spot Programme</i>	-	109
Booran Reserve redevelopment	-	65
Booran Road Community Reserve — The Caulfield Racecourse Wedge	354	-
<i>The Children's Facilities Capital Program</i> — Brady Road Kindergarten and Bentleigh West Kindergarten early learning facility upgrades	-	225
Cricket net facilities upgrade at various locations	40	-
Duncan Mackinnon Reserve athletic track reconstruction	125	100
Duncan Mackinnon Reserve netball courts	-	90
EE Gunn Reserve rehabilitation — warm season grasses	-	653
EE Gunn Reserve pavilion feasibility project	9	-
EE Gunn Reserve community projects	100	95
King George Reserve Pavilion female facilities redevelopment	-	90
Koornang Park Pavilion female facilities redevelopment	90	-
<i>Living Rivers Program</i>	-	23
McKinnon Reserve Pavilion female facilities redevelopment	90	-
Moorleigh Community Village Reserve cricket nets and multi-purpose facility redevelopment	90	-
Murrumbeena Park Community Hub Vision	9	-
<i>Storm Water Community Education Program</i>	9	6
Tobacco inspection	8	20
VicRoads Community Road Safety	1	5
Victorian recycling market temporary relief	131	-
Total non-recurrent capital grants	1,056	1,501
Total capital grants	1,632	2,166

2018 2017
\$ '000 \$ '000

2.4 Funding from other levels of government (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	1,837	-
Grants received during the financial year	3,854	5,386
Amounts expended during the financial year	(3,749)	(3,549)
Balance remaining to be spent	1,942	1,837

During the year, the Commonwealth Government announced prepayments of 50 per cent of Council's Victorian Grants Commission funding. The amount of \$1.94m was received, comprising financial assistance and local roads funding.

Duncan Mackinnon Reserve athletic track reconstruction

Open balance brought forward	100	-
Grants received during the financial year	125	100
Amounts expended during the financial year	(225)	-
Balance remaining to be spent	-	100

The Department of Health and Human Services will contribute a further \$25k in 2018-19 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 2018-19 financial year.

Duncan Mackinnon Reserve netball courts

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

The Department of Health and Human Services will contribute a further \$10k in 2018-19 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 2018-19 financial year.

King George Reserve Pavilion female facilities redevelopment

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

The Department of Health and Human Services will contribute a further \$10k in 2018-19 towards the redevelopment of the existing change rooms and amenities at King George Reserve. The project is expected to be completed during the 2018-19 financial year.

	2018	2017
	\$ '000	\$ '000
2.4 Funding from other levels of government (continued)		
McKinnon Reserve Pavilion female facilities redevelopment		
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 McKinnon Reserve Pavilion. The project is expected to be completed during the 2019–20 financial year.		
Koornang Park Pavilion female facilities redevelopment		
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 Koornang Park Pavilion. The project is expected to be completed during the 2019–20 financial year.		
Moorleigh Community Village Reserve cricket nets and multi-purpose facility redevelopment		
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 cricket nets at Moorleigh Community Village Reserve. The project is expected to be completed during the 2019–20 financial year.		
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:	-	-
Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that the grant has been secured.		

	2018	2017
	\$ '000	\$ '000
2.5 Other income		
Rentals and leases	1,208	1,494
Interest	1,677	1,404
Licences and permits* (grade separation works)	1,155	856
Other	360	416
Total other income	4,400	4,170

Interest is recognised as it is earned.

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

* 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.

2.6 Contributions — monetary and non-monetary

Public open space*	10,348	7,811
Land**	5,230	-
Total contributions — monetary and non-monetary	15,578	7,811

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

* Public open space fees received during the year are transferred to other reserves pursuant to section 18 of the *Subdivision Act 1988* (public open space reserve). Refer to note 8.1(b).

** On 30th October 2017, The Department of Environment, Land, Water and Planning (DELWP) provided confirmation of Council's appointment as Committee of Management (COM) for Booran Road Community Reserve, located on the corner of Kambrook, Glen Eira and Booran Roads.

	Notes	2018 \$ '000	2017 \$ '000
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Note 3 The cost of delivering services

3.1 Employee costs

Wages and salaries		59,171	55,166
Superannuation (refer to note 3.1(b))		5,973	5,827
Annual leave		4,956	4,644
Long service leave		1,512	1,580
WorkSafe		715	666
Other employee costs		1,127	1,075
Fringe benefits tax		163	206
Total gross employee costs		73,617	69,164
Capitalised salaries	8.2(a)	(2,171)	(2,156)
Total net employee costs		71,446	67,008

(b) Superannuation

Council made contributions to the following funds:

Defined benefit plans

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	304	375
	304	375

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,346	4,494
Employer contributions to HESTA	702	705
Employer contributions to other funds	621	253
	5,669	5,452

Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date (accumulation fund)	549	545
	549	545

Summary

Employer contributions paid at reporting date	5,973	5,827
Employer contributions payable at reporting date	549	545

Refer to note 8.3 for further information relating to Council's superannuation obligations.

	2018	2017
	\$ '000	\$ '000
3.2 Materials and services		
Contract payments	33,996	31,999
Maintenance	6,778	6,671
Materials and consumables	5,427	5,535
Utilities	4,084	3,694
Grants and subsidies	1,066	703
Insurance	901	780
Training	757	874
Total materials and services	53,009	50,256

3.3 Depreciation and amortisation

Infrastructure	12,154	11,718
Plant and equipment	4,579	4,636
Property	5,038	4,850
Total depreciation	21,771	21,204

Intangible assets	231	299
Total depreciation and amortisation	22,002	21,503

Refer to note 4.2(b) and 5.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

3.4 Net loss on sale/disposal of property, infrastructure, plant and equipment

Proceeds of sale	511	821
Written down value (WDV) of assets disposed (refer to note 5.2)	(1,568)	(1,844)
Disposal costs for laneway sales	(75)	(146)
Discontinued capital works projects*	(21)	(79)
Total net loss on sale/disposal of property, infrastructure, plant and equipment	(1,153)	(1,248)

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The carrying amount of an asset is derecognised on the disposal of the asset.

* Relates to the write-off of design costs on projects that did not proceed.

	2018	2017
	\$ '000	\$ '000
3.5 Borrowing costs		
Interest — borrowings	644	749
Interest — equipment lease	17	19
Total borrowing costs	661	768
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
3.6 Other expenses		
Bad and doubtful debts	978	954
Other expenses	778	657
Court lodgement fees	753	451
Rentals (refer to note 4.7)	496	451
Program costs	393	285
Councillors' allowances	367	344
Memberships and subscriptions	319	230
Advertising	287	327
Leasing	264	224
VicRoads extracts	199	139
Licences and registrations	168	89
Document storage	139	136
Laundry fees	132	129
Animal registrations and levies	84	71
Interest payable on aged care deposits	83	96
Party in the parks	32	32
Business development seminars	8	60
Auditors remuneration		
Internal auditors	156	186
External auditors — VAGO — audit of the Financial Statements, Performance Statement and grant acquittals	64	63
Other auditors remuneration costs	37	26
Total other expenses	5,737	4,950

	2018	2017
	\$ '000	\$ '000

Note 4 Our financial position

4.1 Financial Assets

(a) Cash and cash equivalents

Cash at bank and on hand	6,018	9,960
Term deposits	22,846	12,449
Total cash and cash equivalents	28,864	22,409

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.

(b) Other financial assets

Current

Term deposits (maturity greater than three months)	45,343	38,703
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Non-current

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

Total financial assets	74,213	61,117
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Other financial assets are valued at fair value, being market value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(c) Restricted funds

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

Trust funds and deposits (note 4.3(b))	(32,353)	(29,874)
Public open space reserve (note 8.1(b))	(13,793)	(3,696)
Total restricted funds	(46,146)	(33,570)

Total unrestricted cash and cash equivalents	28,062	27,542
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Intended allocations

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

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

	2018	2017
	\$ '000	\$ '000

Note 4 Our financial position (continued)

(d) Trade and other receivables

Statutory receivables

Rates debtors	6,444	5,791
Parking infringement debtors — Council	1,972	1,801
Parking infringement debtors — Fines Victoria	2,919	2,329
Provision for doubtful debts — parking infringements	(2,824)	(2,276)
Net GST Receivable	1,437	1,307
Fire services property levy	690	642

Non-statutory receivables

Other trade receivables	3,244	3,168
Provision for doubtful debts — other trade receivables	(67)	(23)

Total trade and other receivables	13,815	12,739
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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.

(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)	2,861	2,844
Past due by up to 30 days	76	120
Past due between 31 and 180 days	307	204
Total trade and other receivables	3,244	3,168

(b) Movements in provisions for doubtful debts

Balance at the beginning of the year	(2,299)	(1,705)
Increase in provisions recognised during the year	(592)	(594)
Balance at end of year	(2,891)	(2,299)

4.2 Non-financial assets

(a) Other assets

Accrued income	518	671
Prepayments*	1,107	826
Total other assets	1,625	1,497

* 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.

2018
\$'000

2017
\$'000

Note 4 Our financial position (continued)

4.2 (b) Intangible assets

Computer software and licences — at cost	4,964	4,934
Accumulated amortisation	(4,401)	(4,170)
Total intangible assets	563	764

Movements for the year

Computer software and licences — as at 1 July	764	1,042
Additions	30	37
Disposals (note 3.4)	-	(14)
Amortisation expense	(231)	(301)
Net book value at 30 June	563	764

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

4.3 Payables

(a) Trade and other payables

Trade payables	9,039	8,310
Accrued expenses	4,887	6,407
Total trade and other payables	13,926	14,717

(b) Trust funds and deposits

Current — expected to be refundable within 12 months

Residential aged care bonds and deposits	8,043	7,420
Refundable deposits	4,554	4,231
Fire services property levy	989	910
	13,586	12,561

Current — expected to be refundable after 12 months

Residential aged care bonds and deposits	18,767	17,313
	18,767	17,313

Total trust funds and deposits	32,353	29,874
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Amounts received as deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in Council gaining control of the funds, are to be recognised as revenue at the time of the forfeit.

Purpose and nature of items:

Residential aged care bonds and deposits — relate to resident accommodation bonds and deposits for Council's nursing homes at Warrawee, Rosstown and Spurway. These amounts are to be refunded (less retention income) when residents leave the facility. Council forecasts that 30 per cent (2016-17 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.

	2018	2017
	\$'000	\$'000

4.4 Interest-bearing liabilities

Current

Borrowings — secured	3,444	3,343
	3,444	3,343

Non-current

Borrowings — secured	14,858	18,302
	14,858	18,302

Total	18,302	21,645
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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	3,444	3,343
Later than one year and not later than five years	14,858	18,302
	18,302	21,645

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.

4.5 Provisions

2018	Annual leave	Long service leave	Sick leave	Total
	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	4,008	10,263	10	14,281
Additional provisions	4,953	1,565	-	6,518
Amounts used	(4,736)	(1,217)	-	(5,953)
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	-	(18)	-	(18)
Balance at the end of the financial year	4,224	10,594	10	14,828
2017				
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)
Increase 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
			2018	2017
			\$ '000	\$ '000
Employee provisions				
Current provisions expected to be wholly settled within 12 months				
Annual leave			3,600	3,425
Long service leave			793	746
Sick leave			10	10
			4,403	4,181
Current provisions expected to be wholly settled after 12 months				
Annual leave			624	583
Long service leave			8,441	8,086
			9,065	8,669
Total current provisions			13,468	12,850
Non-current				
Long service leave			1,360	1,431
			1,360	1,431
Aggregate carrying amount of employee provisions:				
Current provisions			13,468	12,850
Non-current provisions			1,360	1,431
Total aggregate carrying amount of employee provisions			14,828	14,281

4.5 Provisions (continued)

2018

2017

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

Weighted average increase in employee costs	2.25%	2.50%
Weighted average discount rates	2.65%	2.61%
Weighted average settlement period	15.52 years	15.48 years

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

Wages, salaries and annual leave

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

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

Long service leave

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

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

The components of this current liability are measured at :

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

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

Non-current LSL liability is measured at present value.

Sick leave

It was the former City of Caulfield's policy to make payments equivalent to 50 per cent of unused sick leave to some sections of its workforce on their retirement due to age or disability. This became payable after completing five years of service. There are no new entrants into the scheme since award restructuring in 1991. Provision for the estimated amount of this benefit for eligible employees is shown in note 4.5 as a current provision. Liability is measured at nominal value.

4.6 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.

Receivables — are contractual commitments for operating and capital related period costs for future services. There were no receivable contracts during 2017-18 as a result of the recycling policy changes in China. Council will now pay for the collection and disposal of recyclable materials.

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.

2018	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					
Cleaning	939	42	-	-	981
Community care	600	-	-	-	600
Consultancies	1,916	1,213	1,554	-	4,683
Licences and support	679	221	67	-	967
Maintenance	5,133	4,438	3,382	-	12,953
Parks and gardens	174	-	-	-	174
Traffic and parking	2,124	1,850	-	-	3,974
Waste and sustainability	9,345	9,345	12,859	7,920	39,469
Other contractual obligations	778	194	93	-	1,065
Total operating commitments	21,688	17,303	17,955	7,920	64,866

4.6 Commitments (continued)

2017	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					
Cleaning	602	286	-	-	888
Consultancies	2,121	1,376	2,723	-	6,220
Licences and support	637	528	238	-	1,403
Maintenance	4,005	3,278	4,289	-	11,572
Parks and gardens	8	-	-	-	8
Traffic and parking	2,448	231	-	-	2,679
Waste and sustainability	8,713	8,539	19,105	8,800	45,157
Other contractual obligations	878	276	7	-	1,161
Total operating commitments	19,412	14,514	26,362	8,800	69,088
Receivables					
Other	1,040	1,040	2,079	-	4,159
Total contract receivables	1,040	1,040	2,079	-	4,159

	2018	2017
	\$ '000	\$ '000

4.7 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	40	6
Later than one year and not later than five years	65	2
Total finance leases	105	8

(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	477	448
Later than one year and not later than five years	1,473	1,440
Later than five years	1,502	1,843
Total operating lease commitments	3,452	3,731

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.

(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	324	271
Later than one year and not later than five years	630	831
Total operating lease receivables	954	1,102

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	496	451
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2018 **2017**
\$ '000 **\$ '000**

Note 5 Assets we manage

5.1 Investments in joint operations

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

**5.1 (a) Summarised Statement of Comprehensive Income
for the year ended 30 June 2018**

Total income	402	104
Total expenses	937	489
Share of net loss of joint operations	(535)	(385)

**Summarised Balance Sheet
as at 30 June 2018**

Assets		
Current assets	1,462	1,687
Total assets	1,462	1,687
Liabilities		
Current liabilities	1,058	745
Non-current liabilities	1,767	1,770
Total liabilities	2,825	2,515
Net liabilities	(1,363)	(828)
Equity/(deficit)		
Accumulated deficit	(1,363)	(828)
Total equity/(deficit)	(1,363)	(828)
Adjusted for rehabilitation costs (refer to note 5.1(b))	2,820	2,420
Total investment in joint operations (excluding rehabilitation costs)	1,457	1,592

	2018 \$ '000	2017 \$ '000
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5.1 Investments in joint operations (continued)

5.1 (b) Other liabilities

Provision for environmental rehabilitation	2,820	2,420
Total other liabilities	2,820	2,420

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 27 years. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 27 years.

The provision also takes into account a forecast \$4.35m of capping and gas infrastructure works that are required to be completed primarily in 2018-19 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 7.1. 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	(215)	(548)
Net decrease in cash and cash equivalents	(215)	(548)

Summary of joint operations

Movements for the year

Share of joint operations as at 1 July	(828)	(443)
Share of net loss of joint operations	(535)	(385)
Share of total equity of joint operations as at 30 June	(1,363)	(828)

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 (refer to note 7.1).

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.

5.2 Property, infrastructure plant and equipment

Summary of property, infrastructure plant and equipment

	At fair value 30 June 2017	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At fair value 30 June 2018
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Land	1,706,315	4,621	5,230	310,015	-	-	-	2,026,181
Buildings	173,553	5,371	-	6,289	(5,038)	(416)	-	179,759
Plant and equipment	13,158	3,862	-	-	(4,579)	(187)	-	12,254
Infrastructure	278,625	23,369	-	25,254	(12,154)	(958)	-	314,136
Art collection and municipal regalia	1,910	-	-	-	-	-	-	1,910
Work in progress	9,773	-	-	-	-	-	(2,029)	7,744
	2,183,334	37,223	5,230	341,558	(21,771)	(1,561)	(2,029)	2,541,984

Summary of work in progress (WIP)

	Opening WIP	Additions	Transfers to completed assets	Closing WIP
	\$ '000	\$ '000	\$ '000	\$ '000
Land and buildings	1,551	6,682	(7,877)	356
Plant and equipment	6	5,088	(4,208)	886
Infrastructure	8,216	21,429	(23,143)	6,502
	9,773	33,199	(35,228)	7,744

5.2 Property, infrastructure plant and equipment (continued)

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	(12–120 years)	\$10,000
Land	(indefinite)	-
Land under roads	(indefinite)	-
Leasehold improvements	(20 years)	\$500
Plant and equipment		
Computer equipment	(3–5 years)	\$500
Furniture and equipment	(5–10 years)	\$2,000
Motor vehicles and trucks	(5–8 years)	\$500
Plant and equipment	(3–15 years)	\$500
Sports equipment (leased)	(4 years)	-
Art collection and municipal regalia		
Art collection	(indefinite)	-
Municipal regalia	(indefinite)	-
Infrastructure		
Car parks	(27–29 years)	\$15,000
Drains	(100 years)	\$1,500
Footpaths	(47–69 years)	-
Kerbs and channels	(82–109 years)	\$1,000
Local area traffic management devices	(25–52 years)	\$1,000–\$50,000
Right of ways	(38–108 years)	\$3,000
Roads substructure	(150–173 years)	\$2,000
Roads surfaces	(26–32 years)	\$2,000
Street furniture and signs	(13–25 years)	\$100–\$2,000
Parks and gardens improvements	(5–60 years)	\$1,500
Recreational facilities	(5–60 years)	\$1,500
Intangibles		
Software and software licences	(5 years)	\$10,000

5.2 Property, infrastructure plant and equipment (continued)

(a) Property	Notes	Land - specialised	Land under roads	Total land	Buildings - non specialised	Buildings - specialised	Leasehold improvements	Total buildings	Total property
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At fair value 1 July 2017		1,127,758	578,557	1,706,315	222,169	42,713	382	265,264	1,971,579
Accumulated depreciation		-	-	-	(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
Movements in fair value									
Acquisition of assets at fair value		4,621	-	4,621	3,583	1,788	-	5,371	9,992
Contributed assets		5,230	-	-	-	-	-	-	-
Revaluation increments	8.1(a)	150,190	159,825	310,015	6,042	246	-	6,289	316,303
Fair value of assets disposed	3.4	-	-	-	(1,089)	-	-	(1,089)	(1,089)
Work in progress		-	-	-	(1,010)	(185)	-	(1,195)	(1,195)
		160,040	159,825	314,635	7,526	1,850	-	9,376	324,011
Movements in accumulated depreciation									
Depreciation	3.3	-	-	-	(4,051)	(969)	(18)	(5,038)	(5,038)
Accumulated depreciation of disposals	3.4	-	-	-	673	-	-	673	673
		-	-	-	(3,378)	(969)	(18)	(4,365)	(4,365)
At fair value 30 June 2018		1,287,798	738,381	2,026,180	230,706	44,748	382	275,835	2,302,015
Accumulated depreciation at 30 June 2018		-	-	-	(87,201)	(8,681)	(195)	(96,077)	(96,077)
Work in progress		-	-	-	300	56	-	356	356
		1,287,798	738,381	2,026,180	143,805	36,122	187	180,114	2,206,294

5.2 Property, infrastructure plant and equipment (continued)

(b) Plant and equipment	Notes	Plant and equipment	Furniture and equipment	Total plant and equipment
		\$ '000	\$ '000	\$ '000
At cost 1 July 2017		9,381	35,150	44,531
Accumulated depreciation		(5,483)	(25,891)	(31,374)
Work in progress		-	6	6
		3,898	9,265	13,163
Movements in cost				
Acquisition of assets at cost		1,256	2,606	3,862
Contributed assets		-	-	-
Cost of assets disposed	3.4	(956)	(723)	(1,679)
Work in progress		221	659	880
		521	2,542	3,063
Movements in accumulated depreciation				
Depreciation	3.3	(1,089)	(3,490)	(4,579)
Accumulated depreciation of disposals	3.4	865	627	1,492
		(224)	(2,863)	(3,087)
At cost 30 June 2018		9,681	37,033	46,714
Accumulated depreciation at 30 June 2018		(5,707)	(28,754)	(34,461)
Work in progress		221	665	886
		4,195	8,944	13,139

5.2 Property, infrastructure plant and equipment (continued)

(c) Infrastructure	Notes	Roads	Footpaths, furniture and signs	Drains	Parks and gardens	Total infrastructure
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At fair value 1 July 2017		247,540	111,587	175,114	93,825	628,066
Accumulated depreciation		(136,948)	(73,997)	(100,494)	(38,000)	(349,439)
Work in progress		4,123	338	2,736	1,019	8,216
		114,714	37,928	77,356	56,843	286,842
Movements in fair value						
Acquisition of assets at fair value		9,514	2,755	6,029	5,071	23,369
Contributed assets		-	-	-	-	-
Revaluation increments at fair value	8.1(a)	14,814	5,851	4,589	-	25,254
Fair value of assets disposed	3.4	(1,825)	(338)	(211)	(4)	(2,378)
Work in progress		(1,446)	(158)	(524)	414	(1,714)
		21,057	8,110	9,883	5,482	44,531
Movements in accumulated depreciation						
Depreciation	3.3	(4,250)	(2,226)	(1,738)	(3,940)	(12,154)
Accumulated depreciation of disposals	3.4	1,249	38	131	2	1,420
		(3,001)	(2,188)	(1,607)	(3,939)	(10,735)
At fair value 30 June 2018		270,043	119,855	185,521	98,893	674,311
Accumulated depreciation at 30 June 2018		(139,949)	(76,185)	(102,101)	(41,939)	(360,174)
Work in progress		2,676	180	2,212	1,434	6,502
		132,771	43,850	85,632	58,388	320,640

5.2 Property, infrastructure plant and equipment (continued)

(d) Art collection and municipal regalia	Notes	Art collection and municipal regalia	Total art collection and municipal regalia
		\$ '000	\$ '000
At fair value 1 July 2017		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	8.1(a)	-	-
Fair value of assets disposed	3.4	-	-
		-	-
At fair value 30 June 2018		1,910	1,910
		1,910	1,910

5.2 Property, infrastructure plant and equipment (continued)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the 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 5.2 have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Land under roads

Council recognises land under roads it controls at fair value.

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.

Repairs and maintenance

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

Leasehold improvements

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

Committees of management

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

5.2 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.

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Date of Valuation
Land — specialised	-	-	1,287,798	01/18
Land under roads	-	-	738,381	01/18
Buildings — specialised	-	-	36,066	01/18
Buildings — non specialised	-	143,505	-	01/18
Total land and buildings	-	143,505	2,062,246	

(b) Valuations of infrastructure

Valuations of infrastructure assets, except for Parks and gardens assets, have been assessed by Glen Eira City Council's Director Infrastructure, Environment and Leisure Samantha Krull B.Science Engineering (Civil), GradD Engineering (Civil) as at 30 June 2018.

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Date of Valuation
Roads	-	-	130,094	06/18
Footpaths, furniture and signs	-	-	43,669	06/18
Drains	-	-	83,420	06/18
Parks and gardens	-	-	56,953	04/17
Total infrastructure	-	-	314,136	

5.2 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 2018 are as follows:

	Level 1 \$ '000	Level 2 \$ '000	Level 3 \$ '000	Date of 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. 2017–18 land values range between approximately \$298 and \$4,587 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of the buildings. Current replacement cost is calculated on a square metre basis ranging from \$193 to \$3,872 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 173 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land	1,287,798	1,127,758
Land under roads	738,381	578,557
Total specialised land	2,026,180	1,706,315

Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related parties

Parent entity

Glen Eira City Council

Subsidiaries, associates and joint operations

Interests in joint operations are detailed in note 5.1

(b) Key management personnel

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

Councillors

Tony Athanasopoulos	Councillor	1 July 2017—16 November 2017
	Mayor	17 November 2017—30 June 2018
Clare Davey	Councillor	1 July 2017—30 June 2018
Mary Delahunty	Mayor	1 July 2017—16 November 2017
	Councillor	17 November 2017—30 June 2018
Margaret Esakoff	Councillor	1 July 2017—30 June 2018
Jamie Hyams	Councillor	1 July 2017—16 November 2017
	Deputy Mayor	17 November 2017—30 June 2018
Jim Magee	Deputy Mayor	1 July 2017—16 November 2017
	Councillor	17 November 2017—30 June 2018
Joel Silver	Councillor	1 July 2017—30 June 2018
Dan Sztrajt	Councillor	1 July 2017—30 June 2018
Nina Taylor	Councillor	1 July 2017—30 June 2018

Chief Executive Officer and other key management personnel

Rebecca McKenzie	Chief Executive Officer	1 July 2017—30 June 2018
Samantha Krull	Director Infrastructure, Environment & Leisure	1 July 2017—30 June 2018
Peter Jones	Director Community Wellbeing	1 July 2017—30 June 2018
Peter Swabey	Director Corporate Services	1 July 2017—30 June 2018
Ron Torres	Director Planning & Place	1 July 2017—30 June 2018

2018	2017
No.	No.

Summary

Total number of Councillors	9	14
Chief Executive Officer and other key management personnel	5	5
Total key management personnel	14	19

6.1 Council and key management remuneration (continued)

(c) Remuneration of key management personnel

	2018 \$ '000	2017 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term benefits (salary and annual leave)	1,568	1,469
Post-employment benefits (superannuation)	151	174
Long-term benefits (long service leave)	34	33
Total	1,753	1,676

Key management personnel includes Councillors, CEO and Directors of Glen Eira Council.

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

Income range:	2018 No.	2017 No.
\$0-\$9,999	-	4
\$20,000-\$29,999	-	5
\$30,000-\$39,999	7	4
\$60,000-\$69,999	1	-
\$70,000-\$79,999	1	-
\$80,000-\$89,999	-	1
\$230,000-\$239,999	-	1
\$240,000-\$249,999	-	1
\$250,000-\$259,999	2	2
\$260,000-\$269,999	2	-
\$320,000-\$329,999	-	1
\$350,000-\$359,999	1	-
Total key management personnel	14	19

Key management personnel includes Councillors, CEO and Directors of Glen Eira Council.

(d) Transactions with related parties

There were no transactions with related parties which required disclosure during the 2017-18 or 2016-17 reporting years.

(e) Outstanding balances with related parties

There were no outstanding balances with related parties which required disclosure during the 2017-18 or 2016-17 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 2017-18 or 2016-17 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 2017-18 or 2016-17 reporting years.

6.2 Senior officer remuneration

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

- has management responsibilities and reports directly to the Chief Executive; or
- whose total annual remuneration exceeds \$145,000 (\$142,000 in 2016–17).

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:	2018 No.	2017 No.
<\$145,000	11	3
\$145,001–\$149,999	1	2
\$150,000–\$159,999	5	-
\$160,000–\$169,999	4	8
\$170,000–\$179,999	3	6
\$180,000–\$189,999	1	1
\$190,000–\$199,999	2	1
\$200,000–\$209,999	-	2
\$210,000–\$219,999	-	2
\$220,000–\$229,999	1	-
\$460,000–\$469,999	-	1
Total senior officers	28	26

	2018 \$ '000	2017 \$ '000
Total remuneration for the reporting year for senior officers included above amounted to:	3,777	4,622

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

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

Contingent assets

As at 30 June 2018, 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) Superannuation

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

7.1 Contingent assets and liabilities (continued)

(d) Regional Landfill Clayton South Joint Operation

(i) Rehabilitation works

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.

(ii) Contamination (Mulch)

The Environment Protection Authority (EPA) has issued a draft Clean Up Notice relating to the Clayton Regional Landfill. The draft Clean Up Notice relates to contaminated mulch placed on the landfill area as part of the capping process. Mulch was sourced for capping of both the northern and southern landfill cells.

The cost of clean-up is significant due to the volume of mulch spread across the northern and southern cells. The Joint Venture has provided an amount in the 2018-19 budget to clean up the contaminated areas. The Joint Venture Councils are considering options to pursue recovery of the clean-up costs.

7.1 Contingent assets and liabilities (continued)

7.2 Change in accounting standards

The following new AASs have been issued that are not mandatory for the 30 June 2018 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.

Financial Instruments - Disclosures (AASB 7) (applies 2018-19)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018-19)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

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.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019-20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

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.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019-20)

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

(c) Interest rate risk

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

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

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

(d) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause 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 7.1.

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

7.3 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 disclosed in note 7.1(d), 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 4.4.

(f) Financial instruments — sensitivity disclosure analysis

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

- A parallel shift of plus one and minus one per cent in market interest rates (AUD) from year-end rates of 2.5 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.

7.4 Fair value measurement

Fair value hierarchy

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

Fair value measurement

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

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

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

7.4 Fair value measurement (continued)

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at note 5.1, Property, infrastructure, plant and equipment.

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

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

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

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

Impairment of assets

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

7.5 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 8 Other matters

8.1 Reserves

(a) Asset revaluation reserve

2018	Balance at beginning of reporting period	Increment/ (decrement)	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000
Property			
Land	805,566	150,190	955,756
Land under roads	216,578	159,825	376,403
Buildings	81,266	6,289	87,555
Infrastructure			
Road assets	93,490	14,814	108,304
Footpaths	18,385	5,851	24,236
Drainage	13,767	4,589	18,356
Parks and gardens	24,298	-	24,298
Art collection and municipal regalia			
Art collection	1,088	-	1,088
	1,254,439	341,558	1,595,997
2017	Balance at beginning of reporting period	Increment/ (decrement)	Balance at end of reporting period
	\$ '000	\$ '000	\$ '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

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

8.1 Reserves (continued)

(b) Public open space reserve

	Balance at beginning of reporting period	Transfers from accumulated surplus	Transfers to accumulated surplus	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000	\$ '000
2018				
Public open space reserve	3,696	10,348	(251)	13,793
	3,696	10,348	(251)	13,793
2017				
Public open space reserve	4,093	7,811	(8,208)	3,696
	4,093	7,811	(8,208)	3,696

Expenditure on *Open Space* projects for 2017–18 totalled \$251k and related to the completion of Booran Reserve, corner Booran and Glenhuntly Roads, Glen Huntly and provisional works for 6 Aileen Avenue, Caulfield South.

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
2018			
Asset revaluation reserve	1,254,438	341,558	1,595,996
Public open space reserve	3,696	10,097	13,793
	1,258,134	351,655	1,609,789
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

	Notes	2018 \$ '000	2017 \$ '000
8.2 Reconciliation of cash flows from operating activities to surplus			
Surplus for the year		31,763	29,425
Share of net loss of joint operations	5.1	535	385
Contributions — non-monetary	2.6	(5,230)	-
Capitalised salaries	3.1(a)	(2,171)	(2,156)
Depreciation and amortisation	3.3	22,002	21,503
Loss on sale/disposal of property, infrastructure, plant and equipment	3.4	1,278	1,410
Borrowing costs	3.5	644	748
Change in assets and liabilities:			
Increase in trade and other receivables	4.1(c)	(923)	(2,169)
Increase in other assets	4.2	(280)	(360)
Decrease in trade and other payables	4.3(a)	(1,059)	(808)
Increase in provisions	4.5	549	202
Increase in trust funds and other deposits	4.3(b)	2,480	4,372
Net cash provided by operating activities		49,588	52,552

8.3 Superannuation

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

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

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, 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, a full triennial actuarial investigation was completed. 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

Vision Super has advised that the estimated VBI at June 2018 was 106.0%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

8.3 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 2018, this rate was 9.5 per cent of members' salaries (9.5 per cent in 2016–17). 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.

8.3 Superannuation (continued)

2017 triennial actuarial investigation surplus amounts

The Fund's triennial investigation as at 30 June 2017 identified the following in the Defined Benefit category of which Glen Eira City Council is a contributing employer:

- A VBI surplus of \$69.8 million;
- A total service liability surplus of \$193.5m; and
- A discounted accrued benefits surplus of \$228.8m.

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 2017. Council was notified of the 30 June 2017 VBI during August 2017.

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.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.

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 2018 are detailed below:

Scheme	Type of scheme	Rate	2018 \$'000	2017 \$'000
Vision Super	Defined Benefits	9.50%	\$304	\$375
Vision Super	Accumulation	9.50%	\$4,346	\$4,494
Hesta	Accumulation	9.50%	\$702	\$705
Other	Accumulation	9.50%	\$621	\$253
Total			\$5,973	\$5,827

In addition to the above contributions, Glen Eira City Council has paid unfunded liability payments to Vision Super totalling \$nil during the 2017-18 year (\$nil paid during the 2016-17 year).

There were no contributions outstanding and loans issued from or to the above schemes as at 30 June 2018.

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

8.4 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 2018	2018 \$ '000	2017 \$ '000
Income		
Resident charges	3,894	3,672
Government grants	8,471	8,561
Interest on unpaid bonds	23	36
Investment income	614	644
Other income	2	2
Total income	13,004	12,915
Expenses		
Wages and superannuation — care	7,141	7,106
Wages and superannuation — administration	335	288
Wages and superannuation — other	3,139	3,070
Staff on-costs	1,337	1,281
Training	22	33
Agency costs	155	131
Materials and consumables	1,004	1,043
Contractor payments	442	390
Maintenance	98	109
Utility services	329	325
Other expenses	266	248
Management fees	382	443
Direct and indirect overheads	1,087	1,088
Depreciation on property, plant and equipment	758	814
Total expenses	16,495	16,369
Deficit	(3,491)	(3,454)

8.4 Residential aged care facilities (continued)

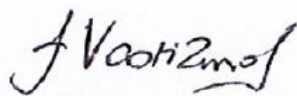
Balance Sheet for residential aged care facilities as at 30 June 2018	2018 \$ '000	2017 \$ '000
Current assets		
Cash and financial assets	26,809	24,733
Trade and other receivables	104	113
Total current assets	26,913	24,846
Non-current assets		
Property, plant and equipment	17,614	17,666
Total non-current assets	17,614	17,666
Total assets	44,527	42,512
Current liabilities		
Trade and other payables	139	113
Residential aged care bonds and deposits	26,809	24,733
Employee provisions	2,690	2,324
Total current liabilities	29,638	27,170
Non-current liabilities		
Employee provisions	258	240
Total non-current liabilities	258	240
Total liabilities	29,896	27,410

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.

8.5 Special committees and other activities

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

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 (B.Com., FCPA, GAICD)

Principal Accounting Officer

Dated: 4 September 2018

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 2018 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.

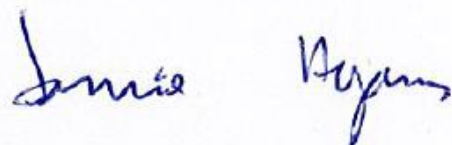


Councillor Tony Athanasopoulos

Mayor

Dated: 4 September 2018

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



Councillor Jamie Hyams

Deputy Mayor

Dated: 4 September 2018

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



Rebecca McKenzie

Chief Executive Officer

Dated: 4 September 2018

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



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Glen Eira City Council

Opinion	<p>I have audited the accompanying performance statement of Glen Eira City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2018 • sustainable capacity indicators for the year ended 30 June 2018 • service performance indicators for the year ended 30 June 2018 • financial performance indicators for the year ended 30 June 2018 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement of Glen Eira City Council in respect of the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.</p> <p>Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

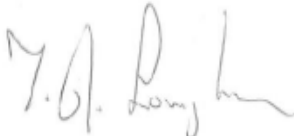
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

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

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

MELBOURNE
8 September 2018


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 149,012 people across more than 54,731 households — representing more than 160 different cultural backgrounds.

Performance Statement
Sustainable capacity indicators
for the year ended 30 June 2018

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Indicator/Measure	Results				Material variations	
	2018	2017	2016	2015		
Population						
Expenses per head of municipal population	\$ 1,018	\$ 971	\$ 1,023	\$ 929		
[Total expenses/Municipal population]						
Infrastructure per head of municipal population	\$ 3,403	\$ 3,210	\$ 3,218	\$ 3,207		
[Value of infrastructure/Municipal population]						
Population density per length of road	305	299	294	290		
[Municipal population/Kilometres of local roads]						
Own-source revenue						
Own-source revenue per head of municipal population	\$ 960	\$ 936	\$ 911	\$ 834		2017–18 rate income incurred in line with Council's <i>Strategic Resource Plan</i> and includes higher than budgeted revenue from parking infringements and open space contributions.
[Own-source revenue/Municipal population]						
Recurrent grants						
Recurrent grants per head of municipal population	\$ 158	\$ 170	\$ 147	\$ 165		Recurrent grants impacted by the timing of receipt of the Commonwealth Government's grant commission funding.
[Recurrent grants/Municipal population]						

Indicator/Measure	Results				Material variations
	2018	2017	2016	2015	
Disadvantage					
Relative socio-economic disadvantage	10	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 <i>Road Management Act 2004</i>					
“population” means the resident population estimated by Council					
“own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of Council (including government grants)					
“relative socio-economic disadvantage”, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA					
“SEIFA” means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its internet website					
“unrestricted cash” means all cash and cash equivalents other than restricted cash.					

Service/Indicator/Measure	Results				Material variations
	2018	2017	2016	2015	
Aquatic facilities					
Utilisation					
Utilisation of aquatic facilities	11	10	8	8	
[Number of visits to aquatic facilities/Municipal population]					
Animal management					
Health and safety					
Animal management prosecutions	11	4	13	16	Successful education and regular patrols has seen a decline from 2014-15. The increase from 2016-17 to 2017-18 is because several of the cases were from incidents that occurred in 2016-17 but were not lodged for court until 2017-18.
[Number of successful animal management prosecutions]					
Food safety					
Health and safety					
Critical and major non-compliance notifications	100%	99%	100%	100%	
[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
	2018	2017	2016	2015	
Governance					
Satisfaction					
Satisfaction with Council decisions	55	55	54	60	
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]					

Performance Statement
Service performance indicators (continued)
for the year ended 30 June 2018

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Service/Indicator/Measure	Results				Material variations
	2018	2017	2016	2015	

Libraries

Participation

Active library members	17%	17%	17%	17%	
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[Number of active library members/
Municipal population] x100

Maternal and child health

Participation

Participation in the MCH service	87%	87%	88%	87%	
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[Number of children who attend the
MCH service at least once (in the year) /Number
of children enrolled in the
MCH service] x100

Performance Statement
Service performance indicators (continued)
for the year ended 30 June 2018

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Service/Indicator/Measure	Results				Material variations
	2018	2017	2016	2015	
Maternal and child health					
Participation					
Participation in the MCH service by Aboriginal children	93%	88%	93%	88%	The 2016-17 MC5 figure has been restated to reflect the correct result of 87.5%. Last years error was caused by transposing the numerator and denominator. The 2016-17 reported figure in the Know Your Council website is incorrect and is showing 109.09%.
[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	70	67	69	74	
[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]					

Performance Statement
Service performance indicators (continued)
for the year ended 30 June 2018

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Service/Indicator/Measure	Results				Material variations
	2018	2017	2016	2015	
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT	57%	42%	57%	59%	During 2016-17 there was an increase in the number of appeals for applications refused by Council. This resulted in a decrease in the number of Council's decisions upheld at VCAT. During 2017-18, the Urban Planning Department implemented a number of actions resulting from a Service Review that included recommendations to decrease the number of VCAT appeals and to improve decision making success. This has included greater in-house resolutions of application by negotiating with applicants and reflecting on key themes in the Tribunals decision making that has led to improved alignment in the way Council interpret policy. 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%	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*

"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*

[illegible]

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 26 June 2018 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.
