

MONASH CITY COUNCIL  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021

**Monash City Council**  
**Annual Financial Report**

**for the Year Ended 30 June 2021**

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## CERTIFICATION OF THE FINANCIAL STATEMENTS

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

.....  
Principal Accounting Officer  
**Daniel Wain CPA**

Dated: 31 August 2021

In our opinion the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2021 and the financial position of the Council as of that date.

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

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

.....  
Geoff Lake  
Councillor

.....  
Tina Samardzija  
Councillor

.....  
Dr Andi Diamond  
Chief Executive Officer

Dated: 31 August 2021

**Comprehensive Income Statement  
For the Year Ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Revenue</b>			
Rates & Charges	3.1	118,351	125,992
Statutory Fees & Fines	3.2	7,932	11,813
User Fees	3.3	15,037	19,162
Grants - Operating	3.4	24,644	19,939
Grants - Capital	3.4	8,716	2,844
Contributions - monetary	3.5	14,399	11,241
Contributions - non-monetary	3.5	2,502	295
Net (loss)/gain on disposal of Property, Infrastructure, Plant & Equipment	3.6	555	457
Share of net profit/(loss) of joint operation accounted for by the equity method	6.3	(1,791)	(188)
Other Income	3.7	1,219	2,499
<b>Total Revenue</b>		<b>191,564</b>	<b>194,054</b>
<b>Expenses</b>			
Employee Costs	4.1	83,263	80,412
Materials & Services	4.2	66,452	69,925
Depreciation	4.3	29,257	29,519
Amortisation-Intangible Assets	4.4	1,420	1,101
Amortisation- Right Of Use Assets	4.5	1,648	1,069
Finance Costs-Leases	4.6	191	92
Other Expenses	4.7	663	657
<b>Total Expenses</b>		<b>182,894</b>	<b>182,775</b>
<b>Surplus for the year</b>		<b>8,670</b>	<b>11,279</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net Asset revaluation increment	9.1 (a)	118,818	1,059
<b>Total Comprehensive result</b>		<b>127,488</b>	<b>12,338</b>

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

# MONASH CITY COUNCIL

## Balance Sheet As at 30 June 2021

ASSETS	Note	2021 \$'000	2020 \$'000
<b>Current Assets</b>			
Cash & Cash Equivalents	5.1	42,221	44,783
Trade & Other Receivables	5.1	16,604	14,365
Other Financial Assets	5.1	47,077	45,077
Non Current Assets Classified as held for sale	6.1	2,905	2,905
Other Assets	5.2	904	1,384
<b>Total Current Assets</b>		<b>109,711</b>	<b>108,514</b>
<b>Non-Current Assets</b>			
Property, Infrastructure, Plant & Equipment	6.2	3,348,991	3,220,439
Right Of Use Assets	5.7	7,186	8,151
Intangible Assets	5.2	6,896	4,907
Other Non Current Assets		741	51
Investments in joint arrangement accounted for using the equity method	6.3	115	478
<b>Total Non-Current Assets</b>		<b>3,363,929</b>	<b>3,234,026</b>
<b>TOTAL ASSETS</b>		<b>3,473,640</b>	<b>3,342,540</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	5.3	17,768	22,478
Trust Funds & Deposits	5.3	13,418	13,598
Unearned Income/Income in Advance	5.3	8,520	3,210
Provisions	5.4	20,636	16,431
Lease Liabilities	5.7	1,554	1,488
<b>Total Current Liabilities</b>		<b>61,896</b>	<b>57,205</b>
<b>Non-Current Liabilities</b>			
Provisions	5.4	1,449	2,974
Liabilities in joint arrangement accounted for using the equity method	6.3	3,324	1,896
Lease Liabilities	5.7	5,730	6,710
<b>Total Non-Current Liabilities</b>		<b>10,503</b>	<b>11,580</b>
<b>TOTAL LIABILITIES</b>		<b>72,399</b>	<b>68,785</b>
<b>NET ASSETS</b>		<b>3,401,241</b>	<b>3,273,755</b>
<b>EQUITY</b>			
Accumulated Surplus		1,018,387	1,014,469
Reserves	9.1	2,382,854	2,259,285
<b>TOTAL EQUITY</b>		<b>3,401,241</b>	<b>3,273,754</b>

(1.00)

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

**MONASH CITY COUNCIL**

**Statement of Changes in Equity  
For the Year Ended 30 June 2021**

	Note	Total 2021 \$'000	Accumulated Surplus 2021 \$'000	Asset Revaluation Reserve 2021 \$'000	Other Reserves 2021 \$'000	Total 2020 \$'000	Accumulated Surplus 2020 \$'000	Asset Revaluation Reserve 2020 \$'000	Other Reserves 2020 \$'000
Balance at beginning of the Financial Year		3,273,754	1,014,469	2,232,282	27,003	3,261,415	1,002,133	2,231,223	28,059
Surplus for the year		8,670	8,670	-	-	11,279	11,279	-	-
Net Asset revaluation increment /(decrement)	9.1	118,818	-	118,818	-	1,059	-	1,059	-
Transfers from Reserves	9.1	-	9,004	-	(9,004)	-	11,698	-	(11,698)
Transfers to Reserves	9.1	-	(13,755)	-	13,755	-	(10,642)	-	10,642
<b>Balance at End of the Financial Year</b>		<b>3,401,241</b>	<b>1,018,387</b>	<b>2,351,100</b>	<b>31,754</b>	<b>3,273,754</b>	<b>1,014,469</b>	<b>2,232,282</b>	<b>27,003</b>

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

**Statement of Cash Flows  
For the Year Ended 30 June 2021**

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates & Charges		117,893	122,848
Statutory Fees & Fines		7,932	11,813
User Fees		14,687	18,537
Grants - Operating		22,200	22,300
Grants - Capital		14,550	2,856
Contributions-monetary		14,399	11,241
Interest Received		557	1,517
Trusts and Refundable Deposits Taken		728	2,550
Other Receipts		833	1,128
Net GST Refund		9,605	9,648
Employee Costs		(85,836)	(82,787)
Materials, Services and Contracts Paid		(76,594)	(79,215)
Trusts and Refundable Deposits Repaid		(844)	(1,459)
Other Payments		(663)	(657)
<b>Net cash provided by operating activities</b>	<b>9.2</b>	<b>39,447</b>	<b>40,320</b>
<b>Cash flows from investing activities</b>			
(Payments for) / Proceeds from Investment(Net)		(2,000)	23,000
Payments for Acquisition of Property, Infrastructure, Plant and Equipment		(39,004)	(55,257)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		784	1,863
<b>Net cash used in investing activities</b>		<b>(40,221)</b>	<b>(30,394)</b>
<b>Cash flows from financing activities</b>			
Interest paid-lease liability		(191)	(92)
Repayment of lease liabilities		(1,597)	(1,022)
<b>Net cash used in financing activities</b>		<b>(1,788)</b>	<b>(1,114)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(2,561)</b>	<b>8,811</b>
Cash and cash equivalents at the beginning of the financial year		44,782	35,971
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5.1 (a)</b>	<b>42,221</b>	<b>44,782</b>
Financing arrangements	5.5		
Restrictions on cash assets	5.1		

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

**Statement of Capital Works  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Property</b>		
Land Improvements	143	13
Buildings & Building Improvements	14,206	30,317
<b>Total property</b>	<b>14,349</b>	<b>30,330</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	3,656	2,002
Fixtures, fittings and furniture	193	644
Computers and telecommunications	5,348	5,797
Library books	553	1,271
<b>Total plant and equipment</b>	<b>9,750</b>	<b>9,714</b>
<b>Infrastructure</b>		
Roads	5,559	5,693
Bridges	130	116
Footpaths and cycleways	4,638	5,361
Drainage	1,061	1,955
Recreational, leisure and community facilities	4,478	4,116
Waste management	292	212
Parks, open space and streetscapes	2,266	3,178
Off street car parks	369	1
Other infrastructure	125	265
<b>Total infrastructure</b>	<b>18,918</b>	<b>20,897</b>
<b>Total capital works expenditure</b>	<b>43,017</b>	<b>60,941</b>
Less transferred to operating as unable to capitalise from work in progress	<b>(2,882)</b>	<b>(1,404)</b>
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>40,135</b>	<b>59,537</b>
<b>Represented by:</b>		
New asset expenditure	158	3,093
Asset renewal expenditure	35,243	39,268
Asset expansion expenditure	2,311	5,247
Asset upgrade expenditure	5,305	13,333
<b>Total capital works expenditure</b>	<b>43,017</b>	<b>60,941</b>
Less transferred to operating as unable to capitalise from work in progress	<b>(2,882)</b>	<b>(1,404)</b>
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>40,135</b>	<b>59,537</b>

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



**OVERVIEW**

**Introduction**

The City of Monash was established by an Order of the Governor in Council on December 1994 and is a body corporate. The Council's main office is located at 293 Springvale Road, Glen Waverley, 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 the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

**Significant accounting policies**

**(a) Basis of Accounting**

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.4)
- the determination of landfill provisions (refer to Note 6.3)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)

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

**(b) Impact of Covid-19**

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. While the impacts of the pandemic have abated somewhat through the 2020-21 year, Council has noted the following significant impacts on its financial operations:

• **Additional revenue**

**Grants**

- Working for Victoria grant to support employment of the workforce left unemployed due to the pandemic (\$3.0M)
- Assist traders with establishing outdoor dining precincts (\$1.0M)
- Delivery of additional meals program to aged care residents (\$0.1M)
- Capital grants to fund shovel ready projects such as Local Roads & Community Infrastructure grants phase 1 (\$0.8M)
- Cultural and Linguistic Diverse (CALD) business support (\$0.2M)
- Community engagement COVID-19 vaccination program (\$0.02M)
  
- Revenue reductions-through the extended lockdown periods in Victoria Council services were impacted particularly in the Aquatics and Recreational centres, Libraries, Monash Halls, Monash Gallery and Parking infringements.
- Revenue foregone-rate revenue of \$12.7M (10% of rates) was foregone in 20/21 to assist the community experiencing COVID-19 hardship. In addition a number of services were forced to temporarily close down due to the lockdown restrictions and had their fees waived. These were related to sports and recreation services, and hall hire.
- Additional costs-linked to additional operating grant funding due to COVID-19 was \$3.9M.

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 1 Performance Against Budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold greater than 10 percent and \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 25 August 2020. The budget was based on assumptions that were relevant at the time of adoption of the budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long-term. The budget did not reflect expected 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 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
<b>Income</b>					
Rates and charges	117,545	118,351	806	0.7%	
Statutory fees and fines	9,925	7,932	(1,993)	-20.1%	1
User fees	21,835	15,037	(6,798)	-31.1%	2
Contributions - monetary	10,720	14,399	3,679	34.3%	3
Contributions - non monetary	-	2,502	2,502	-100.0%	4
Grants - Operating (recurrent)	15,293	19,923	4,630	30.3%	5
Grants - Operating (non-recurrent)	3,159	4,721	1,562	49.4%	6
Grants - Capital (recurrent)	1,497	1,231	(266)	-17.8%	
Grants - Capital (non-recurrent)	5,758	7,485	1,727	30.0%	7
Other Revenue	2,184	1,219	(965)	-44.2%	8
Profit from Sale of Assets	-	555	555	0.0%	
Share of net loss of joint operation	-	(1,791)	(1,791)	0.0%	
<b>Total income</b>	<b>187,916</b>	<b>191,564</b>	<b>3,648</b>		
<b>Expenses</b>					
Employee costs	83,946	83,263	683	0.8%	
Materials, Services & Contracts	70,732	66,452	4,280	6.1%	9
Depreciation	29,863	29,257	606	2.0%	
Amortisation-intangible assets	1,539	1,420	119	0.0%	
Amortisation- right of use assets	1,555	1,648	(93)	0.0%	
Finance Costs-leases	171	191	(20)	0.0%	
Other Expenses	803	663	140	17.4%	
<b>Total expenses</b>	<b>188,609</b>	<b>182,894</b>	<b>5,715</b>		
<b>Surplus/(deficit) for the year</b>	<b>(693)</b>	<b>8,670</b>	<b>9,363</b>		

**Note 1 Performance Against Budget (Cont.)**

**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	Statutory fees and fines	Income from statutory fees and fines for 2020/21 was less than budget by \$1.99M, mainly due to lower parking infringements income for the year. This was directly impacted by Covid-19 restrictions on business and activity centers during lockdowns and Council's measured approach to enforcement across the municipality given restriction conditions and safety. Whilst permits and planning fees income were favorable to budget this was more than offset by the reduction in parking infringement income issued for the year.
2	User Fees	User fees income was unfavorable to budget by \$6.8M. Included in this category is Council's Recreational Centers, Monash Halls and other Council facilities which all experienced substantial downturn in attendance due to Covid-19 restrictions and lockdowns preventing people from attending these locations during the year. Also, the Oakleigh Recreation Centre underwent significant refurbishment and reconstruction which required closure for part of the year. The return to normal services for all Centers and Halls, whilst short lived between lockdowns in 2021, was not as high as initially anticipated which has contributed to a lower than budget result. There is some offset in operational expenditure which provided savings for reduced service provision due to closure and restriction.
3	Contributions-monetary	Contributions-monetary income was \$3.7M favorable to budget. Public Open Space (POS) developer contributions for various project development in major precincts continued which was greater than expectation.
4	Contributions- non monetary	Unbudgeted-non monetary contributions (\$2.5M) received are developer contribution that are non-cash related and include land and infrastructure.
5	Grants- Operating (recurrent)	Recurrent operating grants were favourable to budget by \$3.3M. The major component of this favourable variance includes 50% advance funding from the Commonwealth Financial Assistance grants 2021/22. Other favourable components included home care funding, maternal and child health and child care benefit payments.
6	Grants- Operating (non-recurrent)	Non-recurrent operating grants were favorable to budget by \$1.6M. Additional non-recurrent funding included Covid related support for business, cultural and linguistic diverse (CALD) initiatives and CASI funding programs.
7	Grants- Capital (non-recurrent)	Non-recurrent capital grants were favorable to budget by \$1.73M. Funding was received for the completion of the Smart City transition program, Scotchman Creek Trail, Madison Court play space upgrade, Glen Waverley sports Hub Project and commencement of the Brentwood Reserve and Mulgrave Reserve pavilion construction projects.
8	Other Revenue	Other revenue is unfavorable to budget by \$0.97M, which includes interest on investment income. Given sustained low levels of investment interest rates which remained in place for the entire year, the return on investment was lower than expected which is the major component of this variance.
9	Materials, Services & Contracts	Materials, services and contracts expenditure was favorable to budget by \$7.16M. Reduced operations in several areas due to restrictions required less external contractor payments and lower materials and supplies; these program services included the waste transfer station operations, components of building inspecting - pool requirements, recreation centers, Monash halls and council facilities. Utility expenditure in recreation centers was also lower with reduced operations. There were several periods of time during 2020/21 these services were restricted or closed to the public

Note 1 Performance Against Budget (Cont'd)

1.2 Capital Works

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
<b>Property</b>					
Land Improvements	36	143	(107)	100.0%	1
Buildings & Building improvements	18,715	14,206	4,509	24.1%	2
<b>Total Property</b>	<b>18,751</b>	<b>14,349</b>	<b>4,402</b>		
<b>Plant and Equipment</b>					
Plant, machinery and equipment	3,747	3,656	91	2.4%	
Fixtures, fittings and furniture	205	193	12	5.9%	
Computers and telecommunications	5,040	5,348	(308)	-6.1%	
Library books	558	553	5	0.9%	
<b>Total Plant and Equipment</b>	<b>9,550</b>	<b>9,750</b>	<b>(200)</b>		
<b>Infrastructure</b>					
Roads	4,395	5,559	(1,164)	-26.5%	3
Bridges	45	130	(85)	-188.9%	4
Footpaths and cycleways	4,153	4,638	(485)	-11.7%	5
Drainage	1,507	1,061	446	29.6%	6
Recreational, leisure and community facilities	5,058	4,478	580	11.5%	7
Waste management	262	292	(30)	-11.5%	8
Parks, open space and streetscapes	2,501	2,266	235	9.4%	
Off street car parks	50	369	(319)	-638.0%	9
Other Infrastructure	-	125	(125)	100.0%	10
<b>Total Infrastructure</b>	<b>17,971</b>	<b>18,918</b>	<b>(947)</b>		
<b>Total Capital Works Expenditure</b>	<b>46,272</b>	<b>43,017</b>	<b>3,255</b>	7.0%	
Less transferred to operating as unable to capitalise from work in progress	-	(2,882)	2,882		
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>46,272</b>	<b>40,135</b>	<b>6,137</b>	13.3%	
<b>Represented by:</b>					
New asset expenditure	170	158	12	7.1%	
Asset renewal expenditure	37,910	35,243	2,667	7.0%	
Asset expansion expenditure	2,486	2,311	175	7.0%	
Asset upgrade expenditure	5,706	5,305	401	7.0%	
<b>Total Capital Works Expenditure</b>	<b>46,272</b>	<b>43,017</b>	<b>3,255</b>		
Less transferred to operating as unable to capitalise from work in progress	-	(2,882)	2,882		
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>46,272</b>	<b>40,135</b>	<b>6,137</b>		

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	The unbudgeted costs relate to site remediation works and environmental testing of land at 333 Waverley Road Mount Waverley for redevelopment of a car park and sale of balance of land, including additional costs incurred for the Oakleigh Heritage Precinct project (\$0.08M).
2	Buildings & Building improvements	The budget underspends relate to terminating the design of the multi-level car park at Montclair Avenue Glen Waverley due to the significant impact of the Suburban Railway Loop Authority project (\$1.74M); the Mulgrave Reserve Pavilion is lower than budget by \$1.66M due to covid impact on the completion of the investigation and design works; and building services renewal program was underspent by \$0.87M due to the delay in the pool and hot water boilers which were further investigated and assessed in alignment with the Zero Net Carbon program to determine preferred outcome.
3	Roads	The overall roads capital spend was over budget by \$1.16M, of which an additional \$0.67M was expended to complete major renewal in the Kerb & Channel program due to the opportunity to bring forward extra works; and an unbudgeted project at Gardiners Creek Trail shared path Renewal (\$0.89M) which is fully funded through the Local Roads & Community Infrastructure grant in both phase 1 and 2. The overall overspend is partially offset by lower than budgeted road reconstruction projects due to lower than anticipated contract rates.
4	Bridges	Bridges are overspent by \$0.08M due to reprioritisation of design works carried out at Duerdin St major culvert and Gardiners Creek footbridge. Additional bridge rehabilitation works at Glen Waverley Golf Course.
5	Footpaths and cycleways	The overall footpath & cycleways spend was over budget by \$0.48M, of which unbudgeted projects were expended to complete the trail upgrade at the Melbourne Water pipe track (\$0.29M) and Scotchman's Creek trail (\$0.29M). The Department of Transport funded the Scotchman Creek trail to realign and upgrade the asphalt shared path. The unbudgeted expenditure is partially offset by an underspend against raised cyclist priority crossings at Gardiner Road Notting Hill (\$0.16M), these will be carried over to 2021/22.
6	Drainage	Drainage expenditure is under budget by \$0.45M mostly related to the reprioritisation of drainage project at Simpson Drive Mount Waverley and a favorable budget variance on the drainage works carried out at Kanooka Grove Clayton.
7	Recreational, leisure and community facilities	There are number of unbudgeted play space projects but the two major projects that were added to the capital works program in 2020/21, included the Columbia Park Reserve cricket net (\$0.27M) and the Glen Waverley Sports Hub project (\$0.20M). The Glen Waverley Sports Hub will be \$26.7M project of which the State will fund \$21M. Other additional costs above budget was related to the Gardiner Reseve modular change rooms project (\$0.18M) and Madison Court play space upgrade (\$0.15M). These unbudgeted spends are partially offset by favorable budget variances related to the redevelopment of the Davies Reserve Athletic Track (\$0.88M) and Waverley Netball Centre outdoor court (\$0.60M). The unspent budgets will be carried over to 2021/22.
8	Waste Management	Post closure landfill site costs exceeded budget in 2020/21 by 11.6% due to reactive management costs, these costs can fluctuate based on EPA requirements.
9	Off street car parks	The overall Off Street car parks spend was over budget by \$0.32M, which is mainly due to unbudgeted projects. This included the extension of the Bogong multi-level car park (\$0.12M) and the Community Park Scheme Pilot Project (\$0.19M). The Bogong Car Park project works were to undertake investigative and feasibility optional works following the termination of the Montclair car park development project.
10	Other Infrastructure	The budget was exceed due to various minor unbudgeted projects such as retaining walls and solar led speed variable message signs.

**Note 2.1 Analysis of Council results by program**

Council delivers its functions and activities through the following programs.

**2.1 (a) Chief Executive**

This division provides corporate management necessary to ensure the effective, efficient and innovative implementation of programs and communication of Council's achievement in policies and programs to external and internal audiences. It includes Corporate Administration and Customer Services, Communications and People and Culture.

**Corporate Services**

This division works across the organisation to support departments to deliver services and projects that benefit Monash's diverse community. This entails planning, strategic discussion, continuous improvement, business assurance, risk management, monitoring, reporting and evaluation support. The division manages Council processes regarding Tendering, Contracts and Purchasing. Coordinates the annual planning and budgeting process, Financial Reporting and Property & Valuation services.

**Community Development & Services**

This division provides a wide range of customer focused services which are relevant, of high quality, responsive to community needs and are accessible to all residents of Monash. It includes Active Monash, Arts & Culture, Children, Youth and Family Services, Community Support and Libraries and Community Strengthening.

**City Development**

This division aims to further develop the Council's environment through effective strategic city, environmental and social planning, building control and municipal regulation. It includes City Planning, Public Health & Community Law, Property, Strategic Planning and Economic Development and Urban Design and Architecture.

**Infrastructure and Environment Services**

This division's role is to efficiently provide and maintain City infrastructure and facilities to meet operating performance standards set by other divisions. It includes Horticultural Services, Engineering, Strategic Asset Management, Sustainable Monash and Capital Works.

**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

**Note 2.1 Analysis of Council results by program**

**2.1 (b) Summary of revenues, expenses, assets and capital expenses by program**

	Income \$'000	Expenses \$'000	Surplus/(Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
<b>2021</b>					
Chief Executive	599	21,232	(20,633)	-	
Corporate Services	141,933	46,357	95,576	7,776	3,473,640
Community Development & Services	21,048	39,006	(17,958)	14,345	
City Development	10,598	16,488	(5,890)	862	
Infrastructure and Environment Services	17,386	59,811	(42,425)	10,377	
	<b>191,564</b>	<b>182,894</b>	<b>8,670</b>	<b>33,360</b>	<b>3,473,640</b>

	Income \$'000	Expenses \$'000	Surplus/(Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
<b>2020</b>					
Chief Executive	695	21,195	(20,500)	-	-
Corporate Services	132,828	39,504	93,324	4,550	3,342,540
Community Development & Services	24,118	41,587	(17,469)	13,537	-
City Development	14,704	17,186	(2,482)	614	-
Infrastructure and Environment Services	21,709	63,303	(41,594)	4,082	-
	<b>194,054</b>	<b>182,775</b>	<b>11,279</b>	<b>22,783</b>	<b>3,342,540</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**Note 3 Funding for the delivery of our services**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.1 Rates and Charges</b>		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all improvements. The valuation base used to calculate general rates for 2020/21 was \$ 82.756 billion (2019/20 \$76.695 billion). The 2020/21 rate in the dollar for residential was \$0.00151350 (2019/20 \$0.00158350) and for other properties \$0.00174115 (2019/20 \$0.00179606).		
General Rates	127,587	123,498
Rate Waiver	(12,864)	-
Pension Rebate	(858)	(571)
Cultural & Recreational	258	266
Supplementary rates & rate adjustments	1,455	896
Recycling & Waste Levy	2,186	1,505
Interest on rates and charges	587	398
<b>Total Rates and Charges</b>	<b>118,351</b>	<b>125,992</b>

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2020 and the valuation was first applied in the rating year commencing 1 July 2020. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

**3.2 Statutory Fees and Fines**

Infringements	3,089	6,262
Court Recoveries	505	1,588
Town Planning Fees	3,343	3,130
Land Information Certificates	156	147
Permits	839	686
<b>Total Statutory Fees and Fines</b>	<b>7,932</b>	<b>11,813</b>

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

**3.3 User Fees**

Aged, Health and Children's Services	2,361	2,516
Recreation Fees	4,163	7,717
Waste Transfer Station	2,427	2,553
Building Services Fees	1,543	1,686
Library Fees and Fines	26	126
Bin Charges	2,028	1,754
Lease Charges	313	493
Hire and Rental Charges	396	564
Other Fees and Charges	1,780	1,753
<b>Total User Fees</b>	<b>15,037</b>	<b>19,162</b>

**User fees by timing of revenue recognition**

User fees recognised over time	292	174
User fees recognised at a point in time	14,745	18,988
<b>Total User Fees</b>	<b>15,037</b>	<b>19,162</b>

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



**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	2021 \$'000	2020 \$'000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	17,972	15,570
State funded grants	15,388	7,213
<b>Total grants received</b>	<b>33,360</b>	<b>22,783</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	5,523	5,520
Family and Children	1,658	1,672
General Home Care	7,543	7,572
<b>Recurrent - State Government</b>		
Family and Children	277	224
Maternal & child health	1,787	1,357
Libraries	1,248	1,218
General Home care	880	817
Youth Services	74	60
School crossing supervisors	562	574
Other	371	256
<b>Total recurrent operating grants</b>	<b>19,923</b>	<b>19,270</b>
<b>Non Recurrent - State Government</b>		
Community	367	197
Youth services	232	163
Gallery	23	29
COVID-19 Grant Relief	3,565	264
Other	534	16
<b>Total non-recurrent operating grants</b>	<b>4,721</b>	<b>669</b>
<b>Total operating grants</b>	<b>24,644</b>	<b>19,939</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	1,210	807
<b>Recurrent - State Government</b>		
Libraries	21	21
<b>Total recurrent capital grants</b>	<b>1,231</b>	<b>828</b>
<b>Non Recurrent - Commonwealth Government</b>		
Recreation	2,038	-
<b>Non Recurrent - State Government</b>		
Buildings & Building improvements	1,741	1,289
Computers and Telecommunications	212	114
Fixtures Fittings & Furniture	-	14
Footpaths & Cycleway	457	248
Parks & Open space and streetscapes	445	171
Recreational & Leisure and community facilities	2,266	92
Roads	282	25
Other infrastructure	44	63
<b>Total non recurrent capital grants</b>	<b>7,485</b>	<b>2,016</b>
<b>Total capital grants</b>	<b>8,716</b>	<b>2,844</b>
<b>Total Grants</b>	<b>33,360</b>	<b>22,783</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
<b>Operating</b>		
Balance at start of year	1,879	940
Received during the financial year and remained unspent at balance date	833	1,879
Received in prior years and spent during the financial year	(1,879)	(940)
<b>Balance at year end</b>	<b>833</b>	<b>1,879</b>
<b>Capital</b>		
Balance at start of year	485	1,155
Received during the financial year and remained unspent at balance date	5,241	485
Received in prior years and spent during the financial year	(485)	(1,155)
<b>Balance at year end</b>	<b>5,241</b>	<b>485</b>

Operating grant revenue with sufficiently specific performance obligations are recognised over time, in accordance with AASB 15, as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific operating grant revenue is recognised, in accordance with AASB 1058, on the earlier of receipt or when an unconditional right to receipt has been established.

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	2021 \$'000	2020 \$'000
<b>3.5 Contributions</b>		
Monetary	14,399	11,241
Non-monetary	2,502	295
<b>Total Contributions</b>	<b>16,901</b>	<b>11,536</b>

*Contributions of non monetary assets were received in relation to the following asset classes.*

Land	900	-
Infrastructure	1,300	77
Other	302	218
<b>Total Non-Monetary Contributions</b>	<b>2,502</b>	<b>295</b>

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

**3.6 Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment**

<b>Land &amp; Buildings</b>		
Proceeds from Sale of Assets	174	1,401
Sale Cost	-	(33)
Written Down Value of Assets Disposed	(112)	(1,229)
Write back of Revaluation on Assets Disposed	196	78
Gain on Disposal of Land & Buildings	258	217
<b>Plant &amp; Equipment</b>		
Proceeds from Sale of Assets	637	496
Written Down Value of Assets Disposed	(321)	(255)
Gain on Disposal of Plant & Equipment	316	241
<b>Infrastructure</b>		
Written Down Value of Assets Disposed	(19)	-
Loss on Disposal of Infrastructure and Plant & Equipment	(19)	-
<b>Total</b>		
Proceeds from Sale of Assets	811	1,863
Write back of Revaluation on Assets Disposed	196	78
Written Down Value of Assets Disposed	(452)	(1,484)
<b>Total Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment</b>	<b>555</b>	<b>457</b>

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

**3.7 Other Income**

Investment Interest	332	1,517
Other Income	887	982
<b>Total Other Income</b>	<b>1,219</b>	<b>2,499</b>

Interest is recognised progressively as it is earned.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4 The cost of delivering services</b>		
<b>4.1 (a) Employee Costs</b>		
Salaries & Wages	70,441	67,525
Work cover	1,162	1,780
Casual staff	4,652	5,141
Superannuation	6,823	6,236
Fringe Benefits Tax	316	276
Long Service Leave	2,427	1,247
Other Employee Related costs	869	922
	<b>86,690</b>	<b>83,127</b>
Less: Amounts capitalised (non-current assets constructed by Council)	(3,427)	(2,715)
<b>Total Employee Costs</b>	<b>83,263</b>	<b>80,412</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	435	447
	<b>435</b>	<b>447</b>
Employer contributions at payable date	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,476	3,378
Employer contributions - other funds	2,695	2,369
	<b>6,171</b>	<b>5,747</b>
Employer contributions at payable date	217	132
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
<b>4.2 Materials and Services</b>		
Waste Management Services	18,420	18,721
Building Maintenance	6,062	7,173
General Maintenance	11,478	10,939
Local Law Services	4,557	4,958
Fleet Management	654	821
Legal costs	1,228	1,341
General Administration Costs	7,235	9,918
Consultants	1,357	1,564
Utilities	3,765	4,200
Insurance	2,112	1,914
Information Technology	5,376	5,008
Bad and doubtful debts	19	13
Other	4,189	3,356
<b>Total Materials and Services</b>	<b>66,452</b>	<b>69,925</b>
<b>4.3 Depreciation</b>		
Buildings	7,060	7,473
Plant and Equipment	6,080	6,125
Infrastructure	16,117	15,921
<b>Total Depreciation</b>	<b>29,257</b>	<b>29,519</b>
<b>4.4 Amortisation - Intangible assets</b>		
Intangible Assets	1,420	1,101
<b>Total Amortisation - Intangible assets</b>	<b>1,420</b>	<b>1,101</b>
<b>4.5 Amortisation - Right of use assets</b>		
Property	467	468
Gym Equipment	249	221
Waste Contract- Vehicles	736	184
Printers	196	196
<b>Total Amortisation - Right of use assets</b>	<b>1,648</b>	<b>1,069</b>
<b>4.6 Finance Costs - Leases</b>		
Interest - Lease Liabilities	5.7	191
<b>Total Finance Costs</b>	<b>191</b>	<b>92</b>
<b>4.7 Other Expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	71	71
Auditors Remuneration - Internal	156	133
Councillor Allowances	436	453
<b>Total Other Expenses</b>	<b>663</b>	<b>657</b>

	2021 \$'000	2020 \$'000
<b>Note 5 Our financial position</b>		
<b>5.1 Financial Assets</b>		
<b>(a) Cash and Cash Equivalents</b>		
Cash at bank	3,202	2,764
Cash on hand	19	19
Short term deposits (with a maturity date of 90 Days or less)	39,000	42,000
<b>Total Cash and Cash Equivalents</b>	<b>42,221</b>	<b>44,783</b>
<b>(b) Other Financial Assets</b>		
Term deposits - Current	47,000	45,000
Other	77	77
<b>Total Other Financial Assets</b>	<b>47,077</b>	<b>45,077</b>
<b>Total Financial Assets</b>	<b>89,298</b>	<b>89,860</b>

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

Trust Funds and Deposits (Note 5.3)	13,418	13,598
Statutory Reserves (Note 9 (b))	22,550	16,999
<b>Total Restricted funds</b>	<b>35,968</b>	<b>30,597</b>
<b>Total Unrestricted Cash and Cash Equivalents</b>	<b>6,253</b>	<b>14,186</b>

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

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

**(c) Trade and Other Receivables**

**Current**

**Statutory Receivables**

Rates Receivable	8,593	8,002
Parking Infringements	10,966	9,884
Less: Provision for Doubtful Debts	(9,372)	(7,984)
	<b>10,187</b>	<b>9,902</b>

**Non- Statutory Receivables**

Sundry debtors	5,102	2,649
Less: Provision for Doubtful Debts	(100)	(85)
New GST Receivable	1,415	1,899
	<b>6,417</b>	<b>4,463</b>

<b>Total Trade and Other Receivables</b>	<b>16,604</b>	<b>14,365</b>
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Receivables are carried at invoice amount. Provision for doubtful debts is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

In response to the impacts of the COVID-19 pandemic, Council reframed its hardship policy to provide support to the community, including deferral, on application, for rate payments and fees and charges that will help sustain residents who are living in a new reality. This has had an impact on the balance of rates receivable as at 30 June 2021, increasing by \$0.6M over 2019/20. The deferment provisions provide relief until June 2021 and the rates receivable balance is expected to return to be consistent with previous years.

**(a) Ageing of Receivables**

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

Current (not yet overdue)	3,527	3,968
Past due by up to 30 days	1,894	137
Past due between 31 and 180 days	1,096	443
<b>Total Trade &amp; Other Receivables</b>	<b>6,517</b>	<b>4,548</b>

**Movement in Receivables Provision for Doubtful Debts**

Balance at the beginning of the year	85	79
Provisions adjusted during the year	15	6
<b>Balance at the end of year</b>	<b>100</b>	<b>85</b>

**Movement in provisions for doubtful debts**

Balance at the beginning of the year	8,069	7,383
New provisions recognised during the year	1,403	691
Amounts already provided for and written off as uncollectible	-	(5)
<b>Balance at end of year</b>	<b>9,472</b>	<b>8,069</b>

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

**(b) Ageing of individually impaired Receivables**

At balance date there were no other debtors representing financial assets that were impaired (2020-21 Nil).

	2021 \$'000	2020 \$'000
<b>5.2 Non-Financial Assets</b>		
<b>(a) Other Assets</b>		
Accrued Income	237	527
Prepayments	537	743
Other	130	114
<b>Total Other Assets</b>	<b>904</b>	<b>1,384</b>

**(b) Intangible Assets**

**Software**

**Gross carrying amount**

Balance as at 1 July	7,177	5,212
Additions	2,283	1,965
	9,460	7,177
Work in Progress	2,865	1,739
Balance as at 30 June	12,325	8,916

**Accumulated amortisation**

Balance as at 1 July	(4,009)	(2,908)
Amortisation expense	(1,420)	(1,101)
Balance as at 30 June	(5,429)	(4,009)

**Net book value as at 30 June**

**6,896**                      **4,907**

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.

**5.3 Payables**

**(a) Trade and Other Payables**

Operating Payables	9,435	9,322
Capital Payables	5,454	8,436
Employee Costs	1,217	3,051
Parking Infringements	1,662	1,669
<b>Total Trade and Other Payables</b>	<b>17,768</b>	<b>22,478</b>

**(b) Trust Funds and Deposits**

Refundable Deposits	12,217	12,374
Retention Amounts	395	665
Fire Services Property Levy	532	462
Other Refundable Deposits	274	97
<b>Total Trust Funds and Deposits</b>	<b>13,418</b>	<b>13,598</b>

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 recognised as revenue at the time of forfeit.

**Purpose and nature of items**

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

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

Fire Services Property Levy - Council is the collection agent for 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.

**(c) Unearned Income/Income in Advance**

Grants received in advance - operating	833	1,879
Grants received in advance - capital	5,242	485
Aquatic Facilities Membership & Learn-to Swim	238	206
Rates Paid in Advance	728	640
Other	1,479	-
<b>Total Unearned Income/Income in Advance</b>	<b>8,520</b>	<b>3,210</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**5.4 Provisions**

<b>2021</b>	<b>Annual leave \$ '000</b>	<b>Long service leave \$ '000</b>	<b>Total \$ '000</b>
Balance at beginning of the financial year	(6,848)	(12,557)	(19,405)
Additional provisions	(5,921)	(2,427)	(8,348)
Amounts used	4,867	1,236	6,103
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(239)	(196)	(435)
<b>Balance at the end of the financial year</b>	<b>(8,141)</b>	<b>(13,944)</b>	<b>(22,085)</b>

<b>2020</b>	<b>Annual leave \$ '000</b>	<b>Long service leave \$ '000</b>	<b>Total \$ '000</b>
Balance at beginning of the financial year	(5,781)	(12,462)	(18,243)
Additional provisions	(5,482)	(1,247)	(6,729)
Amounts used	4,609	1,417	6,026
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	(194)	(265)	(459)
<b>Balance at the end of the financial year</b>	<b>(6,848)</b>	<b>(12,557)</b>	<b>(19,405)</b>

5.4 Provisions (Cont'd)

	2021	2020
	\$'000	\$'000
<b>(a) Employee Provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	5,561	5,059
Long service leave	1,874	2,012
	<u>7,435</u>	<u>7,071</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	2,581	1,790
Long service leave	10,620	7,570
	<u>13,201</u>	<u>9,360</u>
<b>Total Current Provisions</b>	<b><u>20,636</u></b>	<b><u>16,431</u></b>
<b>Non-Current</b>		
Long service leave	1,449	2,974
<b>Total Non-Current Provisions</b>	<b><u>1,449</u></b>	<b><u>2,974</u></b>

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

**Wages and salaries and annual leave**

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

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

**Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non - current liability.

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

Weighted average increase in costs	2.25%	2.25%
Weighted average discount rates	0.27%	0.29%
Weighted average settlement period	2-5 Years	2-5 Years

5.5 Financing Arrangements

The Council has the following funding arrangements in place.

Credit card facilities	100	100
Other facilities	-	7,500
Total facilities	<u>100</u>	<u>7,600</u>
Used facilities	57	16
Unused facilities	<u>43</u>	<u>7,584</u>

Other facilities include the TNA (Transaction Negotiation Authority) facility on the Direct Entry Bulk File processing .

## Notes to the Financial Report For the Year Ended 30 June 2021

### 5.6 Commitments

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

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Cleaning Services	1,834	1,889	1,028	-	4,751
Domestic Waste Collection	13,858	11,754	38,682	31,609	95,903
Other Operating Services	7,520	5,004	3,931	-	16,455
Printing & IT Infrastructure	3,555	1,879	2,263	-	7,697
Recycling	7,815	8,257	10,226	-	26,298
Repairs & Maintenance	2,421	1,938	141	-	4,500
Supply Meals/Foodstuffs	520	531	-	-	1,051
Traffic & Parking Management	3,128	-	-	-	3,128
Utilities & Fuel	1,696	1,481	3,944	6,187	13,308
<b>Total Operating</b>	<b>42,347</b>	<b>32,733</b>	<b>60,215</b>	<b>37,796</b>	<b>173,091</b>
<b>Capital</b>					
Buildings	1,683	75	120	-	1,878
Infrastructure	615	-	-	-	615
Roads	150	-	-	-	150
<b>Total Capital</b>	<b>2,448</b>	<b>75</b>	<b>120</b>	<b>-</b>	<b>2,643</b>

2020	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Cleaning Services	448	-	-	-	448
Domestic Waste Collection	16,045	11,959	39,336	14,401	81,741
Other Operating Services	3,257	1,692	822	100	5,871
Printing & IT Infrastructure	3,741	2,898	1,669	-	8,308
Recycling	3,510	1,027	1,078	-	5,615
Repairs & Maintenance	4,077	874	-	-	4,951
Supply Meals/Foodstuffs	474	474	474	-	1,422
Traffic & Parking Management	3,772	1,040	-	-	4,812
Utilities & Fuel	1,280	-	-	-	1,280
<b>Total Operating</b>	<b>36,604</b>	<b>19,964</b>	<b>43,379</b>	<b>14,501</b>	<b>114,448</b>
<b>Capital</b>					
Buildings	6,804	-	-	-	6,804
Infrastructure	2,290	2,456	5,108	-	9,854
Roads	37	-	-	-	37
<b>Total Capital</b>	<b>9,131</b>	<b>2,456</b>	<b>5,108</b>	<b>-</b>	<b>16,695</b>



## 5.7 Lease

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

The contract involves the use of an identified asset.

The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.

The customer has the right to direct the use of the asset.

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

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

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

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate (2.44%). Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

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

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

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

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

# Notes to the Financial Report

## For the Year Ended 30 June 2021

### 5.7 Lease (Cont'd)

<b>Right-of-Use Assets</b>	Property	Waste Contract - Vehicles	Gym Equipment	Printers	Total
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2020	1,091	6,441	309	309	8,150
Additions	-	-	684	-	684
Amortisation charge	(467)	(736)	(249)	(196)	(1,648)
Balance at 30 June 2021	<b>624</b>	<b>5,705</b>	<b>744</b>	<b>113</b>	<b>7,186</b>

<b>Lease Liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,554	1,488
One to five years	4,456	4,593
More than five years	1,274	2,117
Total undiscounted lease liabilities as at 30 June:	<b>7,284</b>	<b>8,198</b>

Lease liabilities included in the Balance Sheet at 30 June:

Current	1,554	1,488
Non-current	5,730	6,710
Total lease liabilities	<b>7,284</b>	<b>8,198</b>

Note 6 Assets We Manage

6.1 Non Current Assets Classified As Held For Sale

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

	2021 \$'000	2020 \$'000
Land & Buildings	2,905	2,905
<b>Total Non Current Assets Classified As Held For Sale</b>	<b>2,905</b>	<b>2,905</b>

6.2 Property, Infrastructure, Plant and Equipment

- (a) Summary of Property, Infrastructure, Plant and Equipment
- (b) Summary of Work in Progress
- (c) Details of Property Category
- (d) Details of Plant and Equipment Category
- (e) Details of Infrastructure Category
- (f) Acquisition
- (g) Repairs and Maintenance
- (h) Depreciation and Amortisation
- (i) Revaluation
- (j) Valuation of Property
- (k) Valuation of Infrastructure
- (l) Reconciliation of Specialised Land

6.2 Property, Infrastructure, Plant and Equipment

(a) Summary of Property, Infrastructure, Plant and Equipment

Category	At Fair Value 30 June 2020	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	2,296,222	-	900	77,350	-	-	-	2,374,472
Buildings	206,451	35,223	-	(196)	(7,060)	83	-	234,501
Plant and Equipment	27,613	6,221	302	-	(6,080)	(321)	-	27,735
Infrastructure	657,163	16,124	1,300	41,664	(16,117)	(19)	-	700,115
Work in progress	32,990	-	-	-	-	-	(20,822)	12,168
<b>Total</b>	<b>3,220,439</b>	<b>57,568</b>	<b>2,502</b>	<b>118,818</b>	<b>(29,257)</b>	<b>(257)</b>	<b>(20,822)</b>	<b>3,348,991</b>

(b) Summary of Work in Progress

Category	Opening WIP	Additions	Transfer to Operating	Reclassification	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	27,645	\$14,349	(249)	(1,991)	(35,223)	4,531
Plant and Equipment	-	5,031	(903)	2,093	(6,221)	-
Infrastructure	5,345	18,918	(1,730)	1,228	(16,124)	7,637
<b>Total</b>	<b>32,990</b>	<b>38,298</b>	<b>(2,882)</b>	<b>1,330</b>	<b>(57,568)</b>	<b>12,168</b>

Notes to the Financial Report  
For the Year Ended 30 June 2021

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

Land and Buildings	Land - specialised	Land - non specialised	Land under roads	Total land	Buildings - specialised	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(c) Fair value at 1 July 2020	1,741,606	551,964	2,652	2,296,222	381,494	27,645	2,705,361
Accumulated depreciation at 1 July 2020	-	-	-	-	(175,043)	-	(175,043)
	<b>1,741,606</b>	<b>551,964</b>	<b>2,652</b>	<b>2,296,222</b>	<b>206,451</b>	<b>27,645</b>	<b>2,530,318</b>
<b>Movements in fair value</b>							
Acquisition of assets at fair value	900	-	-	900	-	14,349	15,249
Revaluation increment	65,853	11,497	-	77,350	-	-	77,350
Fair value of assets disposed	-	-	-	-	(2,165)	-	(2,165)
Transfers to Properties for resale	-	-	-	-	-	-	-
Transfers to operating	-	-	-	-	-	(249)	(249)
Reclassification	-	-	-	-	-	(1,991)	(1,991)
Transfer from WIP	-	-	-	-	35,223	(35,223)	-
	<b>66,753</b>	<b>11,497</b>	<b>-</b>	<b>78,250</b>	<b>33,058</b>	<b>(23,114)</b>	<b>88,194</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	-	-	-	7,060	-	7,060
Revaluation increments	-	-	-	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-	(2,053)	-	(2,053)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,007</b>	<b>-</b>	<b>5,007</b>
Fair value at 30 June 2021	1,808,359	563,461	2,652	2,374,472	414,552	4,531	2,793,555
Accumulated depreciation at 30 June 2021	-	-	-	-	(180,050)	-	(180,050)
	<b>1,808,359</b>	<b>563,461</b>	<b>2,652</b>	<b>2,374,472</b>	<b>234,502</b>	<b>4,531</b>	<b>2,613,505</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**6.2 Property, Infrastructure, Plant and Equipment (Cont'd)**

(d) Plant and Equipment	Plant machinery and equipment	Fixtures fittings and furniture	Computers & telecomms	Artwork	Library books	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value at 1 July 2020	27,451	10,287	9,355	8,143	6,572	-	61,808
Accumulated depreciation at 1 July 2020	(16,093)	(7,642)	(6,749)	-	(3,711)	-	(34,195)
	<b>11,358</b>	<b>2,645</b>	<b>2,606</b>	<b>8,143</b>	<b>2,861</b>	<b>-</b>	<b>27,613</b>
<b>Movements in fair value</b>							
Acquisition of assets at fair value	-	-	-	-	-	5,031	5,031
Contributions	-	-	-	302	-	-	302
Fair value of assets disposed	(1,432)	(435)	(4,046)	-	(524)	-	(6,437)
Transfers to operating	-	-	-	-	-	(903)	(903)
Reclassification	(20)	(4)	-	-	-	2,093	2,069
Transfer from WIP	4,437	489	753	9	557	(6,221)	24
	<b>2,985</b>	<b>50</b>	<b>(3,293)</b>	<b>311</b>	<b>33</b>	<b>-</b>	<b>86</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	2,738	775	1,366	-	1,201	-	6,080
Accumulated depreciation of disposals	(1,158)	(421)	(4,014)	-	(524)	-	(6,117)
	<b>1,580</b>	<b>354</b>	<b>2,648</b>	<b>-</b>	<b>677</b>	<b>-</b>	<b>(37)</b>
Fair value at 30 June 2021	30,436	10,337	6,062	8,454	6,605	-	61,894
Accumulated depreciation at 30 June 2021	(17,673)	(7,996)	(4,101)	-	(4,388)	-	(34,158)
	<b>12,763</b>	<b>2,341</b>	<b>1,961</b>	<b>8,454</b>	<b>2,217</b>	<b>-</b>	<b>27,736</b>

6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

(e) Infrastructure	Roads	Bridges	Footpaths	Drainage	Recreational, leisure and community	Traffic management	Parks open spaces and streetscapes	Bicycle paths	Off street car parks	Other infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value at 1 July 2020	567,057	5,379	189,393	430,031	32,991	11,984	47,820	9,115	12,991	9,238	5,345	1,321,344
Accumulated depreciation at 1 July 2020	(234,585)	(2,540)	(119,974)	(242,789)	(11,013)	(3,855)	(25,329)	(3,534)	(7,704)	(7,513)	-	(658,836)
	<b>332,472</b>	<b>2,839</b>	<b>69,419</b>	<b>187,242</b>	<b>21,978</b>	<b>8,129</b>	<b>22,491</b>	<b>5,581</b>	<b>5,287</b>	<b>1,725</b>	<b>5,345</b>	<b>662,508</b>
<b>Movements in fair value</b>												
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	-	-	18,918	18,918
Contributions	398	-	17	16	202	-	346	288	33	-	-	1,300
Revaluation increments/(decrements)	17,150	102	(2,818)	(3,891)	-	-	-	-	-	-	-	10,543
Fair value of assets disposed	-	-	-	-	(136)	-	-	-	-	(9)	-	(145)
Transfers to operating	-	-	-	-	-	-	-	-	-	-	(1,730)	(1,730)
Reclassification	-	-	(450)	-	344	-	(26)	450	-	(294)	1,229	1,253
Transfer from WIP	4,037	-	3,938	647	2,234	895	2,307	403	1,493	146	(16,124)	(24)
	<b>21,585</b>	<b>102</b>	<b>687</b>	<b>(3,228)</b>	<b>2,644</b>	<b>895</b>	<b>2,627</b>	<b>1,141</b>	<b>1,526</b>	<b>(157)</b>	<b>2,293</b>	<b>30,115</b>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	4,457	65	2,024	4,283	1,867	563	1,874	300	481	203	-	16,117
Revaluation increments/(decrements)	12,131	50	7,718	(51,020)	-	-	-	-	-	-	-	(31,121)
Accumulated depreciation of disposals	-	-	-	-	(117)	-	-	-	-	(9)	-	(126)
	<b>16,588</b>	<b>115</b>	<b>9,742</b>	<b>(46,737)</b>	<b>1,750</b>	<b>563</b>	<b>1,874</b>	<b>300</b>	<b>481</b>	<b>194</b>	<b>-</b>	<b>(15,130)</b>
Fair value at 30 June 2021	588,642	5,481	190,080	426,803	35,635	12,879	50,447	10,256	14,517	9,081	7,638	1,351,459
Accumulated depreciation at 30 June 2021	(251,173)	(2,655)	(129,716)	(196,052)	(12,763)	(4,418)	(27,203)	(3,834)	(8,185)	(7,707)	-	(643,706)
	<b>337,469</b>	<b>2,826</b>	<b>60,364</b>	<b>230,751</b>	<b>22,872</b>	<b>8,461</b>	<b>23,244</b>	<b>6,422</b>	<b>6,332</b>	<b>1,374</b>	<b>7,638</b>	<b>707,753</b>

**6.2 Property, Infrastructure, Plant and Equipment (Cont'd)**

**(f) Acquisition**

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

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

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

<b>Asset recognition threshold and description periods</b>	<b>Depreciation Period</b>	<b>Threshold Limit \$</b>
<i>Land and Buildings</i>		
-Land	Indefinite	1
-Land under roads	Indefinite	1
-Buildings	25 - 100 Years	1
-Heritage Buildings	100-250 Years	1
<i>Plant and Equipment</i>		
-Plant Machinery & Equipment	2- 25 Years	1,000
-Furniture, Fittings and Office Equipments	2 -10 Years	1,000
-Art work	Indefinite	1
-Computer equipment	3 -5 Years	1
-Library books	2 -7 Years	1
<i>Infrastructure</i>		
-Roads & Pavements	25-150 Years	1,000
- Footpaths	10-80 Years	1,000
-Bridges	50 - 100 Years	1,000
-Drainage	100 Years	1,000
-Recreational leisure & community	10 - 100 Years	1,000
-Parks, open spaces & streetscape	5 - 100 Years	1,000
-Bicycle paths	30 Years	1,000
-Off street car parks	25 - 40 Years	1,000
-Traffic Management	20 -25 Years	1,000
-Othe infrastructure	10 - 50 Years	1,000
Intangible assets	3 -10 Years	1,000
Right of Use Asstes	2-10 Years	10,000

***Land under roads***

Council recognises land under roads post 1 July 2008 at fair value.

**(g) 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 assets are expensed.

## 6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

### (h) Depreciation of Property, Plant and Equipment, Infrastructure

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

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

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

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

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

During the financial year, Council reviewed the useful life, and applicable depreciation rates, of all asset classes, in accordance with Australian Accounting Standard *AASB 116* "Property, Plant & Equipment". There has been no changes to Useful Life or Threshold Limits.

### (i) 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 amount for which the assets could be exchanged subsequent to initial recognition. At reporting date each year, Council reviews the carrying value of the individual classes of assets to ensure that each asset materially approximates their fair value. Where the carrying value materially differs from the fair value, the class of assets is revalued.

Fair value valuations are determined in accordance with a valuation hierarchy, changes to which can only occur if an external change in the restrictions or limitations on the use of an asset result in changes to the permissible or practical highest and best use of the asset.

In addition, Council undertakes a formal valuation of land, buildings and infrastructure assets on a cycle of 2 years. The valuations are performed either by appropriately experienced Council officers or independent experts engaged by Council.

Where assets are revalued, the revaluation increments arising from the valuations 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 previously 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 have been included in the asset revaluation reserve for that class of asset in which case the decrement is debited 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.



6.2 Property, Infrastructure, Plant and Equipment (Cont'd)

Council	2021 \$'000	2020 \$'000
<b>Specialised land and land under roads</b> 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 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$36 and \$4,449 per square metre.	1,811,011	1,744,258
<b>Specialised buildings</b> are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$250 to \$5,800 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 250 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.	234,501	206,451
<b>Infrastructure assets</b> are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 150 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.	700,115	657,163

(j) Valuation of Property

In accordance with Council policy, a revaluation of land was undertaken as at 30th April 2021. For land and buildings, fair value is 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.

Valuation of land was undertaken as at 30 April 2021, by a qualified independent valuer Celeste Orange (CPV) of Westlink Corporation Pty Ltd (trading as Westlink Consulting).

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2021 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land	-	563,461	-	30-Apr-21
Specialised Land	-	-	1,808,360	30-Apr-21
Specialised buildings	-	-	234,501	31-Mar-20
<b>Total</b>	-	<b>563,461</b>	<b>2,042,861</b>	

**(k) Valuation of Infrastructure**

In accordance with Council's policy a revaluation of infrastructure assets for 2020/21 has been undertaken as at the 30 April 2021.

The review has been undertaken by the Strategic Asset Management Coordinator, Lauren Day -Bachelor of Engineering (Civil)

The valuation is at fair value based on replacement cost less accumulated depreciation as at 30 April 2021.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

<b>Council</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Date of Valuation</b>
Roads	-	-	337,468	30-Apr-21
Bridges	-	-	2,827	30-Apr-21
Footpaths	-	-	60,364	30-Apr-21
Drainage	-	-	230,751	30-Apr-21
Recreational, leisure and community	-	-	22,873	30-Jun-21
Traffic management	-	-	8,461	30-Jun-21
Parks open spaces and streetscapes	-	-	23,244	30-Jun-21
Bicycle paths	-	-	6,422	30-Jun-21
Off street car parks	-	-	6,331	30-Jun-21
Other infrastructure	-	-	1,374	30-Jun-21
<b>Total</b>	-	-	<b>700,115</b>	

**Reconciliation of Specialised Land**

<b>Council</b>	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Land under roads	2,652	2,652
Parks and reserves and other	1,808,359	1,741,606
<b>Total specialised land</b>	<b>1,811,011</b>	<b>1,744,258</b>

### 6.3 Investments in Joint Arrangement Accounted For Using The Equity Method

#### Regional Landfill Clayton South Unincorporated Joint Arrangement

Under an agreement dated 23 September 1986, the former City of Oakleigh (now vested in the Monash City Council) contracted to purchase a 16.8% interest in the landfill site situated at 654 – 718 Clayton Road, South Clayton from the former City of Camberwell at a cost of \$840k.

Whilst the site was closed in December 2015, the joint venture continues to manage the site to ensure compliance with relevant environmental standards. Under Clause 2.2 of the purchase agreement Council receives 16.8% of any net operating surplus and pays 16.8% of any net operating deficit of the operations of the Clayton Landfill venture. Council's share of the operating loss for the year ended 30 June 2021 was \$1.79M, which has been recognised as an expense in the Comprehensive Income Statement.

The value of the investment in the Clayton Landfill has been revalued at year end to reflect Council's share of net assets recorded in the unaudited accounts of the Joint operation at 30 June 2021 and is included in the Balance Sheet as follows:

<b>REGIONAL LANDFILL CLAYTON SOUTH JOINT OPERATION</b>		
<b>Balance Sheet</b>		
<b>As at 30 June 2021</b>		
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current Assets	718	2,891
Current Liabilities	(2,021)	(3,040)
<b>Net Current Assets</b>	<b>(1,303)</b>	<b>(149)</b>
Non-Current Assets	-	-
Non-Current Liabilities	(17,798)	(8,295)
<b>Net Liability</b>	<b>(19,101)</b>	<b>(8,444)</b>
Contribution-Re Land	1,659	1,659
Retained earnings	(20,760)	(10,103)
<b>Deficit</b>	<b>(19,101)</b>	<b>(8,444)</b>
<b>Share of Monash City Council (16.8%)</b>		
<b>Movements</b>		
Share in Joint Operation Equity as at 1 July	(1,418)	(1,230)
Share of net (loss)/ profits of joint operation	(1,791)	(188)
<b>Share in Joint Operation Equity as at 30 June 2021</b>	<b>(3,209)</b>	<b>(1,418)</b>
<b>Represented in Council's Balance Sheet - Equity</b>		
Non - Current Assets - Investment in Joint arrangement accounted for using the equity method	115	478
Non-Current Liability - Investment in Joint arrangement accounted for using the equity method	(3,324)	(1,896)
<b>Net Liability</b>	<b>(3,209)</b>	<b>(1,418)</b>

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. Remediation is expected to be completed by 2050.

The calculation of the provision is based on a review of the Annual and planned equipment replacement aftercare costs of the site. These costs have been inflated at 2% per year. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 30 years.

The provision also takes into account a forecast \$1.996 million of capping and gas infrastructure works that are required to be completed primarily in 2021/22 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.

The provision was initially based on an external assessment performed in 2015. The landfill in its current state, is not yet "settled". A review has been undertaken during the 2020/21 financial year by Mackenzie Environmental Pty Ltd on estimates of future costs to operate the closed landfill site in accordance with the Environment Protection Act 2017 (the Act). The increase in provision relates to the expected post closure maintenance period costs after capping works are completed. The provision is based on the best formation available to management at yearend. This indicates aftercare costs of approximately \$1.034 million annually.

**Note 7 People and Relationships**

**7.1 Council and Key Management Remuneration**

**(a) Related Parties**

*Parent entity*  
Monash City Council

*Subsidiaries and Associates*  
Interests in Regional Landfill Clayton South Joint Operation is detailed in note 6.3.

**(b) Key Management Personnel**

Key Management Personnel includes the 11 Councillors in office from time to time, the Chief Executive Officer and those members of Council staff who have management responsibilities and report directly to the Chief Executive Officer.

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

	2021	2020
	No	No
<b>Key Management Personnel - Councillors</b>		
<b>From 1 July 2020 to 30 June 2021</b>		
Councillor Paul Klisaris	1	1
Councillor Stuart James (Mayor until 23rd Oct 2020 )	1	1
Councillor Shane McCluskey (Deputy Mayor from 24th Oct 2020 )	1	1
Councillor Josh Fergeus	1	1
Councillor Lynnette Saloumi (until 23rd Oct 2020 )	1	1
Councillor MT Pang Tsoi (Deputy Mayor until 23rd Oct 2020 )	1	1
Councillor Robert Davies ( until 23rd Oct 2020 )	1	1
Councillor Brian Little (Mayor from 24th Oct 2020 )	1	1
Councillor Geoff Lake	1	1
Councillor Theo Zographos	1	1
Councillor Rebecca Paterson	1	1
Councillor Anjalee De Silva	1	-
Councillor Nicky Luo	1	-
Councillor Tina Samardzija	1	-
<b>Key Management Personnel - Officers</b>		
Andi Diamond (Chief Executive Officer)	1	1
Danny Wain (Chief Financial Officer)	1	1
Russell Hopkins (Director Community Services)	1	1
Ossie Martinz (Director Infrastructure & Environment)	1	1
Peter Panagakos (Director City Development)	1	1
Leanne Wiebenga (Executive Manager - People and Culture)	1	1
Jarrold Doake (Chief Operating Officer)	1	1
Joanne Robertson (Executive Manager, Communications)	1	1
<b>Total Key Management Personnel</b>	<b>22</b>	<b>19</b>

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

	2021	2020
	\$,000	\$,000
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,316	2,223
Post-employment benefits	289	198
Long-term benefits	53	53
<b>Total</b>	<b>2,658</b>	<b>2,474</b>

The Councillor and Mayoral allowances are required to be set within the range specified by an Order in Council. Under that Order, which identifies 3 categories of Council, based upon physical size and population, Monash is deemed a Category 3 Council.

Mayor allowance: \$100,434 per annum

Councillor allowance : \$31,444 per annum

Council also contributes the legislative requirement for 9.5% superannuation.

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

	2021	2020
	No.	No.
\$1 - \$9,999	3	-
\$20,000 - \$29,999	3	-
\$30,000 - \$39,999	6	9
\$50,000 - \$59,999	1	1
\$80,000 - \$89,999	1	1
	<b>14</b>	<b>11</b>

**(c) Remuneration of Key Management Personnel (Cont'd)**

Chief Executive Officer and the numbers of KMP's whose total remuneration from Council and any related entities, fall within the following bands:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
\$160,000 - \$169,999	1	1
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	2
\$250,000 - \$259,999	1	-
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	1
\$280,000 - \$289,999	1	1
\$420,000 - \$429,999	1	1
	<b>8</b>	<b>8</b>

**(d) Senior Officer Remuneration**

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

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

The number of Senior Officers are shown below in their relevant income bands:

	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Income Range:		
\$151,000 - \$159,999	5	8
\$160,000 - \$169,999	13	7
\$170,000 - \$179,999	7	7
\$180,000 - \$189,999	8	7
	<b>33</b>	<b>29</b>

Total Remuneration for the reporting year for Senior Officers includes all bonuses, termination payments and payments of outstanding leave which amounted to:	\$	5,603	\$	4,942
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**7.2 Related Party Disclosure**

**(a) Transactions with related parties**

During the period Council entered into no reportable transactions with related parties.

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

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties: NIL

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

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

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

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

**Note 8 Managing Uncertainties**

**8.1 Contingent Assets and Liabilities**

**(a) Contingent Assets**

As at 30 June 2021, there are no potential contingent assets

**(b) Contingent Liabilities**

**Legal Matters**

The 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 .

**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 in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

**Landfill**

There are two sites outside the City of Monash boundary that may incur liabilities. The Heatherton Park landfill in Kingston was managed by the former City of Oakleigh (now City of Kingston). The other site is the former tip site located at Spring Valley Reserve in the City of Greater Dandenong. This site was managed by the former City of Springvale under the overall management of a Regional Group. At balance date Council is unable to accurately assess whether it is liable, validity of the claims or the financial implications of such works and as such, at this time, in each case is unable to accurately measure and recognise as a provision.

**Liability Mutual Insurance**

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

**(c) Guarantees for Loans to Other Entities**

Council has guaranteed bank loans for community bodies covering development of assets on Council property. In the event of any calls, Council has the right to retain the subject assets.

	<b>2021</b>	<b>2020</b>	<b>Guarantee Limit</b>	<b>Year Loan Commenced</b>
Community Organisation	<b>Outstanding Loan Liability</b>	<b>Outstanding Loan Liability</b>		
Waverley Hockey Club	149,441	160,000	300,000	2011/12
	<b>149,441</b>	<b>160,000</b>	<b>300,000</b>	

**8.2 Change in Accounting Standards**

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

### 8.3 Financial Instruments

#### (a) Objectives and Policies

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

#### (b) Market Risk

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

##### **Interest rate risk**

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

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

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

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

#### (c) Credit Risk

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. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

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

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

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

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

### **8.3 Financial Instruments (Cont'd)**

#### **(d) Liquidity Risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or we will not have 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:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees disclosed on Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

#### **(e) Sensitivity Disclosure Analysis**

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 0.100%.

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.



#### 8.4 Fair Value Measurement

##### *Fair value hierarchy*

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

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

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

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

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

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

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

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

##### *Impairment of Assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs 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 operating 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.

Assessment of the impairment of assets has been undertaken as part of Monash internal work plan and there have been no impairment write-downs in 2020/21.

#### 8.5 Events Occurring After Balance Date

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

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**Note 9 Other Matters**

**9.1 Reserves**

	Balance at beginning of reporting period	Revaluation Increment / (decrement)	Adjustments	Balance at end of reporting period
(a) Asset Revaluation Reserves 2021	\$'000	\$'000	\$'000	\$'000
<b>Property</b>				
Land	1,939,920	77,350	-	2,017,270
Buildings	77,454	-	(196)	77,258
<b>Infrastructure</b>				
Roads and Footpaths	118,755	(5,517)	-	113,238
Drainage	83,659	47,128	-	130,787
Other Infrastructure	9,476	53	-	9,529
<b>Other</b>				
Plant & Equipment	11	-	-	11
Library Books	250	-	-	250
Art Collection	2,757	-	-	2,757
<b>Total Asset Revaluation Reserves</b>	<b>2,232,282</b>	<b>119,014</b>	<b>(196)</b>	<b>2,351,100</b>

2020	Balance at beginning of reporting period	Increment / (decrement)	Adjustments	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
<b>Property</b>				
Land	1,939,939	-	(19)	1,939,920
Buildings	77,155	358	(59)	77,454
<b>Infrastructure</b>				
Roads and Footpaths	118,755	-	-	118,755
Drainage	83,659	-	-	83,659
Other Infrastructure	9,476	-	-	9,476
<b>Other</b>				
Plant & Equipment	11	-	-	11
Library Books	250	-	-	250
Art Collection	1,978	779	-	2,757
<b>Total Asset Revaluation Reserves</b>	<b>2,231,223</b>	<b>1,137</b>	<b>(78)</b>	<b>2,232,282</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2021

### Note 9 Other Matters (Cont'd)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
(b) Statutory Reserve	\$'000	\$'000	\$'000	\$'000
<b>2021</b>				
Drainage Reserve	7,558	1,018	(308)	8,267
Parking Reserve	3,216	1,634	(120)	4,731
Public Open Space Reserve	6,225	11,104	(7,776)	9,552
<b>Total Statutory Reserves</b>	<b>16,999</b>	<b>13,755</b>	<b>(8,204)</b>	<b>22,550</b>
<b>2020</b>				
Drainage Reserve	7,415	962	(819)	7,558
Parking Reserve	3,580	90	(454)	3,216
Public Open Space Reserve	2,315	9,590	(5,680)	6,225
<b>Total Statutory Reserves</b>	<b>13,310</b>	<b>10,642</b>	<b>(6,953)</b>	<b>16,999</b>

#### *Drainage Reserve*

New property developments are required to make a contribution towards Council's strategic drainage system where the development may impact on the drainage system. These funds are maintained by catchment area and when any strategic drainage projects are undertaken funds in that catchment area's account are utilised to fund these works.

#### *Parking Reserve*

Currently where a development is considered to increase the parking requirements of a centre the developer is required to pay a predetermined amount per additional parking space required.

#### *Public Open Space Reserve (POS)*

The Monash Planning Scheme requires that a person who proposes to subdivide land must make a contribution to the Council for public open space (being a percentage of the land intended to be used for residential, industrial or commercial purposes, or a percentage of the site value of such land, or a combination of both). If no amount is specified, a contribution for public open space may still be required under *section 18 of the Subdivision Act 1988*. These funds are then used to either upgrade recreational facilities in existing open space areas or provide additional open space in the municipality.

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
(c) Discretionary Reserves	\$'000	\$'000	\$'000	\$'000
<b>2021</b>				
Development Reserve	4,504	-	(800)	3,704
Superannuation Reserve	5,500	-	-	5,500
Unspent Grant Reserve	-	-	-	-
<b>Total Discretionary Reserves</b>	<b>10,004</b>	<b>-</b>	<b>(800)</b>	<b>9,204</b>
<b>2020</b>				
Development Reserve	7,154	-	(2,650)	4,504
Superannuation Reserve	5,500	-	-	5,500
Unspent Grant Reserve	2,095	-	(2,095)	-
<b>Total Discretionary Reserves</b>	<b>14,749</b>	<b>-</b>	<b>(4,745)</b>	<b>10,004</b>

#### *Development Reserve (formerly named the Aged Residential Care Facilities Upgrade Reserve)*

This Reserve (formerly named the Aged Residential Care Facilities Upgrade Reserve) provided for future capital upgrades and refurbishment at Council's Aged Care facilities. Following the divestment of Council's Aged Care facilities the Reserve has been renamed to reflect Council's desire to utilise the funds for wider municipal development.

#### *Superannuation Reserve*

This is a discretionary reserve to provide funding towards any future call to top-up the Defined Benefit category of Vision Super.

**Notes to the Financial Report  
For the Year Ended 30 June 2021**

**Note 9 Other Matters (Cont'd)**

**9.2 Reconciliation of Cash Flows from Operating Activities to Surplus**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Surplus for the year</b>	8,670	11,279
Depreciation	29,257	29,519
Amortisation-Intangible Assets	1,420	1,101
Amortisation- Right Of Use Assets	1,648	1,069
Net Gain/(Loss) on disposal of Property, Infrastructure, Plant and Equipment	(555)	(457)
Developer contributions of Infrastructure	-	(77)
Art Donation	(302)	(218)
Land Donation	(900)	-
Infrastructure Donation	(1,300)	-
Capitalised Salaries ( Note 4.1 )	(3,427)	(2,715)
Share of loss from Clayton Joint Venture	1,791	188
Finance Cost	191	92
<b><i>Change in operating assets and liabilities</i></b>		
(Increase)/Decrease in Receivables	(2,582)	(3,818)
(Increase)/Decrease in Prepayments	206	(477)
(Increase)/Decrease in Current Refundable Deposits	(180)	1,091
Increase/(Decrease) in other liabilities	5,222	2,337
Increase/(Decrease) in Payables	(2,392)	244
Increase/(Decrease) in Current Provisions	4,206	(565)
(Decrease)/Increase in Non Current Provisions	(1,526)	1,727
<b>Net cash provided by operating activities</b>	<b>39,447</b>	<b>40,320</b>

**Note 9 Other Matters (Cont'd)**

**9.3 Superannuation**

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

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2021, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Monash 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**

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

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.6% pa

Salary information 2.5% pa for two years and 2.75% pa thereafter

Price inflation (CPI) 2.0% pa.

As at 30 June 2021, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category.

Vision Super has advised that the estimated VBI at 30 June 2021 was 109.7%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

**Employer contributions**

**Regular contributions**

On the basis of the results of the 2020 triennial 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 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

**Funding calls**

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

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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

**Note 9 Other Matters (Cont'd)**  
**9.3 Superannuation**

**The 2020 interim actuarial investigation surplus amounts**

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

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

	<b>2020</b>	<b>2019</b>
	\$m	\$m
- A VBI Surplus	100.0	151.3
- A total service liability surplus	200.0	233.4
- A discounted accrued benefits surplus	217.8	256.7

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 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2020.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

**Note 10 Change in accounting policy**

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