

### 7.3.2 2022/23 FINANCIAL & PERFORMANCE STATEMENTS

<b>Responsible Manager:</b>	Yanthi Nilam, Manager Finance
<b>Responsible Director:</b>	Danny Wain, Chief Financial Officer

#### RECOMMENDATION

That Council:

1. notes the draft **City of Monash 2022/23 Annual Financial Statements, Performance Statement and Governance and Management checklist (the Statements) prepared in Accordance with the Local Government Act 2020;**
2. notes the **14 September 2023 recommendation of Council’s Audit & Risk Committee in relation to the Statements;**
3. **adopts the Statements “in principle” prior to them being provided to the Victorian Auditor-General’s Office for audit sign off;**
4. **nominates the Mayor and Deputy Mayor to certify the Statements in their final form; and**
5. **authorises the nominated Councillors and Officers to accept any further recommended changes to the Statements by the Victorian Auditor-General’s Office.**

#### INTRODUCTION

The 2022/23 Financial Statements, Performance Statement and Governance and Management checklist (the Statements) of the City of Monash have been prepared in accordance with the *Local Government Act 2020* (the Act) and the Local Government (Planning and Reporting) Regulations 2020 (the Regulations). The Financial Statements also comply with the Australian International Reporting Standards (AIFRS) framework. The Statements are included in Attachment 1 of this report. Performance Statement and Governance and Management checklist are Attachments 2 and 3.

#### PROCESS

A statutory approvals process for the Annual Accounts requires that the following process be undertaken:

- the Auditor-General must appoint an External Auditor to review the draft set of Financial and Performance Statements (the Statements) and to make a preliminary recommendation to Council’s Audit & Risk Committee. The Council’s appointed External Auditor is HLB Mann Judd.
- Council’s Audit & Risk Committee must meet to consider the draft statements and the preliminary recommendation made by the External Auditor, and if satisfied with the Statements as drafted, make a recommendation that the Statements be approved “In Principle” by Council;
- the Council must nominate two Councillors to certify the Statements in their final form, which by convention, is Council’s two current Audit & Risk Committee members;

- the Council considers the Statements, approves them “In Principle”, and authorises that the Statements be submitted to HLB Mann Judd;
- the Statements are then submitted to Auditor-General office for review;
- any issues arising from the draft Statements are resolved in the first instance with Council’s Principal Accounting Officer (the Chief Financial Officer), and if necessary, Council’s Audit & Risk Committee, following which the Auditor-General will provide certification of the Statements;
- the Council’s Principal Accounting Officer, the Chief Executive Officer and the two nominated Councillors are then required to certify the Statements;
- Council’s Annual Report, incorporating the certified Statements, is considered by Council at a subsequent Council meeting.

### **AUDIT AND RISK COMMITTEE**

Council’s Audit & Risk Committee met on Thursday 14 September 2023 to consider the Statements, and resolved:

*“The Committee recommends that Council:*

1. *endorses the 2022/23 draft Financial Statements, Performance Statement and Governance and Management checklist (the Statements), subject to resolution of any outstanding audit issues and minor amendments including;*
  - *Any non-material changes arising from completion of the audit; and*
  - *Material changes arising from the completion of audit procedures after consulting the Audit and Risk Committee Chair and reporting these to Council;*
2. *recommends that Council, at its meeting on 26 September 2023, adopts the Statements “in principle” and forwards the Statements to the Auditor-General for certification.*
3. *nominates two Councillors to certify the final version of the Annual Financial Statement 2022/23 and*
4. *authorises Chief Executive Officer to forward the Statements to the Auditor-General for certification.”*

### **FINANCIAL IMPLICATIONS**

There are no financial implications to this report.

### **POLICY IMPLICATIONS**

There are no policy implications to this report.

### **CONSULTATION**

Community consultation was not required.

## **SOCIAL IMPLICATIONS**

There are no social implications to this report.

## **HUMAN RIGHTS CONSIDERATIONS**

There are no human rights implications to this report.

## **GENDER IMPACT ASSESSMENT**

A GIA was not completed because this policy/program/service does not have a 'direct' and 'significant' impact on the community.

## **CONCLUSION**

Following completion of the required processes, including review by Council's Principal Accounting Officer, External Auditor and the Audit & Risk Committee, it is recommended that Council:

- notes the draft City of Monash 2022/23 Annual Financial Statements, Performance Statement and Governance and Management checklist (the Statements) prepared in Accordance with the Local Government Act 2020;
- notes the 14 September 2023 recommendation of Council's Audit & Risk Committee in relation to the Statements;
- adopts the Statements "in principle" prior to them being provided to the Victorian Auditor-General's Office for audit sign off;
- nominates two Councillors to certify the Statements in their final form; and
- authorises the nominated Councillors and Officers to accept any further recommended changes to the Statements by the Victorian Auditor-General's Office.

## **ATTACHMENT LIST**

1. Draft Monash Financial Statement 2022-23 [7.3.2.2 - 46 pages]
2. Draft Monash Performance Statement 2022-23 [7.3.2.3 - 15 pages]
3. 2022-23 Governance and Management Checklist [7.3.2.4 - 4 pages]

MONASH CITY COUNCIL  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

DRAFT

Registered Office and Principal Place of Business: 293 Springvale Road, Glen Waverley Vic 3150

**Monash City Council  
Annual Financial Report**

**for the Year Ended 30 June 2023**

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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 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.

.....

Principal Accounting Officer  
**Daniel Wain CPA**

Dated:

In our opinion, the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2023 and the financial position of the Council as of that date.

As at the date of signing, we are not aware of any circumstance that 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 2020* to certify the financial statements in their final form.

.....

< Councillor Name >  
< Councillor Title >

.....

< Councillor Name >  
< Councillor Title >

.....

Peter Panagakos  
Acting Chief Executive Officer

Dated:

**MONASH CITY COUNCIL**

**Comprehensive Income Statement  
For the Year Ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
<b>Income/Revenue</b>			
Rates & Charges	3.1	139,863	136,058
Statutory Fees & Fines	3.2	11,261	9,932
User Fees	3.3	24,750	17,532
Grants - Operating	3.4	24,155	22,630
Grants - Capital	3.4	17,072	12,328
Contributions - monetary	3.5	7,315	11,078
Contributions - non-monetary	3.5	616	4,783
Net (loss)/gain on disposal of Property, Infrastructure, Plant & Equipment	3.6	198	568
Share of net profit/(loss) of joint operation accounted for by the equity method	6.3	(381)	328
Other Income	3.7	3,732	1,527
<b>Total Income/Revenue</b>		<b>228,581</b>	<b>216,764</b>
<b>Expenses</b>			
Employee Costs	4.1(a)	90,551	84,853
Materials & Services	4.2	84,475	79,240
Depreciation	4.3	32,658	30,347
Amortisation-Intangible Assets	4.4	2,551	1,573
Amortisation- Right Of Use Assets	4.5	1,658	1,670
Finance Costs-Leases	4.6	136	161
Other Expenses	4.7	731	714
<b>Total Expenses</b>		<b>212,760</b>	<b>198,558</b>
<b>Surplus/(deficit) for the year</b>		<b>15,821</b>	<b>18,206</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)	59,042	261,448
<b>Total other Comprehensive income</b>		<b>59,042</b>	<b>261,448</b>
<b>Total Comprehensive result</b>		<b>74,863</b>	<b>279,654</b>

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

**MONASH CITY COUNCIL**

**Balance Sheet  
As at 30 June 2023**

<b>ASSETS</b>	<b>Note</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	5.1(a)	73,352	52,879
Trade & Other Receivables	5.1(c)	16,994	17,063
Other Financial Assets	5.1(b)	3,569	31,569
Prepayments	5.2(a)	715	575
Non Current Assets Classified as held for sale	6.1	6,315	2,905
Other Assets	5.2 (a)	6,067	719
<b>Total Current Assets</b>		<b>107,012</b>	<b>105,710</b>
<b>Non-Current Assets</b>			
Property, Infrastructure, Plant & Equipment	6.2	3,719,269	3,626,777
Right Of Use Assets	5.7	6,610	6,045
Intangible Assets	5.2	9,985	9,356
Other Non Current Assets		711	727
Investments in joint arrangement accounted for using the equity method	6.3	217	444
<b>Total Non-Current Assets</b>		<b>3,736,792</b>	<b>3,643,349</b>
<b>TOTAL ASSETS</b>		<b>3,843,804</b>	<b>3,749,059</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	5.3(a)	32,689	17,577
Trust Funds & Deposits	5.3(b)	16,247	14,783
Unearned Income/revenue	5.3(c)	6,701	4,302
Provisions	5.4	20,689	20,654
Lease Liabilities	5.7	1,467	1,518
<b>Total Current Liabilities</b>		<b>77,793</b>	<b>58,834</b>
<b>Non-Current Liabilities</b>			
Provisions	5.4	1,470	1,347
Liabilities in joint arrangement accounted for using the equity method	6.3	3,479	3,325
Lease Liabilities	5.7	5,297	4,650
<b>Total Non-Current Liabilities</b>		<b>10,246</b>	<b>9,322</b>
<b>TOTAL LIABILITIES</b>		<b>88,039</b>	<b>68,156</b>
<b>NET ASSETS</b>		<b>3,755,765</b>	<b>3,680,903</b>
<b>EQUITY</b>			
Accumulated Surplus		1,055,433	1,035,811
Reserves	9.1	2,700,332	2,645,092
<b>TOTAL EQUITY</b>		<b>3,755,765</b>	<b>3,680,903</b>

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 2023

Note	2023				2022			
	Total 2023 \$'000	Accumulated Surplus 2023 \$'000	Asset Revaluation Reserve 2023 \$'000	Other Reserves 2023 \$'000	Total 2022 \$'000	Accumulated Surplus 2022 \$'000	Asset Revaluation Reserve 2022 \$'000	Other Reserves 2022 \$'000
Balance at beginning of the Financial Year	3,680,902	1,035,811	2,612,548	32,543	3,401,248	1,018,394	2,351,100	31,754
Surplus for the year	15,821	15,821	-	-	18,206	18,206	-	-
Net Asset revaluation increment /(decrement)	9.1	59,042	-	59,042	-	261,448	-	261,448
Transfers from Other Reserves	9.1	-	10,005	-	(10,005)	-	6,226	-
Transfers to Other Reserves	9.1	-	(6,204)	-	6,204	-	(7,015)	-
<b>Balance at End of the Financial Year</b>	<b>3,755,765</b>	<b>1,055,433</b>	<b>2,671,590</b>	<b>28,742</b>	<b>3,680,902</b>	<b>1,035,811</b>	<b>2,612,548</b>	<b>32,543</b>

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

**MONASH CITY COUNCIL**

**Statement of Cash Flows  
For the Year Ended 30 June 2023**

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates & Charges		140,743	135,312
Statutory Fees & Fines		11,261	9,932
User Fees		25,456	15,878
Grants - Operating		22,706	24,019
Grants - Capital		14,569	8,812
Contributions-monetary		7,315	11,078
Interest Received		2,441	383
Trusts and Refundable Deposits Taken		2,026	2,057
Other Receipts		711	968
Net GST Refund		12,454	9,558
Employee Costs		(96,593)	(88,156)
Materials and Services		(91,985)	(90,943)
Trusts and Refundable Deposits Repaid		(508)	(702)
Other Payments		(731)	(713)
<b>Net cash provided by operating activities</b>	<b>9.2</b>	<b>49,865</b>	<b>37,483</b>
<b>Cash flows from investing activities</b>			
Net Proceeds/(payments) on Investment		28,000	16,076
Payments for Acquisition of Property, Infrastructure, Plant and Equipment		(56,206)	(41,122)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		577	27
<b>Net cash used by investing activities</b>		<b>(27,629)</b>	<b>(25,019)</b>
<b>Cash flows from financing activities</b>			
Interest paid-lease liability		(136)	(161)
Repayment of lease liabilities		(1,627)	(1,645)
<b>Net cash used by financing activities</b>		<b>(1,763)</b>	<b>(1,806)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>20,473</b>	<b>10,658</b>
Cash and cash equivalents at the beginning of the financial year		52,879	42,221
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5.1 (a)</b>	<b>73,352</b>	<b>52,879</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.

**MONASH CITY COUNCIL**

**Statement of Capital Works  
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
<b>Property</b>		
Land Improvements	459	55
Buildings & Building Improvements	21,805	9,662
<b>Total property</b>	<b>22,264</b>	<b>9,717</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	2,180	3,178
Fixtures, fittings and furniture	584	1,025
Computers and telecommunications	4,577	6,174
Library books	1,359	1,361
<b>Total plant and equipment</b>	<b>8,700</b>	<b>11,738</b>
<b>Infrastructure</b>		
Roads	11,964	7,912
Bridges	444	19
Footpaths and cycleways	5,412	6,553
Drainage	4,085	1,387
Recreational, leisure and community facilities	16,354	8,625
Waste management	146	134
Parks, open space and streetscapes	3,271	3,791
Off street car parks	234	455
Other infrastructure	818	204
<b>Total infrastructure</b>	<b>42,728</b>	<b>29,080</b>
<b>Total capital works expenditure</b>	<b>73,692</b>	<b>50,535</b>
Less transferred to operating as unable to capitalise from work in progress	(1,243)	(3,739)
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>72,449</b>	<b>46,796</b>
<b>Represented by:</b>		
New asset expenditure	5,174	3,548
Asset renewal expenditure	60,533	41,512
Asset expansion expenditure	2,841	1,948
Asset upgrade expenditure	5,144	3,527
<b>Total capital works expenditure</b>	<b>73,692</b>	<b>50,535</b>
Less transferred to operating as unable to capitalise from work in progress	(1,243)	(3,739)
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>72,449</b>	<b>46,796</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2023

### Note 1 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 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

#### Significant accounting policies

##### 1.1 Basis of Accounting

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- 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)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgements

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

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

## Notes to the Financial Report For the Year Ended 30 June 2023

### Note 2 ANALYSIS OF OUR RESULTS

#### 2.1 Performance Against Budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold 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 28th June 2022. 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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

#### 2.1.1 Income/Revenue and Expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
<b>Income/Revenue</b>					
Rates and charges	140,074	139,863	(211)	(0.2%)	
Statutory fees and fines	10,276	11,261	985	9.6%	
User fees	24,844	24,750	(94)	(0.4%)	
Contributions - monetary	11,034	7,315	(3,719)	(33.7%)	1
Contributions - non monetary	-	616	616	(100.0%)	2
Grants - Operating (recurrent)	20,192	22,090	1,898	9.4%	3
Grants - Operating (non-recurrent)	210	2,065	1,855	883.3%	4
Grants - Capital (recurrent)	829	827	(2)	(0.2%)	
Grants - Capital (non-recurrent)	16,104	16,245	141	0.9%	
Other Revenue	1,257	3,732	2,475	196.9%	5
Profit from Sale of Assets	-	198	198	0.0%	
Share of net loss of joint operation	-	(381)	(381)	0.0%	
<b>Total income/Revenue</b>	<b>224,820</b>	<b>228,581</b>	<b>3,761</b>		
<b>Expenses</b>					
Employee costs	90,701	90,551	150	0.2%	
Materials and Services	79,505	84,475	(4,970)	(6.3%)	6
Depreciation	31,626	32,658	(1,032)	(3.3%)	7
Amortisation-intangible assets	2,098	2,551	(453)	0.0%	
Amortisation- right of use assets	1,548	1,658	(110)	0.0%	
Finance Costs-leases	130	136	(6)	0.0%	
Other Expenses	822	731	91	11.1%	
<b>Total expenses</b>	<b>206,430</b>	<b>212,760</b>	<b>(6,330)</b>		
<b>Surplus/deficit for the year</b>	<b>18,390</b>	<b>15,821</b>	<b>(2,569)</b>		

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**Note 2 Performance Against Budget (Cont.)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Contributions-monetary	Contributions - monetary are \$3.7M unfavourable to budget or 33.7%. This relates to lower reserve contributions received for the year. This applied to Public Open Space (POS), Drainage and Car Parking contributions budgeted to be received which are then transferred to the respective reserve. POS was the main variance to budget which relates to changed economic conditions during the year due to interest rate increases which have slowed development applications and project completion.
2	Contributions- non monetary	Contributions - non monetary are favourable to budget by \$0.6M. This relates to art donations and contributions received for the year at the Monash Gallery of Art.
3	Grants- Operating (recurrent)	Grants - Operating (recurrent) are \$1.89M favourable to budget or 9.4%. Some additional grant income was received across several services including Library services, School Crossings and Maternal and Child Care, however the major component of this variance relates to Commonwealth Financial Assistance Grants which continued to be advance funded - 100% of the 2023/24 grant was received in June 2023.
4	Grants- Operating (non-recurrent)	Grants- Operating (non-recurrent) are \$1.8M favourable to budget. Additional one-off funding was received in Community Services, Youth Services and again some Covid Grant relief funding streams from State Government.
5	Other Revenue	Other revenue was \$2.5M favourable to budget and mainly relates to higher investment interest income earned for the year due to interest rate increases, which were budgeted at a lower level for the 2022/23 year.
6	Materials and Services	Materials and Services were \$4.97M unfavourable to budget or 6.3%. There were several areas of Council operations which incurred additional costs for the year. Waste management collections and disposal costs increased (\$1.4M) for the year relating to the food organics initiative and also increased contract costs. Annual insurances also increased (\$0.4M) for the range of policy premiums required along with additional legal fees expenditure (\$0.9M) on issues requiring further legal advice. Utility costs increased (\$1.03M) for the year which were a combination of charge increases and usage, mainly gas charges. The cost of project works not able to be capitalised as assets transferred to operating expenditure totalled \$1.24M. Building maintenance costs also increased (\$1.2M) which is due to increased capacity and usage in the post-covid period.
7	Depreciation	Depreciation expense was unfavourable to budget by \$1.03M or 3.3%. This relates to the high completion of capital works projects and related project capitalisation into assets. Council's capital works program for the 2022/23 year was the highest ever in value and a completion rate of 94.51% of the adjusted target was achieved. This meant that a higher value of assets were capitalised during the year. Additional depreciation expense was incurred, mainly in June, as projects completed and were ready to be capitalised as an asset placed in service.

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**Note 2 Performance Against Budget (Cont'd)**

**2.1.2 Capital Works**

	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
<b>Property</b>					
Land Improvements	126	459	(333)	(264.3%)	1
Buildings & Building improvements	29,388	21,805	7,583	25.8%	2
<b>Total Property</b>	<b>29,514</b>	<b>22,264</b>	<b>7,250</b>		
<b>Plant and Equipment</b>					
Plant, machinery and equipment	3,445	2,180	1,265	36.7%	3
Fixtures, fittings and furniture	503	584	(81)	(16.1%)	4
Computers and telecommunications	5,305	4,577	728	13.7%	5
Library books	1,369	1,359	10	0.7%	
<b>Total Plant and Equipment</b>	<b>10,622</b>	<b>8,700</b>	<b>1,922</b>		
<b>Infrastructure</b>					
Roads	11,335	11,964	(629)	(5.5%)	
Bridges	1,380	444	936	67.8%	6
Footpaths and cycleways	4,837	5,412	(575)	(11.9%)	7
Drainage	4,683	4,085	598	12.8%	8
Recreational, leisure and community facilities	22,922	16,354	6,568	28.7%	9
Waste management	267	146	121	45.3%	10
Parks, open space and streetscapes	3,957	3,271	686	17.3%	11
Off street car parks	-	234	(234)	0.0%	
Other Infrastructure	1,185	818	367	31.0%	12
<b>Total Infrastructure</b>	<b>50,566</b>	<b>42,728</b>	<b>7,838</b>		
<b>Total Capital Works Expenditure</b>	<b>90,702</b>	<b>73,692</b>	<b>17,010</b>	18.8%	
Less transferred to operating as unable to capitalise from work in progress	-	(1,243)	1,243		
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>90,702</b>	<b>72,449</b>	<b>18,253</b>	20.1%	
<b>Represented by:</b>					
New asset expenditure	1,091	5,174	(4,083)		
Asset renewal expenditure	56,565	60,533	(3,968)		
Asset expansion expenditure	19,796	2,841	16,955		
Asset upgrade expenditure	13,250	5,144	8,106		
<b>Total Capital Works Expenditure</b>	<b>90,702</b>	<b>73,692</b>	<b>17,010</b>		
Less transferred to operating as unable to capitalise from work in progress	-	(1,243)	1,243		
<b>Adjusted Balance of Capital Works Expenditure</b>	<b>90,702</b>	<b>72,449</b>	<b>18,253</b>		
<b>Funding sources represented by</b>					
Grants	18,297	18,200	97		
Contributions	57	93	(36)		
Council Cash	72,348	55,399	16,949		
<b>Total Capital Works Expenditure</b>	<b>90,702</b>	<b>73,692</b>	<b>17,010</b>		

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Land Improvements	Land Improvements are \$0.33M unfavourable to budget. Expenditure relates to one project for site remediation works at 333 Waverley Road, Mt Waverley which continued into 2022/23. This site is planned for redevelopment and consideration for sale.
2	Buildings & Building improvements	Buildings & Building improvements are \$7.6M favourable to budget or 25.8%. Major projects in this category include the Bogong multi-level car park extension which will continue into 2023/24 - carry forward \$4.5M; the Building renewal fit out program which came in under budget (\$0.43M); the Zero Net Carbon Action Plan (ZNCAP) projects which all returned favourable variances (\$0.5M); the Pool filters replacement - ORC (\$0.47M); Schematic design of the Glen Waverley Civic precinct will continue into 2023/24 (\$1.32M). As part offset, some project expenditure was brought forward which relates to the Children and Family Hub State Government funded projects which will continue into 2023/24.
3	Plant, machinery and equipment	Plant, machinery and equipment is unfavourable to budget by \$1.3M or 36.7%. This relates to global supply chain issues impacting delivery and receipt of motor vehicles, plant and specialist equipment. Funds will be carried forward to account for already 'procured' stock and fleet vehicles and plant which will not be delivered into the next financial year, delivery lead times now are many months into the future.
4	Fixtures, fittings and furniture	Fixtures, fittings and furniture are \$0.08M unfavourable to budget or 16.1%. This mainly relates to the boiler and heat pump replacement project at the Oakleigh Recreation Centre which is part of ZNCAP program. Other projects in this category only had minor variances.
5	Computers and telecommunications	Computers and telecommunications are favourable to budget by \$0.7M or 13.7%. This mainly relates to the Electronic Document Management System project which will continue into 2023/24.
6	Bridges	Bridges expenditure is \$0.9M favourable to budget or 67.8%. This is mainly due to the Duerdin Street bridge construction project which will move into 2023/24.
7	Footpaths and cycleways	Footpaths and cycleways are \$0.6M unfavourable to budget or 11.9%. This is due to completion of the footpath renewal program for 2022/23 and also additional works required as part of the Major Activity Centres renewal program.
8	Drainage	Drainage projects are \$0.6M favourable to budget or 12.8%. This is mainly due to the carry forward of the Stocks Road drainage project which will be undertaken in 2023/24. Some additional development contribution plan (DCP) projects were able to be achieved as a result.
9	Recreational, leisure and community facilities	Recreational, leisure and community facilities projects were \$6.6M favourable to budget or 28.7%. This category includes the Glen Waverley Sports Hub project which will continue into 2023/24. It is a major project being funded by State Government and Council and is part of the North East Link Project being undertaken by the State requiring a tennis centre relocation. There are also a range of other projects in this category that will be carried forward into next financial year.
10	Waste management	Waste management is \$0.12M favourable to budget or 45.5% which relates to the Post Closure Landfill management works. The requirements to manage and rehabilitate landfill will be undertaken as required but will form part of operating expenditure.
11	Parks, open space and streetscapes	Parks, open space and streetscapes are \$0.7M favourable to budget or 17.3%. This is mainly due to the Kingsway Redevelopment consultation and Oakleigh Station Precinct Public Realm Upgrade projects which will carry forward and commence in the next financial year.
12	Other Infrastructure	Other infrastructure is \$0.37M favourable to budget or 31%. This mainly relates to Retaining Wall works at several locations which came in under budget. The Road Hump renewal program is also in this category which was favourable to budget.

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

Council delivers its functions and activities through the following programs.

**2.2.1 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 Communications, Customer Experience and People and Safety.

**Corporate Services**

This division works across the organisation to support departments to deliver services and projects that benefit Monash's diverse community. This entails strategic planning and discussions to facilitate Executive and Councillor decision-making, continuous business improvement and service planning, business assurance and risk management, and project management support and reporting. The division also manages Council processes in relation to tendering and procurement, coordinates the annual planning and budgeting processes, in addition to providing transactional support in relation to levying rates and charges and payments to suppliers.

**Community 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, Aged and Community Support, Children, Youth and Family Services, Arts and Libraries, Community Strengthening and Economic Development.

**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, Community Amenity, Engineering, Property, City Design and Strategic Planning.

**City 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 Capital Works, Facilities and Infrastructure Maintenance, Governance and Legal, Horticultural Services, Strategic Asset Management, Sustainable Monash, Transformation and Innovation.

**Notes to the Financial Report**  
**For the Year Ended 30 June 2023**

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

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

	Income/Revenue \$'000	Expenses \$'000	Surplus/(Deficit) \$'000	Grants included in income/Revenue \$'000	Total assets \$'000
<b>2023</b>					
Chief Executive	1,008	10,374	(9,366)	-	-
Corporate Services	157,292	54,323	102,969	6,888	3,843,804
Community Services	27,825	48,500	(20,675)	14,048	-
City Development	16,836	23,023	(6,187)	832	-
City Services	25,620	76,540	(50,920)	19,459	-
	<b>228,581</b>	<b>212,760</b>	<b>15,821</b>	<b>41,227</b>	<b>3,843,804</b>
<b>2022</b>					
Chief Executive	824	35,053	(34,229)	-	-
Corporate Services	150,597	46,407	104,190	6,301	3,749,059
Community Services	21,616	42,384	(20,768)	13,629	-
City Development	12,525	18,817	(6,292)	693	-
City Services	31,202	55,897	(24,695)	14,335	-
	<b>216,764</b>	<b>198,558</b>	<b>18,206</b>	<b>34,958</b>	<b>3,749,059</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES**

**2023  
\$'000**      **2022  
\$'000**

**3.1 Rates and Charges**

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 2022/23 was \$100.291 billion (2021/22 \$85.871 billion). The 2022/23 rate in the dollar for residential was \$0.00132475 (2021/22 \$0.00150609) and for other properties \$0.00153235 (2021/22 \$0.00174938).

General Rates	134,190	131,898
Pension Rebate	(1,001)	(994)
Cultural & Recreational	247	269
Supplementary rates & rate adjustments	1,769	720
Recycling & Waste Levy	3,874	3,493
Interest on rates and charges	784	672
<b>Total Rates and Charges</b>	<b>139,863</b>	<b>136,058</b>

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2022 and the valuation was first applied in the rating year commencing 1 July 2022. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

**3.2 Statutory Fees and Fines**

Infringements	5,919	4,499
Court Recoveries	1,137	890
Town Planning Fees	3,025	3,413
Land Information Certificates	167	207
Permits	1,013	923
<b>Total Statutory Fees and Fines</b>	<b>11,261</b>	<b>9,932</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	2,650	2,436
Recreation Fees	9,834	5,484
Waste Transfer Station	2,780	2,677
Building Services Fees	2,180	1,847
Library Fees and Fines	45	25
Bin Charges	2,274	2,112
Lease Charges	520	317
Hire and Rental Charges	1,246	413
Other Fees and Charges	3,221	2,221
<b>Total User Fees</b>	<b>24,750</b>	<b>17,532</b>

**User fees by timing of revenue recognition**

User fees recognised over time	225	238
User fees recognised at a point in time	24,525	17,294
<b>Total User Fees</b>	<b>24,750</b>	<b>17,532</b>

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

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	19,016	22,541
State funded grants	22,211	12,417
<b>Total grants received</b>	<b>41,227</b>	<b>34,958</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	7,860	7,423
Family and Children	1,360	1,444
General Home Care	7,027	7,569
<b>Recurrent - State Government</b>		
Family and Children	431	335
Maternal & child health	1,807	1,582
Libraries	1,311	1,292
General Home care	1,187	1,027
Youth Services	87	90
School crossing supervisors	702	580
Other	318	117
<b>Total recurrent operating grants</b>	<b>22,090</b>	<b>21,459</b>
<b>Non Recurrent - State Government</b>		
Community	476	94
Youth services	288	120
Gallery	23	20
COVID-19 Grant Relief	819	536
Other	459	401
<b>Total non-recurrent operating grants</b>	<b>2,065</b>	<b>1,171</b>
<b>Total operating grants</b>	<b>24,155</b>	<b>22,630</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	806	1,115
<b>Recurrent - State Government</b>		
Libraries	21	21
<b>Total recurrent capital grants</b>	<b>827</b>	<b>1,136</b>
<b>Non Recurrent - Commonwealth Government</b>		
Recreation	-	90
Local Roads and Community Infrastructure (LRCI)	1,963	4,900
<b>Non Recurrent - State Government</b>		
Buildings & Building improvements	3,505	2,351
Computers and Telecommunications	5	45
Footpaths & Cycleway	311	341
Parks & Open space and streetscapes	678	1,096
Recreational & Leisure and community facilities	9,783	2,347
Roads	-	12
Other infrastructure	-	10
<b>Total non recurrent capital grants</b>	<b>16,245</b>	<b>11,192</b>
<b>Total capital grants</b>	<b>17,072</b>	<b>12,328</b>
<b>Total Grants</b>	<b>41,227</b>	<b>34,958</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	1,466	833
Received during the financial year and remained unspent at balance date	701	1,466
Received in prior years and spent during the financial year	(1,466)	(833)
<b>Balance at year end</b>	<b>701</b>	<b>1,466</b>
<b>Capital</b>		
Balance at start of year	1,502	5,241
Received during the financial year and remained unspent at balance date	4,925	1,502
Received in prior years and spent during the financial year	(1,502)	(5,241)
<b>Balance at year end</b>	<b>4,925</b>	<b>1,502</b>
<b>(d) Recognition of grant income</b>		
Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, the Council:		
- identifies each performance obligation relating to revenue under the contract/agreement		
- determines the transaction price		
- recognises a contract liability for its obligations under the agreement		
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.		
Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income for Not-for-Profit Entities.		
Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.		
<b>Income recognised under AASB 1058 Income of Not-for-Profit Entities</b>		
General purpose grants	5,927	5,765
<b>Revenue recognised under AASB 15 Revenue from Contracts with Customers</b>		
Specific purpose grants	35,300	29,193
<b>Total Grants</b>	<b>41,227</b>	<b>34,958</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
<b>3.5 Contributions</b>		
Monetary	7,315	11,078
Non-monetary	616	4,783
<b>Total Contributions</b>	<b>7,931</b>	<b>15,861</b>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	-	1,308
Infrastructure	-	3,351
Other	616	123
<b>Total Non-Monetary Contributions</b>	<b>616</b>	<b>4,783</b>

Monetary and non monetary contributions are recognised as revenue at their fair value 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	-	31
Write back of Revaluation on Assets Disposed	-	(11)
Gain on Disposal of Land & Buildings	-	20
<b>Plant &amp; Equipment</b>		
Proceeds from Sale of Assets	577	1,563
Written Down Value of Assets Disposed	(379)	(581)
Gain on Disposal of Plant & Equipment	198	982
<b>Infrastructure</b>		
Written Down Value of Assets Disposed	-	(434)
Loss on Disposal of Infrastructure and Plant & Equipment	-	(434)
<b>Total</b>		
Proceeds from Sale of Assets	577	1,594
Write back of Revaluation on Assets Disposed	-	(11)
Written Down Value of Assets Disposed	(379)	(1,015)
<b>Total Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment</b>	<b>198</b>	<b>568</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**

Interest	2,702	396
Other Income	1,030	1,131
<b>Total Other Income</b>	<b>3,732</b>	<b>1,527</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 2023**

Note 4	THE COST OF DELIVERING SERVICES	2023 \$'000	2022 \$'000
<b>4.1 (a) Employee Costs</b>			
Salaries & Wages		74,695	71,466
Work cover		805	1,340
Casual staff		8,126	5,999
Superannuation		8,465	7,541
Fringe Benefits Tax		475	356
Long Service Leave		2,075	1,376
Other Employee Related costs		1,253	1,088
		<u>95,894</u>	<u>89,166</u>
Less: Amounts capitalised (non-current assets constructed by Council)		(5,343)	(4,313)
<b>Total Employee Costs</b>		<b>90,551</b>	<b>84,853</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)		375	383
		<u>375</u>	<u>383</u>
Employer contributions at payable date		-	-
<b>Accumulation funds</b>			
Employer contributions to Local Authorities Superannuation Fund (Vision Super)		3,957	3,677
Employer contributions - Australian Super		914	545
Employer contributions - Hesta Super		748	661
Employer contributions - other funds		2,354	1,724
		<u>7,973</u>	<u>6,607</u>
Employer contributions at payable date		117	550
Refer to note 9.3 for further information relating to Council's superannuation obligations.			
<b>4.2 Materials and Services</b>			
Waste Management Services		24,872	23,490
Building Maintenance		7,627	6,397
General Maintenance		13,148	13,571
Local Law Services		6,022	5,108
Fleet Management		969	861
Legal costs		2,612	1,773
General Administration Costs		9,831	8,582
Consultants		1,993	2,044
Utilities		5,071	4,043
Insurance		2,441	2,273
Information Technology		6,913	6,054
Bad and doubtful debts		(18)	(8)
Other		2,994	5,051
		<u>84,475</u>	<u>79,240</u>
Expenses are recognised as they are incurred and reported in the financial year to which they relate.			
<b>4.3 Depreciation</b>			
Buildings		7,999	7,048
Plant and Equipment		5,852	5,997
Infrastructure		18,807	17,302
		<u>32,658</u>	<u>30,347</u>
Refer to note 5.2( b ), 5.7 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.			
<b>4.4 Amortisation - Intangible assets</b>			
Intangible Assets		2,551	1,573
<b>Total Amortisation - Intangible assets</b>		<b>2,551</b>	<b>1,573</b>
<b>4.5 Amortisation - Right of use assets</b>			
Property		489	468
Gym Equipment		237	270
Waste Contract- Vehicles		737	736
Printers		195	196
		<u>1,658</u>	<u>1,670</u>
<b>4.6 Finance Costs - Leases</b>			
Interest - Lease Liabilities	5.7	136	161
<b>Total Finance Costs</b>		<b>136</b>	<b>161</b>
<b>4.7 Other Expenses</b>			
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals		72	69
Auditor's Remuneration - Internal Audit		143	138
Councillor Allowances		516	507
<b>Total Other Expenses</b>		<b>731</b>	<b>714</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
<b>Note 5 OUR FINANCIAL POSITION</b>		
<b>5.1 Financial Assets</b>		
<b>(a) Cash and Cash Equivalents</b>		
Cash at bank	3,834	2,861
Cash on hand	18	18
Short term deposits (with a maturity date of 90 Days or less)	69,500	50,000
<b>Total Cash and Cash Equivalents</b>	<b>73,352</b>	<b>52,879</b>
<b>(b) Other Financial Assets</b>		
Term deposits - Current	3,500	31,500
Other	69	69
<b>Total Other Financial Assets</b>	<b>3,569</b>	<b>31,569</b>
<b>Total Financial Assets</b>	<b>76,921</b>	<b>84,448</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 (b))	16,247	14,783
Statutory Reserves (Note 9.1 (b))	19,538	23,339
Total Restricted funds	<b>35,785</b>	<b>38,122</b>
Total Unrestricted Cash and Cash Equivalents	<b>37,567</b>	<b>14,757</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.

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

**(c) Trade and Other Receivables  
Current**

<b>Statutory Receivables</b>		
Rates Receivable	9,132	9,341
Parking Infringements	14,372	12,453
Less: Provision for Doubtful Debts	(12,431)	(10,669)
Net GST Receivable	1,867	1,832
	<b>12,940</b>	<b>12,957</b>
<b>Non- Statutory Receivables</b>		
Sundry debtors	4,120	4,197
Less: Provision for Doubtful Debts	(66)	(91)
	<b>4,054</b>	<b>4,106</b>
<b>Total Trade and Other Receivables</b>	<b>16,994</b>	<b>17,063</b>

Receivables are carried at invoice amount. A 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.

**(d) Ageing of Receivables**

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

Current (not yet overdue)	1,076	2,222
Past due by up to 30 days	386	89
Past due between 31 and 180 days	2,658	1,886
<b>Total Trade &amp; Other Receivables</b>	<b>4,120</b>	<b>4,197</b>

**Movement in Receivables in non-statutory Provision for Doubtful Debts**

Balance at the beginning of the year	91	100
Provisions adjusted during the year	(25)	(9)
<b>Balance at the end of year</b>	<b>66</b>	<b>91</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.

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

At balance date there were no other debtors representing financial assets that were impaired (2021/22 Nil).

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
<b>5.2 Non-Financial Assets</b>		
<b>(a) Other Assets</b>		
Accrued Income	5,915	594
Prepayments	715	575
Other	152	125
<b>Total Other Assets</b>	<b>6,782</b>	<b>1,294</b>

**(b) Intangible Assets**

	Software \$'000
<b>Gross carrying amount</b>	
Balance as at 1 July 2022	16,358
Additions	797
	17,155
Work in Progress	2,383
Balance as at 30 June 2023	19,538
<b>Accumulated amortisation</b>	
Balance as at 1 July 2022	(7,002)
Amortisation expense	(2,551)
Balance as at 30 June 2023	(9,553)
<b>Net book value as at 30 June 2022</b>	<b>9,356</b>
<b>Net book value as at 30 June 2023</b>	<b>9,985</b>

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.

	2023 \$'000	2022 \$'000
<b>5.3 Payables, trust funds and deposits and unearned income/revenue</b>		
<b>(a) Trade and Other Payables</b>		
<b>Current</b>		
Operating Payables	13,131	7,574
Capital Payables	16,414	6,031
Employee Costs	1,484	2,312
Parking Infringements	1,660	1,660
<b>Total Current Trade and Other Payables</b>	<b>32,689</b>	<b>17,577</b>

**(b) Trust Funds and Deposits**

	2023 \$'000	2022 \$'000
<b>Current</b>		
Refundable Deposits	15,033	13,546
Retention Amounts	486	547
Fire Services Property Levy	590	584
Other Refundable Deposits	138	106
<b>Total Current Trust Funds and Deposits</b>	<b>16,247</b>	<b>14,783</b>

**(c) Unearned Income/revenue**

	2023 \$'000	2022 \$'000
<b>Current</b>		
Grants received in advance - operating	701	1,466
Grants received in advance - capital	4,925	1,502
Rates Paid in Advance	948	929
Other	127	405
<b>Total Current Unearned Income/revenue</b>	<b>6,701</b>	<b>4,302</b>

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

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

**Purpose and nature of items**

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

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

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**5.4 Provisions****2023**

	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
Balance at beginning of the financial year	(8,374)	(13,627)	(22,001)
Additional provisions	(5,865)	(2,187)	(8,052)
Amounts used	6,490	1,639	8,129
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(351)	117	(234)
<b>Balance at the end of the financial year</b>	<b>(8,100)</b>	<b>(14,058)</b>	<b>(22,159)</b>

**2022**

	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
Balance at beginning of the financial year	(8,141)	(13,944)	(22,085)
Additional provisions	(5,669)	(1,376)	(7,045)
Amounts used	5,895	1,903	7,798
Decrease in the discounted amount arising because of time and the effect of any change in the discount rate	(459)	(210)	(669)
<b>Balance at the end of the financial year</b>	<b>(8,374)</b>	<b>(13,627)</b>	<b>(22,001)</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**5.4 Provisions (Cont'd)**

	2023	2022
	\$'000	\$'000
<b>(a) Employee Provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	5,575	5,617
Long service leave	1,888	1,842
	<u>7,463</u>	<u>7,459</u>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	2,525	2,757
Long service leave	10,701	10,438
	<u>13,226</u>	<u>13,195</u>
<b>Total Current Provisions</b>	<u><b>20,689</b></u>	<u><b>20,654</b></u>
<b>Non-Current</b>		
Long service leave	1,470	1,347
<b>Total Non-Current Provisions</b>	<u><b>1,470</b></u>	<u><b>1,347</b></u>

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

**Annual leave**

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

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

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

**Long service leave**

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

Key assumptions:	2023	2022
Increase in costs	2.30%	2.25%
Weighted average discount rates	4.09%	2.95%
Settlement period range	2-5 Years	2-5 Years

**5.5 Financing Arrangements**

	2023	2022
	\$'000	\$'000
The Council has the following funding arrangements in place.		
Credit card facilities	100	100
Transaction Negotiation Authority (TNA)	21,500	21,500
Total facilities	<u>21,600</u>	<u>21,600</u>
Used facilities	16	53
Unused facilities	21,584	21,547
Total facilities	<u>21,600</u>	<u>21,600</u>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**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.

**(a) Commitments for expenditure**

2023	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	2,450	-	-	-	2,450
Domestic Waste Collection	21,310	18,661	37,937	5,992	83,900
Other Operating Services	7,369	5,568	4,530	-	17,467
Printing & IT Infrastructure	8,517	4,697	3,379	-	16,593
Recycling	1,521	1,558	5,058	-	8,137
Repairs & Maintenance	3,357	1,579	491	-	5,427
Supply Meals/Foodstuffs	569	-	-	-	569
Traffic & Parking Management	3,674	3,821	12,405	-	19,900
Utilities & Fuel	1,609	1,523	4,568	1,523	9,223
<b>Total Operating</b>	<b>50,376</b>	<b>37,407</b>	<b>68,368</b>	<b>7,515</b>	<b>163,666</b>
<b>Capital</b>					
Buildings	4,318	293	20	-	4,631
Infrastructure	40,644	15,117	82	-	55,843
Roads	823	-	-	-	823
<b>Total Capital</b>	<b>45,785</b>	<b>15,410</b>	<b>102</b>	<b>-</b>	<b>61,297</b>

2022	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	2,450	2,450	-	-	4,900
Domestic Waste Collection	21,687	18,175	50,148	5,087	95,097
Other Operating Services	5,611	3,111	120	-	8,842
Printing & IT Infrastructure	4,922	2,114	2,166	-	9,202
Recycling	926	-	-	-	926
Repairs & Maintenance	2,742	586	-	-	3,328
Supply Meals/Foodstuffs	499	208	-	-	707
Traffic & Parking Management	3,533	3,674	11,928	4,298	23,433
Utilities & Fuel	3,398	1,623	4,668	1,523	11,212
<b>Total Operating</b>	<b>45,768</b>	<b>31,941</b>	<b>69,030</b>	<b>10,908</b>	<b>157,647</b>
<b>Capital</b>					
Buildings	3,530	164	20	-	3,714
Infrastructure	6,531	3,273	304	-	10,108
Roads	1,770	-	-	-	1,770
<b>Total Capital</b>	<b>11,831</b>	<b>3,437</b>	<b>324</b>	<b>-</b>	<b>15,592</b>

## Notes to the Financial Report For the Year Ended 30 June 2023

### 5.7 Leases

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

- . The contract involves the use of an identified asset.
- . The Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use.
- . The Council has the right to direct the use of the asset.

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

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

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

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

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

Under AASB 16 *Leases*, Council has elected to apply the temporary option 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 2023

### 5.7 Leases (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 2022	489	4,969	474	113	6,045
Additions	1,921	-	106	196	2,223
Amortisation charge	(489)	(737)	(237)	(195)	(1,658)
Balance at 30 June 2023	<b>1,921</b>	<b>4,232</b>	<b>343</b>	<b>114</b>	<b>6,610</b>

<b>Lease Liabilities</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,467	1,518
One to five years	5,297	4,048
More than five years	-	602
Total undiscounted lease liabilities as at 30 June:	<b>6,764</b>	<b>6,168</b>
Lease liabilities included in the Balance Sheet at 30 June:		
Current	1,467	1,518
Non-current	5,297	4,650
Total lease liabilities	<b>6,764</b>	<b>6,168</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**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.

	2023 \$'000	2022 \$'000
Land & Buildings	6,315	2,905
<b>Total Non Current Assets Classified As Held For Sale</b>	<b>6,315</b>	<b>2,905</b>

**6.2 Property, Infrastructure, Plant and Equipment**

**Summary of Property, Infrastructure, Plant and Equipment**

Category	Carrying amount 30 June 2022	Additions	Contributions	Revaluation	Depreciation	Disposal	Transfers In/out	Adjustments & Write-off	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	2,623,626	-	-	-	-	-	-	(3,410)	2,620,216
Buildings	245,790	-	-	-	(7,999)	-	10,902	-	248,693
Plant and Equipment	27,370	-	616	-	(5,852)	(180)	6,029	-	27,983
Infrastructure	699,958	-	-	59,042	(18,807)	(40)	51,103	11	791,267
Work in progress	30,034	72,895	-	-	-	-	(68,034)	(3,784)	31,111
<b>Total</b>	<b>3,626,778</b>	<b>72,895</b>	<b>616</b>	<b>59,042</b>	<b>(32,658)</b>	<b>(220)</b>	<b>-</b>	<b>(7,183)</b>	<b>3,719,270</b>

**Summary of Work in Progress**

Category	Opening WIP 30 June 2022	Additions	Transfer to Operating	Transfers out	Reclassification /Adjustments	Closing WIP 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	7,101	22,264	(416)	(10,902)	(8,652)	9,395
Plant and Equipment	500	7,903	(390)	(6,029)	(1,366)	618
Infrastructure	22,433	42,728	(437)	(51,103)	7,477	21,098
<b>Total</b>	<b>30,034</b>	<b>72,895</b>	<b>(1,243)</b>	<b>(68,034)</b>	<b>(2,541)</b>	<b>31,111</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

Property	Land - specialised	Land - non specialised	Land under roads	Total land	Buildings - specialised	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(a) Fair value at 1 July 2022	1,997,798	623,176	2,652	2,623,626	445,700	7,101	3,076,427
Accumulated depreciation at 1 July 2022	-	-	-	-	(199,910)	-	(199,910)
	<b>1,997,798</b>	<b>623,176</b>	<b>2,652</b>	<b>2,623,626</b>	<b>245,790</b>	<b>7,101</b>	<b>2,876,517</b>
<b>Movements in fair value</b>							
Acquisition of assets at fair value	-	-	-	-	-	22,264	22,264
Transfers to Properties for resale	(3,410)	-	-	(3,410)	-	-	(3,410)
Transfers to operating	-	-	-	-	-	(416)	(416)
Reclassification/Adjustments	-	-	-	-	-	(8,652)	(8,652)
Transfer to/(from) WIP	-	-	-	-	10,902	(10,902)	-
	<b>(3,410)</b>	<b>-</b>	<b>-</b>	<b>(3,410)</b>	<b>10,902</b>	<b>2,294</b>	<b>9,786</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	-	-	-	7,999	-	7,999
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,999</b>	<b>-</b>	<b>7,999</b>
Fair value at 30 June 2023	1,994,388	623,176	2,652	2,620,216	456,602	9,395	3,086,213
Accumulated depreciation at 30 June 2023	-	-	-	-	(207,909)	-	(207,909)
<b>Carrying amount</b>	<b>1,994,388</b>	<b>623,176</b>	<b>2,652</b>	<b>2,620,216</b>	<b>248,693</b>	<b>9,395</b>	<b>2,878,304</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

(b) 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 2022	30,921	10,546	5,539	8,633	7,209	500	63,348
Accumulated depreciation at 1 July 2022	(18,043)	(8,614)	(4,079)	-	(4,742)	-	(35,478)
	<b>12,878</b>	<b>1,932</b>	<b>1,460</b>	<b>8,633</b>	<b>2,467</b>	<b>500</b>	<b>27,870</b>
<b>Movements in fair value</b>							
Acquisition of assets at fair value	-	-	-	-	-	7,903	7,903
Contributions	-	-	-	616	-	-	616
Fair value of assets disposed	(1,170)	-	-	-	-	-	(1,170)
Transfers to operating	-	-	-	-	-	(390)	(390)
Reclassification/Adjustments	-	-	-	-	-	(1,366)	(1,366)
Transfer to/(from) WIP	3,869	175	808	23	1,154	(6,029)	-
	<b>2,699</b>	<b>175</b>	<b>808</b>	<b>639</b>	<b>1,154</b>	<b>118</b>	<b>5,593</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	3,119	643	1,044	-	1,046	-	5,852
Accumulated depreciation of disposals	(990)	-	-	-	-	-	(990)
	<b>2,129</b>	<b>643</b>	<b>1,044</b>	<b>-</b>	<b>1,046</b>	<b>-</b>	<b>4,862</b>
Fair value at 30 June 2023	33,620	10,721	6,347	9,272	8,363	618	68,941
Accumulated depreciation at 30 June 2023	(20,172)	(9,257)	(5,123)	-	(5,788)	-	(40,340)
<b>Carrying amount</b>	<b>13,448</b>	<b>1,464</b>	<b>1,224</b>	<b>9,272</b>	<b>2,575</b>	<b>618</b>	<b>28,601</b>

Notes to the Financial Report  
For the Year Ended 30 June 2023

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

(c) 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 2022	595,815	6,305	190,821	427,574	38,075	13,090	52,752	11,835	14,637	9,485	22,433	1,382,822
Accumulated depreciation at 1 July 2022	(256,045)	(2,724)	(131,827)	(200,222)	(14,190)	(4,991)	(29,630)	(4,165)	(8,702)	(7,935)	-	(660,431)
	<b>339,770</b>	<b>3,581</b>	<b>58,994</b>	<b>227,352</b>	<b>23,885</b>	<b>8,099</b>	<b>23,122</b>	<b>7,670</b>	<b>5,935</b>	<b>1,550</b>	<b>22,433</b>	<b>722,391</b>
<b>Movements in fair value</b>												
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	-	-	42,728	42,728
Revaluation increments/(decrements)	25,616	-	22,235	69,154	-	-	-	-	-	-	-	117,005
Fair value of assets disposed	-	-	-	(40)	-	-	-	-	-	-	-	(40)
Transfers to operating	-	-	-	-	-	-	-	-	-	-	(437)	(437)
Reclassification/Adjustments	-	-	-	-	158	-	233	-	-	(391)	7,477	7,477
Transfer to/(from) WIP	10,085	124	10,366	6,243	20,251	466	2,233	617	573	145	(51,103)	-
	<b>35,701</b>	<b>124</b>	<b>32,601</b>	<b>75,357</b>	<b>20,409</b>	<b>466</b>	<b>2,466</b>	<b>617</b>	<b>573</b>	<b>(246)</b>	<b>(1,335)</b>	<b>166,733</b>
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	5,369	75	2,580	4,296	2,560	584	2,114	387	627	215	-	18,807
Revaluation increments/(decrements)	8,480	333	13,815	35,335	-	-	-	-	-	-	-	57,963
Revaluation unplanned depreciation adjustment	(3)	-	(4)	(4)	-	-	-	-	-	-	-	(11)
	<b>13,846</b>	<b>408</b>	<b>16,391</b>	<b>39,627</b>	<b>2,560</b>	<b>584</b>	<b>2,114</b>	<b>387</b>	<b>627</b>	<b>215</b>	<b>-</b>	<b>76,759</b>
Fair value at 30 June 2023	631,516	6,429	223,422	502,931	58,484	13,556	55,218	12,452	15,210	9,239	21,098	1,549,555
Accumulated depreciation at 30 June 2023	(269,891)	(3,132)	(148,218)	(239,849)	(16,750)	(5,575)	(31,744)	(4,552)	(9,329)	(8,150)	-	(737,190)
<b>Carrying amount</b>	<b>361,625</b>	<b>3,297</b>	<b>75,204</b>	<b>263,082</b>	<b>41,734</b>	<b>7,981</b>	<b>23,474</b>	<b>7,900</b>	<b>5,881</b>	<b>1,089</b>	<b>21,098</b>	<b>812,365</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

**(d) 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's policy, the threshold limits detailed below have been applied when recognising assets within an 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 and cycleways	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
-Other infrastructure	10 - 50 Years	1,000
Intangible assets	3 -10 Years	1,000
Right of Use Asstes	2-10 Years	10,000

**(e) Land under roads**

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

**(f) 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.

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

**(g) Depreciation of Property, Plant and Equipment, Infrastructure**

Buildings, land improvements, plant and equipment, infrastructure and other assets having 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.

**(h) 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.

<b>Asset class</b>	<b>Revaluation frequency</b>
Land	2 years
Buildings	2 years
Roads	2 years
Bridges	2 years
Footpaths and cycleways	2 years
Drainage	2 years
Recreational, leisure and community facilities	2 years
Waste management	2 years
Parks, open space and streetscapes	2 years
Other infrastructure	2 years

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.

Notes to the Financial Report  
For the Year Ended 30 June 2023

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

Council	2023 \$'000	2022 \$'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.	1,997,040	2,000,450
<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.	248,693	245,790
<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.	791,267	699,958

(i) Valuation of Property

Valuation of land and Buildings was undertaken as at 30 June 2023, by a qualified independent valuer William Robbins (CPV) of Herron Todd White Group (API Membership No. 101237).

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.

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

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Non-Specialised Land	-	623,176	-	
Specialised Land	-	-	1,994,388	30-Jun-23
Specialised buildings	-	-	248,693	30-Jun-23
<b>Total</b>	-	<b>623,176</b>	<b>2,243,081</b>	

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**(j) Valuation of Infrastructure**

In accordance with Council's policy a revaluation of infrastructure assets was undertaken as at 30 June 2023.

The review has been undertaken by the Strategic Asset Management Acting Coordinator, Sanjog Baral -Bachelor of Engineering (Civil).

The valuation is at fair value based on replacement cost less accumulated depreciation as at 30 June 2023.

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

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads & Pavements	-	-	361,627	30-Jun-23
Bridges	-	-	3,297	30-Jun-23
Footpaths & Cycleways	-	-	75,204	30-Jun-23
Drainage	-	-	263,082	30-Jun-23
Recreational, leisure and community	-	-	41,734	30-Jun-23
Traffic management	-	-	7,981	30-Jun-23
Parks open spaces and streetscapes	-	-	23,474	30-Jun-23
Bicycle paths	-	-	7,900	30-Jun-23
Off street car parks	-	-	5,881	30-Jun-23
Other infrastructure	-	-	1,087	30-Jun-23
<b>Total</b>	-	-	<b>791,267</b>	

**Reconciliation of Specialised Land**

Council	2023 \$'000	2022 \$'000
Land under roads	2,652	2,652
Parks and reserves and other	1,994,388	1,997,798
<b>Total specialised land</b>	<b>1,997,040</b>	<b>2,000,450</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**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) was contracted to purchase a 16.8% interest in the landfill site situated at 654 – 718 Clayton Road, Clayton South from the former City of Camberwell at a cost of \$0.84M.

Whilst the site was closed in December 2015, City of Camberwell 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 South Landfill Joint Arrangement. Council's share of net operating loss for the year ended 30 June 2023 was \$0.381M (2022 profit of \$0.328M), which has been recognised as an expense in the Comprehensive Income Statement.

The value of the joint investment in the Clayton South 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 2023 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 2023</b>		
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current Assets	1,328	673
Current Liabilities	(1,152)	(1,075)
Net Current Assets	176	(402)
Non-Current Assets	-	-
Non-Current Liabilities	(19,595)	(16,748)
<b>Net Liability</b>	<b>(19,419)</b>	<b>(17,150)</b>
Contribution-Re Land	1,659	1,659
Retained earnings	(21,078)	(18,809)
<b>Deficit</b>	<b>(19,419)</b>	<b>(17,150)</b>
<b>Share of Monash City Council (16.8%)</b>		
<b>Movements</b>		
Share in Joint Operation Equity as at 1 July	(2,881)	(3,209)
Share of net (loss)/ profit of joint operation	(381)	328
<b>Share in Joint Operation Equity as at 30 June 2023</b>	<b>(3,262)</b>	<b>(2,881)</b>
<b>Represented in Council's Balance Sheet - Equity</b>		
Non - Current Assets - Investment in Joint arrangement accounted for using the equity method	217	444
Non-Current Liability - Investment in Joint arrangement accounted for using the equity method	(3,479)	(3,325)
<b>Net Liability</b>	<b>(3,262)</b>	<b>(2,881)</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 5% 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 \$0.74M 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 it's current state, is not yet "settled". A review has been undertaken during the 2020/21 financial year and as at August 2022 by James Mackenzie of 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 information available to management at year-end. This indicates aftercare costs of approximately \$1.1 million annually.

The major works remaining before the landfill settles are:

- Capping of southern cell
- Gas infrastructure

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**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 (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Monash City Council. The Councillors, Chief Executive Officer and Executive Directors are deemed KMP.

Details of KMP at any time during the year are:

	2023	2022
	No	No
<b>Key Management Personnel - Councillors</b>		
<b>From 1 July 2022 to 30 June 2023</b>		
Councillor Paul Klisaris	1	1
Councillor Stuart James	1	1
Councillor Shane McCluskey	1	1
Councillor Josh Fergeus	1	1
Councillor Brian Little	1	1
Councillor Geoff Lake	1	1
Councillor Theo Zographos	1	1
Councillor Rebecca Paterson	1	1
Councillor Anjalee De Silva	1	1
Councillor Nicky Luo ( Deputy mayor from 9 Nov 22 )	1	1
Councillor Tina Samardzija (Mayor from 9 Nov 22 )	1	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
Debbie Evelyn Cailles (Director Infrastructure & Environment) (Finished 01/07/2022)	-	1
Peter Panagakos (Director City Development)	1	1
Leanne Wiebenga (Executive Manager - People and Culture) (Finished 12/08/2022)	-	1
Jarro Doake (Chief Operating Officer)	1	1
Joanne Robertson (Executive Manager, Communications)	1	1
Tracy Shoshan (Executive Manager - People and Safety) (Started from 29/08/2022)	1	-
<b>Total Number of Councillors</b>	<u>11</u>	<u>11</u>
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	<u>7</u>	<u>8</u>
<b>Total Number of Key Management Personnel</b>	<u><u>18</u></u>	<u><u>19</u></u>

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

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

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

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

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

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

	2023	2022
	\$,000	\$,000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	2,358	2,548
Post-employment benefits	220	234
Long-term employee benefits	51	56
<b>Total</b>	<u><u>2,629</u></u>	<u><u>2,838</u></u>

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

	2023	2022
	No.	No.
\$30,000 - \$39,999	8	8
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	-	1
\$100,000 - \$109,999	1	-
	<u><u>11</u></u>	<u><u>11</u></u>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**(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>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	-
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	-	1
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	1	2
\$300,000 - \$309,999	2	-
\$480,000 - \$489,999	1	1
	<u>7</u>	<u>8</u>

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	3,906	3,771
Other long-term employee benefits	99	92
Post-employment benefits	452	397
Total	<u>4,457</u>	<u>4,260</u>

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Income Range:		
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999	2	6
\$180,000 - \$189,999	9	7
\$190,000 - \$199,999	8	6
\$220,000 - \$229,999	3	1
	<u>23</u>	<u>22</u>
	<b>\$,000</b>	<b>\$,000</b>
Total remuneration for the reporting year for other senior staff included above, amounted to:	4,457	4,260

\* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 2020*.

**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

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**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**Note 8 MANAGING UNCERTAINTIES**

**8.1 Contingent Assets and Liabilities**

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

**(a) Contingent Assets**

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

As at 30 June 2023, there are no potential contingent assets (2022:nil).

**(b) Contingent Liabilities**

Contingent liabilities are:

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

**Superannuation**

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

**Landfill**

In addition to providing for ongoing rehabilitation and remediation Council's own former landfill sites 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.

**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.

**Liability Mutual Insurance**

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

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

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

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

	2023 Outstanding Loan Liability	2022 Outstanding Loan Liability	Guarantee Limit	Year Loan Commenced
Community Organisation				
Waverley Hockey Club	26,626	123,901	300,000	2011/12
	<b>26,626</b>	<b>123,901</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 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**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 the Notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

**(b) Market Risk**

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. 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 the Council to make a financial loss. Council have exposure to credit risk on some financial assets included in the Council balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council 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.

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

**(d) Liquidity Risk**

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

To help reduce these risks Council:

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

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

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade.

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

**(e) Sensitivity Disclosure Analysis**

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

- A parallel shift of +1.5% and -1.5% in market interest rates (AUD) from year-end rates of 0.150%.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

**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 2022/23 and 2021/22.

**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 2023

### Note 9 OTHER MATTERS

#### 9.1 Reserves

	Balance at beginning of reporting period \$'000	Revaluation Increment / (decrement) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset Revaluation Reserves 2023</b>			
<b>Property</b>			
Land	2,266,084	-	2,266,084
Buildings	89,892	-	89,892
<b>Infrastructure</b>			
Roads and Footpaths	113,238	25,556	138,794
Drainage	130,787	33,819	164,606
Other Infrastructure	9,529	(333)	9,196
<b>Other</b>			
Plant & Equipment	11	-	11
Library Books	250	-	250
Art Collection	2,757	-	2,757
<b>Total Asset Revaluation Reserves</b>	<b>2,612,548</b>	<b>59,042</b>	<b>2,671,590</b>
<b>2022</b>			
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property</b>			
Land	2,017,270	248,814	2,266,084
Buildings	77,258	12,634	89,892
<b>Infrastructure</b>			
Roads and Footpaths	113,238	-	113,238
Drainage	130,787	-	130,787
Other Infrastructure	9,529	-	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>2,351,100</b>	<b>261,448</b>	<b>2,612,548</b>

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

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Statutory Reserve</b>				
<b>2023</b>				
Drainage Reserve	8,414	752	(2,231)	6,935
Parking Reserve	4,422	722	(811)	4,333
Public Open Space Reserve	10,503	4,730	(6,963)	8,270
<b>Total Statutory Reserves</b>	<b>23,339</b>	<b>6,204</b>	<b>(10,005)</b>	<b>19,538</b>
<b>2022</b>				
Drainage Reserve	8,267	749	(603)	8,414
Parking Reserve	4,731	(45)	(263)	4,422
Public Open Space Reserve	9,552	6,311	(5,360)	10,503
<b>Total Statutory Reserves</b>	<b>22,550</b>	<b>7,015</b>	<b>(6,226)</b>	<b>23,339</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 \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(c) Discretionary Reserves</b>				
<b>2023</b>				
Development Reserve	3,704	-	-	3,704
Superannuation Reserve	5,500	-	-	5,500
<b>Total Discretionary Reserves</b>	<b>9,204</b>	<b>-</b>	<b>-</b>	<b>9,204</b>
<b>2022</b>				
Development Reserve	3,704	-	-	3,704
Superannuation Reserve	5,500	-	-	5,500
<b>Total Discretionary Reserves</b>	<b>9,204</b>	<b>-</b>	<b>-</b>	<b>9,204</b>

**Development Reserve**

This is a discretionary reserve to provide for future capital upgrades.

**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 2023**

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

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

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Surplus for the year</b>	15,821	18,206
Depreciation	32,658	30,347
Amortisation-Intangible Assets	2,551	1,573
Amortisation- Right Of Use Assets	1,658	1,670
Net (gain)/loss on disposal of Property, Infrastructure, Plant and Equipment	(198)	(568)
Non-monetary contributions	(616)	(4,783)
Capitalised Salaries ( Note 4.1 )	(5,343)	(4,313)
Share of (gain)/ loss from Clayton Joint Venture	381	(328)
<b><i>Change in operating assets and liabilities</i></b>		
(Increase)/Decrease in Receivables	(6,141)	(780)
(Increase)/Decrease in Prepayments	(140)	(38)
(Increase)/Decrease in Current Refundable Deposits	1,464	1,365
Increase/(Decrease) in other liabilities	2,399	(4,218)
Increase/(Decrease) in Payables	5,213	(567)
Increase/(Decrease) in Current Provisions	35	17
(Decrease)/Increase in Non Current Provisions	123	(101)
<b>Net cash provided by operating activities</b>	<b>49,865</b>	<b>37,483</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

**Defined Benefit**

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of 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 investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa.

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

Net investment returns	5.5% pa
Salary information	2.5% pa to 30 June 2023, and 3.5% pa thereafter
Price inflation (CPI)	3.0% pa

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

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

**Employer contributions**

**Regular contributions**

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

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

**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.

**Notes to the Financial Report  
For the Year Ended 30 June 2023**

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

**The 2022 interim actuarial investigation surplus amounts**

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

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

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

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

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

The discounted accrued 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 2022.

**The 2023 triennial actuarial investigation**

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

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

**Note 10 Change in accounting policy**

There have been no changes to accounting policies in the 2022 and 2023 financial year.

## **MONASH CITY COUNCIL**

### **PERFORMANCE STATEMENT**

**For the year ended 30 June 2023**

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#### **Description of municipality**

The City of Monash is a culturally diverse community in Melbourne's south eastern suburbs, between 13 and 24 kilometres south-east of Melbourne's Central Business District.

Our City covers 81.5 square kilometres and includes the suburbs of Ashwood, Clayton, Glen Waverley, Hughesdale, Huntingdale, Mount Waverley, Mulgrave, Notting Hill, Oakleigh, Oakleigh East, and Wheelers Hill. Parts of Chadstone, Burwood and Oakleigh South are also included in Monash.

Monash is one of Melbourne's most populous municipalities, with an estimated residential population of 194,707 people living in more than 76,177 dwellings. Over the past two years, the population in Monash has declined by 2.9%, likely as a result of the Pandemic with a large portion of international students who resided in the municipality going back home with most returning for the commencement of 2023 tertiary year.

Monash is regarded as a cosmopolitan city with a multi-cultural population. Monash has 52% of residents speaking a language other than English at home and 50% of our residents were born overseas, having come from more than 100 different countries.

In keeping with the State Government's cap on rate increases, rate revenue was increased by 2.51% (comprising the 1.75% rate cap with 0.76% supplementary rate growth). By controlling costs over many years, rates have been kept low. In the 2021/22 year, the average rate per property in Monash were \$1,559, compared with the state-wide average of \$1,832 and similar council average of \$1,851. In 2022/23, the average rate per property in Monash was \$1,610.

#### **Overview of 2022/23**

Council operations resumed to full levels during the 2022/23 year following the extended lockdown restrictions in Victoria during the first half of 2021/22 financial year.

The economic pressures faced in 2022/23 continue to impact and add pressure on Council's budget. Inflationary pressures saw some significant cost escalations for both operational and capital commitments in addition to supply chain shortages and delays. However, Council has financially managed to deliver high quality services through innovative means and modernising the delivery of services, events and programs.

Government grants at both State and Federal levels continued to support Council operations to fund some major capital projects and programs. Council's largest year to date capital works program was still impacted by increased tender prices awarded on a number of construction projects and combined with resourcing constraints. Council's user-pay services have slowly returned to normal levels, indicating some confidence within the community to return Council facilities.

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## Sustainable Capacity Indicators

For the year ended 30 June 2023

Indicator/measure	Results				Material Variations and Comments
	2020	2021	2022	2023	
<b>Population</b>					
C1 Expenses per head of population (Total expenses / Municipal population)	\$901.05	\$892.45	\$1,002.92	<b>\$1,092.72</b>	The ratio has increased by 8.95% from 2021/22. Employee costs increased by 6.29%. The increase includes additional 4.2FTE positions, temporary appointment of staffing resources and increase in the Superannuation Guarantee Levy (SGL) from a mandatory 10.0% to 10.5%. Material and Services increased; Waste management costs increased by \$1.38M, due to higher garbage collection and disposal costs in green waste due to the food organics initiative, Building and general maintenance increased by \$0.8M to accommodate routine and reactive works that arose post pandemic restrictions, Utilities costs increased by \$1M due to all Council facilities resuming normal operations and General Administration is higher by \$1.24M due to increased program costs as services resume full activity. Population decreased by 1.68%. A result of \$1,092.72 again indicates Council is on the lower end of the expenses per head of municipal population.
C2 Infrastructure per head of Population (Value of infrastructure / Municipal Population)	\$4,580.41	\$4,788.89	\$5,114.18	<b>\$5,695.93</b>	The increase of 11.38% primarily relates to a higher capital works expenditure program although municipal population decreased over the 12 month period by 1.68% impacting the final result...
C3 Population density per length of road (Municipal population / Kilometres of local roads)	268.49	266.84	257.79	<b>253.52</b>	A slight decrease due to the decline in the municipal population. Although the trend has seen a reduction in recent years the longer-term expectation is a higher ratio as population numbers increase.
<b>Own-source revenue</b>					
C4 Own-source revenue per head of population (Own-source revenue / Municipal population)	\$787.47	\$689.50	\$838.19	<b>\$921.50</b>	Own source revenue in 2022/23 increased by 7.51%. Statutory Fees and Fines increased compared to 2021/22. Income from parking fines increased by \$1.4M, this is partly due to the previous year impacts of the COVID-19 restrictions. User fees increased by \$7.2M as Council services and Leisure and aquatic facilities returned to full capacity. Municipal population decreased by 1.68% which has also contributed to the \$921.50 result measure or 9.94% increase.

Indicator/measure	Results				Material Variations and Comments
	2020	2021	2022	2023	
<b>Recurrent grants</b>					
C5 Recurrent grants per head of population ( <i>Recurrent grants / Municipal population</i> )	\$99.08	\$103.22	\$114.13	<b>\$117.69</b>	This ratio decreased by 3.13% over 2021/22 levels with an overall decrease in recurrent grant income of \$0.32M. This is mainly due to reduction in General Home Care funding. Municipal population reduced by 1.68% which has resulted in a ratio decrease to \$113.56 which has also contributed to the \$117.69 result.
<b>Disadvantage</b>					
C6 Relative socio-economic disadvantage (Index of Relative Socio-economic Disadvantage by decile)	9	9	9	<b>9</b>	The City of Monash is ranked in the top 10% on the SEIFA index, suggesting low levels of disadvantage.
<b>Workforce turnover</b>					
C7 Resignations and terminations compared to average staff (Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year) x 100	9.29%	11.93%	17.16%	<b>15.67%</b>	<p>Council experienced 119 x terminations of permanent employees within 2022/23. This equates to 20 x less terminations than the previous financial year (2021/22).</p> <p>Of our 119 x permanent terminations, 111 were voluntary (resignation or retirement). This represents a decrease of 11 x less voluntary terminations than the previous financial year.</p> <p>As the organisation has transitioned further into a post-COVID environment, turnover of permanent employees has reduced.</p>

## Service Performance Indicators

For the year ended 30 June 2023

Service/Indicator/measure	Results				Material Variations and Comments
	2020	2021	2022	2023	
<b>Aquatic facilities</b>					
<b>Utilisation</b>					
AF6 Utilisation of aquatic facilities (Number of visits to aquatic facilities/Population)	5.13	2.70	3.82	<b>5.15</b>	Total attendances up by more than 32% (continued recovery from COVID) and are projected to grow similarly into 2023/24.
<b>Animal management</b>					
<b>Health and safety</b>					
AM7 Animal management prosecutions (Number of successful animal management prosecutions/Total number of animal management prosecutions) x 100	100%	100%	100%	<b>100%</b>	Council continues to achieve a 100% success rate in prosecutions (7 prosecutions). The continued high success rate in prosecutions is reflective of the willingness of people to report incidents that impact wider community safety and amenity, which is complemented by the quality of investigations and enforcement skills within the relevant teams.
<b>Food safety</b>					
<b>Health and safety</b>					
FS4 Critical and major non-compliance outcome notifications (Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed up/ Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises) x 100	100%	100%	100%	<b>100%</b>	All non-conformances have been followed up and this is consistent over the four year period.
<b>Governance</b>					
<b>Satisfaction</b>					
G5 Satisfaction with council decisions (Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community)	74	71	68	<b>72</b>	Satisfaction with Council's performance making decisions in the interests of the community increased measurably this year, up 4.7% to 71.5. This result recovered approximately half of the decline recorded over the last two years and was consistent with the long-term average satisfaction since 2016 of 71.8.

Service/Indicator/measure	Results				Material Variations and Comments
	2020	2021	2022	2023	
<b>Libraries</b>					
<b>Participation</b>					
LB4 Active library borrowers in municipality <i>(The sum of the number of active library borrowers in the last 3 financial years* / The sum of the population in the last 3 financial years*) x 100</i>	16.28%	14.21%	12.58%	<b>11.01%</b>	Fall in active borrowers is less than the fall in municipal population. However, borrowers who are active are borrowing more items reflecting the increase in new stock and a refresh of the internal collection development policy which better reflects borrower needs.
<b>Maternal and child health</b>					
<b>Participation</b>					
MC4 Participation in the MCH service <i>(Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service) x 100</i>	77.22%	76.46%	74.54%	<b>76.41%</b>	Increase in participation in Maternal Child Health service. This is in response to the Department of Health COVID funding, which was used by the Monash Maternal and Child Health service to employ a Maternal and Child Health Nurse, on a contract. This nurse engaged with clients who missed their Key Age and Stage appointments during the pandemic. This funding was also used to increase capacity of the Maternal Child Health service to see clients for regular Key Age and Stage (KAS) visits. Outreach Maternal Child Health service to kindergartens and childcare centres also resumed offering alternative engagement methods to support working families.
<b>Participation</b>					
MC5 Participation in the MCH service by Aboriginal children <i>(Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service) x 100</i>	82.72%	79.38%	75.89%	<b>88.98%</b>	Participation in the Maternal Child Health service by Aboriginal children increased significantly this year (53 compared to 42 in the previous year). Much work has been undertaken at the MCH centre level to create a culturally-safe and inviting space for all. This has included having culturally appropriate books, posters, toys, rugs etc within each office. The MCH staff continue to undertake cultural competency training. Staff are supported to ask all families if they wish to identify and have the knowledge to discuss, with family opportunities and supports available.
<b>Roads</b>					
<b>Satisfaction</b>					
R5 Satisfaction with sealed local roads <i>(Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads)</i>	76	75	72	<b>75</b>	The annual satisfaction with the Council's sealed local road has shown a notable improvement this year, with a rise from 72 to 75, an increment of 4%. This increase signifies a positive trend and reflects the Council's efforts in addressing road-related concerns and enhancing the overall road quality. It is encouraging to witness the community's growing satisfaction, which demonstrates the effectiveness of our ongoing initiatives. However, we must remain committed and ensure that this positive trajectory continues in the future. By maintaining our focus on road maintenance and implementing community-driven strategies, we can strive to provide an even better experience for our residents and reinforce their satisfaction with the sealed local road network.

Service/Indicator/measure	Results				Material Variations and Comments
	2020	2021	2022	2023	
<b>Statutory Planning</b> <b>Decision making</b> SP4 Council planning decisions upheld at VCAT (Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications) x 100	51.43%	42.86%	46.84%	<b>41.38%</b>	There has been a drop in this statistic as shown in the table, more comparable to Council's 2022/23 result. Whilst this statistic is based on decisions made by VCAT within the specified period, as opposed to when applications were lodged, PPARS reporting (State Government) shows that a relatively small number of appeals against Council's decisions continue to be lodged at VCAT. In 2021/22, 65 appeals were lodged with VCAT against Council's decision with this reduced to 39 in 2022/23. This declining number of appeals lodged is pleasing. Council continues to make decisions consistent with its planning scheme and policies. VCAT decisions are reviewed and examined by officers to inform our decision making. However there are remaining applications where despite the VCAT decision, Council maintains the form and type of development is inappropriate and cannot be supported by Council. We continue to see the trend of plans being substituted at VCAT rather than resolving issues at the application stage.
<b>Waste Collection</b> <b>Waste diversion</b> WC5 Kerbside collection waste diverted from landfill (Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins) x 100	52.33%	56.41%	55.88%	<b>68.32%</b>	The diversion rates from landfill have increased this period due to the diversion of food waste to compost, following the introduction of the Food Organics Garden Organics program and change in bin collection from weekly to fortnightly.

## Definitions

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

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

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

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

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

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

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

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

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

Service/Indicator/measure	Results				Material Variations and Comments
	2020	2021	2022	2023	
<p>"major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i>, or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken.</p> <p>"MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age.</p> <p>"population" means the resident population estimated by the Australian Bureau of Statistics.</p>					

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**Financial Performance Indicators**

For the year ended 30 June 2023

Dimension/indicator/measure	Results				Forecast				Material Variations and Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Efficiency</b>									
<b>Expenditure level</b>									
E2 Total expenses per property assessment. <i>(Total expenses / Number of property assessments)</i>	\$2,256	\$2,177	\$2,352	<b>\$2,520</b>	\$2,580	\$2,608	\$2,636	\$2,660	Total expenses increased by 6.67% compared to 2021/22. Employee costs increased by 6.29%. The increase includes an additional 4.2FTE positions approved in the budget, temporary appointment of staffing resources and an increase in the Superannuation Guarantee Levy from the mandatory 10.0% to 10.5%. Material and Services increased across a number of expenditure areas mainly, waste management costs increased by \$1.38M due to higher garbage collection and disposal costs in green waste due to the food organics, building and general maintenance by \$0.8M to accommodate routine and reactive works that arose post pandemic restrictions and price escalations. Other expenditure items that increased include utilities costs by \$1M due to all Council facilities resuming normal operations and general administration is higher by \$1.24M due to increased program costs as services resume full activity. The efficiency trend is increasing as anticipated growth in expenditure levels are based on forecast CPI and wage growth, in addition to estimated growth in rates.

Dimension/indicator/measure	Results				Forecast				Material Variations and Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Revenue level</b>									
E4 Average rate per property assessment <i>(General rates and Municipal charges / Number of property assessments)</i>	\$1,529	\$1,373	\$1,559	<b>\$1,610</b>	\$1,659	\$1,693	\$1,724	\$1,755	The Minister for Local Government rate cap of 1.75% was applied to the 2022/23 rate charges. This resulted in an increased ratio of 3.29% including an increase in property assessments. Future trends are indicating a steady improvement based on projected growth in rates.
<b>Liquidity</b>									
<b>Working capital</b>									
L1 Current assets compared to current liabilities <i>(Current assets / Current liabilities) x 100</i>	189.69%	177.25%	179.68%	<b>137.56%</b>	191.3%	155.2%	165.1%	173.3%	The liquidity ratio decreased by 23% in 2022/23. Current assets are only higher by \$1.3M but current liabilities increased by \$18.96M. Creditor levels were higher by \$15.11M than 2021/22 levels due to a larger capital works program adopted for the 2022/23 year. In addition, trust funds and deposit (\$1.46M) and unspent grants (\$2.39M) have increased compared to the 20/21 year. Council's future forecast of working capital levels allow for significant development in the municipality which includes the major Suburban Rail Loop Authority (SRLA) project. Cash levels and potential property sales will impact working capital in the initial years which is expected to smooth to more consistent levels in outer years with a positive trend.
<b>Unrestricted cash</b>									
L2 Unrestricted cash compared to current liabilities <i>(Unrestricted cash / Current liabilities) x 100</i>	24.80%	10.10%	25.08%	<b>48.29%</b>	-6.7%	92.5%	98.4%	108.5%	This ratio increased by 93% compared to 2021/22. The variation in this ratio reflects the level of cash held in short term deposits (with maturity dates of 90 Days or less) which is higher than 2021/22 levels. Higher current liabilities are mainly due to the capital works program expenditure which has increased Trades & Other Payables by \$15.11M. Council has forecast cash levels to

Dimension/indicator/measure	Results				Forecast				Material Variations and Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
<b>Obligations</b> <b>Loans and borrowings</b> O2 Loans and borrowings compared to rates <i>(Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) x 100</i>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	reduce given the planned capital works program for next year with a positive trend ratio to occur in future years.  Council achieved a debt free status as at 30 June 2015. Future year budgets may require borrowings for various capital works projects but this will be considered and decided upon by Council at the appropriate time.
<b>Loans and borrowings</b> O3 Loans and borrowings repayments compared to rates <i>(Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) x 100</i>	0.00%	0.00%	0.00%	0.00%	20.5%	25.1%	19.2%	0.0%	Council achieved a debt free status as at 30 June 2015. Future year budgets have included funding options for working capital depending on cashflow requirements which may be drawn down with the intention of repayment by financial year end. Allowance in forecasts have been included for this possibility. Borrowings for various capital works projects will be considered and decided upon by Council at the appropriate time.
<b>Indebtedness</b> O4 Non-current liabilities compared to own source revenue <i>(Non-current liabilities / Own source revenue) x 100</i>	7.3%	7.4%	5.6%	5.7%	5.6%	4.8%	4.0%	3.3%	The 2022/23 ratio compared to the prior year is slightly higher by 1.66%, whilst non-current liabilities have increased by \$0.92M, the own source revenue in 2022/23 increased by 7.51%. Statutory Fees and Fines increased compared to 2021/22 with parking fines higher by \$1.4M which is partly due to the previous year impacts of the COVID-19 lockdowns. User fees increased by \$7.2M as leisure, aquatic and other Council facilities returned to full capacity. The trend is indicating a drop due to a forecast reduction in non-current obligations.
<b>Asset renewal and upgrade</b>									

Dimension/indicator/measure	Results				Forecast				Material Variations and Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
<b>O5 Asset renewal and upgrade compared to depreciation</b> <i>(Asset renewal and upgrade expenses/Asset depreciation) x 100</i>	178.2%	138.6%	148.4%	<b>201.1%</b>	273.8 %	171.8%	132.1%	132.7%	This ratio has increased by 36% on the prior year due to higher renewal and upgrade expenditure undertaken compared to asset depreciation. Council is still meeting its renewal targets and the 201.1% ratio confirms existing high level asset renewal and upgrade expenditure. This is forecast to continue into the next financial year with again another large capital works program expected. Outer years forecast more moderate levels of capital works expenditure.
<b>Operating position</b>									
<b>Adjusted underlying result</b>									
<b>OP1 Adjusted underlying surplus (or deficit)</b> <i>(Adjusted underlying surplus {deficit} / Adjusted underlying revenue) x 100</i>	4.68%	-0.73%	1.11%	<b>-0.49%</b>	0.1%	1.2%	3.0%	4.2%	The 2022/23 adjusted underlying surplus ratio decreased by 144%. Despite recording higher revenue compared with 2021/22, expenditure increased by 6.67% due to higher employee costs, materials and services cost and depreciation have also contributed to a reduction in the adjusted underlying surplus in 2022/23. Future years' projections are expected to improve with anticipated income levels and underlying results..
<b>Stability</b>									
<b>Rates concentration</b>									
<b>S1 Rates compared to adjusted underlying revenue</b> <i>(Rate revenue / Adjusted underlying revenue) x 100</i>	65.5%	65.2%	67.8%	<b>66.06%</b>	66.4%	66.2%	65.4%	65.2%	The trend reflects an increase in rate revenue by 2.7%, income from parking fines by \$1.4M, which is partly due to the previous year impacts of the COVID-19 restrictions. User fees increased by \$7.2M as leisure, aquatic and other Council facilities returned to full capacity, which has resulted in a ratio decrease to 66.06%. The future trend will be steady and in line with State Government projected increases in rates and charges.
<b>Rates effort</b>									

Dimension/indicator/measure	Results				Forecast				Material Variations and Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
S2 Rates compared to property values <i>(Rate revenue / Capital improved value of rateable properties in the municipality) x 100</i>	0.16%	0.14%	0.16%	<b>0.14%</b>	0.17%	0.18%	0.18%	0.19%	The variance reflects Council's overall rate revenue increase (2.7%) compared to the value of all properties in Monash which increased by an average 13.5% with the 2022/23 revaluation. The trend is showing a steady increase based on State Government estimated increases in rates and charges and an average estimate on capital improved values as property value fluctuations are dependent on economic and market movement.

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## Former measures

Retired measure Service/indicator/measure	Results 2018	Results 2019	Results 2020
<b>Animal management</b> <b>Health and safety</b> Animal management prosecutions <i>Number of successful animal management prosecutions]</i>	12	6	Retired in 2020
<b>Efficiency</b> <b>Revenue level</b> Average residential rate per residential property assessment <i>[Residential rate revenue / Number of residential property assessments]</i>	\$1,379.46	\$1,427.92	Retired in 2020
<b>Obligations</b> <b>Asset renewal</b> Asset renewal compared to depreciation <i>[Asset renewal expense / Asset depreciation] x 100</i>	104.90%	109.85%	Retired in 2020

## Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by the Australian Bureau of Statistics.

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

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

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

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

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

## Other Information

For the year ended 30 June 2023

### 1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its 2023/24 Adopted Budget on 30 May 2023 and which forms part of the Council Plan. The Adopted Budget 2023/24 includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Adopted Budget 2023/24 can be accessed online through the *Monash City Council* website.

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## Certification of the Performance Statement

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

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**DANIEL WAIN (CPA)**  
**Principal Accounting Officer**

Dated:

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

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

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

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

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<Councillor Name>

<Councillor Title>

Dated:

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<Councillor Name>

<Councillor Title>

Dated:

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**Peter Panagakos**  
**Acting Chief Executive Officer**

Dated:

## Governance and management checklist

The Governance and Management Checklist shows the frameworks Council has for policies, community engagement, planning, monitoring, reporting and decision making.

This checklist is produced in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2014. Some items in the checklist concern compliance with legislation, while others relate to matters regarded as good practice. Council has complied with all legislative requirements in the checklist. The results of our assessment against the checklist are set out below.

Governance and Management Items		Assessment
<b>GC1</b>	<b>Community engagement policy</b> (policy under section 55 of the Act outlining Council's commitment to engaging with the community on matters of public interest)	COMPLIES  Date of adoption: 25 August 2020. The requirement date of adoption under the Act: 1 March 2021.
<b>GC2</b>	<b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	COMPLIES  Date of commencement: 1 March 2022
<b>GC3</b>	<b>Financial Plan</b> (plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years)	COMPLIES  Date of adoption: 26 October 2021. Requirement date of adoption under the Act: 31 October 2021.
<b>GC4</b>	<b>Asset Plan</b> (plan under section 92 of the Act setting out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	COMPLIES  Date of adoption: 26 October 2021. Requirement date of adoption under the Act: 30 June 2022.
<b>GC5</b>	<b>Revenue and Rating Plan</b> (plan under section 93 of the Act setting out the rating structure of Council to levy rates and charges)	COMPLIES  Date of adoption: 29 June 2021. Requirement date of adoption under the Act: 30 June 2021.
<b>GC6</b>	<b>Annual budget</b> (plan under section 94 of the Act setting out the services to be provided and initiatives to be undertaken during the budget year and the funding and other resources required)	COMPLIES  Date of adoption: 30 May 2023. Requirement date of adoption under the Act: 30 June 2023.
<b>GC7</b>	<b>Risk policy</b> (policy outlining council's commitment and approach to minimising the risks to council's operations)	COMPLIES  Date of commencement of current policy: 25 February 2020.

Governance and Management Items	Assessment
<b>GC8 Fraud policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)	COMPLIES  Date of operation of current policy: 14 July 2021.
<b>GC9 Municipal emergency management plan</b> (plan under section 60ADB of the Emergency Management Act 2013 for emergency mitigation, response and recovery)	COMPLIES  Date of commencement of current plan: 25 November 2022.
<b>GC10 Procurement policy</b> (policy under section 108 of the Act outlining the principles, processes and procedures that will apply to the purchase of goods and services by the Council)	COMPLIES  Date of adoption: 26 April 2023.
<b>GC11 Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	COMPLIES  Date of commencement of current plan: 14 May 2023.
<b>GC12 Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	COMPLIES  Date of commencement of current plan: 23 February 2023.
<b>GC13 Risk management framework</b> (framework outlining council's approach to managing risks to the council's operations)	COMPLIES  Date of commencement of current framework: 25 February 2020.
<b>GC14 Audit and Risk Committee</b> (advisory committee of council under sections 53 and 54 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	COMPLIES  Date of establishment: 8 November 1995.
<b>GC15 Internal audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	COMPLIES  Date of engagement of current provider: 1 July 2019.
<b>GC16 Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the	COMPLIES  Date of operation of current framework:

Governance and Management Items	Assessment
performance indicators referred to in section 98 of the Local Government Act 2020)	31 October 2019.
<b>GC17 Council Plan report</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first 6 months of the financial year)	COMPLIES  Date of reports for this reporting period: 25 November 2022, 17 February 2023, 24 April 2023 and 2 August 2023.
<b>GC18 Financial reporting</b> (quarterly statements to the Council under section 97(1) of the Local Government Act 2020, comparing actual and budgeted results and an explanation of any material variations)	COMPLIES  Date of statements presented for this reporting period: 29 November 2022, 28 February 2023, 30 May 2023 and 26 September 2023 (annual financials).
<b>GC19 Risk report</b> (6-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	COMPLIES  Date of reports for this reporting period: 4 August 2022, 20 October 2022, 6 February 2023, 1 May 2023 and 26 June 2023.
<b>GC20 Performance reports</b> (6-monthly reports of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Act)	COMPLIES  Date of reports for this reporting period: 17 February 2023 and 26 September 2023 (annual report).
<b>GC21 Annual report</b> (annual report under sections 98, 99 and 100 of the Local Government Act 2020 containing a report of operations and audited financial and performance statements)	COMPLIES  Date of council endorsement: 25 October 2022.
<b>GC22 Councillor Code of Conduct</b> (Code under section 139 of the Act setting out the standards of conduct to be followed by Councillors and other matters)	COMPLES  Date of last review and adopted: 23 February 2021.
<b>GC23 Delegations</b> (documents setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff, in accordance with sections 11 and 47 of the Act)	COMPLIES  Date of review under section 11(7): 28 September 2021.
<b>GC24 Meeting procedures</b> (Governance Rules under section 60 of the Act governing the conduct of meetings of Council and delegated committees)	COMPLIES  Date current governance rules adopted: 26 April 2023.

I certify that this information presents fairly the status of Council's governance and management arrangements.

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Dr Andi Diamond  
Chief Executive Officer  
Dated:

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Cr Tina Samardzija  
Mayor  
Dated:

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