

MONASH CITY COUNCIL
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

Monash City Council
Annual Financial Report

for the Year Ended 30 June 2022
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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*, 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 2022 and the financial position of the Council as of that date.

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

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

.....

Stuart James
Mayor

.....

Tina Samardzija
Deputy Mayor

.....

Dr Andi Diamond
Chief Executive Officer

Dated:

**Comprehensive Income Statement
For the Year Ended 30 June 2022**

	Note	2022 \$'000	2021 \$'000
Income			
Rates & Charges	3.1	136,058	118,351
Statutory Fees & Fines	3.2	9,932	7,932
User Fees	3.3	17,532	15,037
Grants - Operating	3.4	22,630	24,644
Grants - Capital	3.4	12,328	8,716
Contributions - monetary	3.5	11,078	14,399
Contributions - non-monetary	3.5	4,783	2,502
Net (loss)/gain on disposal of Property, Infrastructure, Plant & Equipment	3.6	568	555
Share of net profit/(loss) of joint operation accounted for by the equity method	6.3	328	(1,791)
Other Income	3.7	1,527	1,219
Total Income		216,764	191,564
Expenses			
Employee Costs	4.1	84,853	83,263
Materials & Services	4.2	79,240	66,452
Depreciation	4.3	30,347	29,257
Amortisation-Intangible Assets	4.4	1,573	1,420
Amortisation- Right Of Use Assets	4.5	1,670	1,648
Finance Costs-Leases	4.6	161	191
Other Expenses	4.7	714	663
Total Expenses		198,558	182,894
Surplus/(deficit) for the year		18,206	8,670
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net Asset revaluation increment	9.1 (a)	261,448	118,818
Total other Comprehensive income		261,448	118,818
Total Comprehensive result		279,654	127,488

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

MONASH CITY COUNCIL

Balance Sheet As at 30 June 2022

ASSETS	Note	2022 \$'000	2021 \$'000
Current Assets			
Cash & Cash Equivalents	5.1	52,879	42,221
Trade & Other Receivables	5.1	17,063	16,604
Other Financial Assets	5.1	31,569	47,077
Non Current Assets Classified as held for sale	6.1	2,905	2,905
Other Assets	5.2	1,294	904
Total Current Assets		105,710	109,711
Non-Current Assets			
Property, Infrastructure, Plant & Equipment	6.2	3,626,777	3,348,991
Right Of Use Assets	5.7	6,045	7,186
Intangible Assets	5.2	9,356	6,896
Other Non Current Assets		727	741
Investments in joint arrangement accounted for using the equity method	6.3	444	115
Total Non-Current Assets		3,643,349	3,363,929
TOTAL ASSETS		3,749,059	3,473,640
LIABILITIES			
Current Liabilities			
Trade & Other Payables	5.3	17,577	17,768
Trust Funds & Deposits	5.3	14,783	13,418
Unearned Income/revenue	5.3	4,302	8,520
Provisions	5.4	20,654	20,636
Lease Liabilities	5.7	1,518	1,554
Total Current Liabilities		58,834	61,896
Non-Current Liabilities			
Provisions	5.4	1,347	1,449
Liabilities in joint arrangement accounted for using the equity method	6.3	3,325	3,324
Lease Liabilities	5.7	4,650	5,730
Total Non-Current Liabilities		9,322	10,503
TOTAL LIABILITIES		68,156	72,399
NET ASSETS		3,680,903	3,401,241
EQUITY			
Accumulated Surplus		1,035,811	1,018,386
Reserves	9.1	2,645,091	2,382,854
TOTAL EQUITY		3,680,903	3,401,240

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 2022**

	Note	Total 2022 \$'000	Accumulated Surplus 2022 \$'000	Asset Revaluation Reserve 2022 \$'000	Other Reserves 2022 \$'000	Total 2021 \$'000	Accumulated Surplus 2021 \$'000	Asset Revaluation Reserve 2021 \$'000	Other Reserves 2021 \$'000
Balance at beginning of the Financial Year		3,401,241	1,018,386	2,351,100	31,754	3,273,754	1,014,469	2,232,282	27,003
Surplus for the year		18,206	18,206	-	-	8,670	8,670	-	-
Net Asset revaluation increment /(decrement)	9.1	261,448	-	261,448	-	118,818	-	118,818	-
Transfers from Other Reserves	9.1	-	6,226	-	(6,226)	-	9,004	-	(9,004)
Transfers to Other Reserves	9.1	-	(7,015)	-	7,015	-	(13,755)	-	13,755
Balance at End of the Financial Year		3,680,903	1,035,811	2,612,548	32,543	3,401,241	1,018,386	2,351,100	31,754

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

**Statement of Cash Flows
For the Year Ended 30 June 2022**

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates & Charges		135,312	117,893
Statutory Fees & Fines		9,932	7,932
User Fees		15,878	14,687
Grants - Operating		24,019	22,200
Grants - Capital		8,812	14,550
Contributions-monetary		11,078	14,399
Interest Received		383	557
Trusts and Refundable Deposits Taken		2,057	728
Other Receipts		968	833
Net GST Refund		9,558	9,605
Employee Costs		(88,156)	(85,836)
Materials and Services		(90,943)	(76,594)
Trusts and Refundable Deposits Repaid		(702)	(844)
Other Payments		(713)	(663)
Net cash provided by operating activities	9.2	37,483	39,447
Cash flows from investing activities			
(Payments for) / Proceeds from Investment(Net)		16,076	(2,000)
Payments for Acquisition of Property, Infrastructure, Plant and Equipment		(41,122)	(39,004)
Proceeds from Sale of Property, Infrastructure, Plant and Equipment		27	784
Net cash used by investing activities		(25,019)	(40,221)
Cash flows from financing activities			
Interest paid-lease liability		(161)	(191)
Repayment of lease liabilities		(1,645)	(1,597)
Net cash used by financing activities		(1,806)	(1,788)
Net (decrease) increase in cash and cash equivalents		10,658	(2,561)
Cash and cash equivalents at the beginning of the financial year		42,221	44,782
Cash and cash equivalents at the end of the financial year	5.1 (a)	52,879	42,221
Financing arrangements	5.5		
Restrictions on cash assets	5.1		

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

**Statement of Capital Works
For the Year Ended 30 June 2022**

	2022	2021
	\$'000	\$'000
Property		
Land Improvements	55	143
Buildings & Building Improvements	9,662	14,206
Total property	9,717	14,349
Plant and equipment		
Plant, machinery and equipment	3,178	3,656
Fixtures, fittings and furniture	1,025	193
Computers and telecommunications	6,174	5,348
Library books	1,361	553
Total plant and equipment	11,738	9,750
Infrastructure		
Roads	7,912	5,559
Bridges	19	130
Footpaths and cycleways	6,553	4,638
Drainage	1,387	1,061
Recreational, leisure and community facilities	8,625	4,478
Waste management	134	292
Parks, open space and streetscapes	3,791	2,266
Off street car parks	455	369
Other infrastructure	204	125
Total infrastructure	29,080	18,918
Total capital works expenditure	50,535	43,017
Less transferred to operating as unable to capitalise from work in progress	(3,739)	(2,882)
Adjusted Balance of Capital Works Expenditure	46,796	40,135
Represented by:		
New asset expenditure	3,548	158
Asset renewal expenditure	41,512	35,243
Asset expansion expenditure	1,948	2,311
Asset upgrade expenditure	3,527	5,305
Total capital works expenditure	50,535	43,017
Less transferred to operating as unable to capitalise from work in progress	(3,739)	(2,882)
Adjusted Balance of Capital Works Expenditure	46,796	40,135

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

OVERVIEW

Introduction

The City of Monash was established by an Order of the Governor in Council on December 1994 and is a body corporate. The Council's main office is located at 293 Springvale Road, Glen Waverley, Victoria.

Statement of compliance

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

(a) Basis of Accounting

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.

(b) Impact of COVID-19

Early in the 2021/22 financial year the COVID-19 pandemic continued to impact on Council's operations. Under lockdowns 5 & 6 for Victoria Council service provision and facilities were impacted by lower patronage and availability. This was particularly evident at Council's aquatic and recreation centres and Council facilities – reserves and halls. Library services were restricted by closure periods as were the Waste transfer station operations.

Whilst restricted services realised some expenditure savings from lower employee costs and utility charges, these savings were offset by lower income from fees and charges. Services are still recovering from restrictions and are expected to return towards capacity in 2022/23.

Council has noted the following significant impacts on its financial operations:

- Revenue reductions – Council's aquatic and recreation centres, Monash halls and Waste Transfer Station operations were restricted under covid lockdown periods and reduced income from user fees resulted.
- Revenue foregone – Parking control was also hampered both during and after lockdown periods which saw a large drop in infringement income.
- Additional costs – Council undertook significant safeguards for additional cleaning at various facilities including setting up 'concierge' check in tracing requirements at all operating facilities during lockdowns. Some debt collection and follow up was also slowed to allow various people to recover from the pandemic effect on the economy.
- Asset valuations – whilst land and buildings were revalued during the year there was no direct impact on these assets; only shortages experienced in the supply of materials and availability of contractors to complete contracted project works.

Notes to the Financial Report For the Year Ended 30 June 2022

Note 2.1 Performance Against Budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold 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 29th June 2021. 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 and Expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance 2022 \$'000	Variance 2022 %	Ref
Income					
Rates and charges	136,184	136,058	(126)	-0.1%	
Statutory fees and fines	9,314	9,932	618	6.6%	
User fees	23,659	17,532	(6,127)	-25.9%	1
Contributions - monetary	8,965	11,078	2,113	23.6%	2
Contributions - non monetary	-	4,783	4,783	-100.0%	3
Grants - Operating (recurrent)	15,672	21,459	5,787	36.9%	4
Grants - Operating (non-recurrent)	162	1,171	1,009	622.8%	5
Grants - Capital (recurrent)	829	1,136	307	37.0%	6
Grants - Capital (non-recurrent)	7,433	11,192	3,759	50.6%	7
Other Revenue	1,106	1,527	421	38.1%	8
Profit from Sale of Assets	-	568	568	0.0%	
Share of net loss of joint operation	-	328	328	0.0%	
Total income	203,324	216,764	13,440		
Expenses					
Employee costs	87,721	84,853	2,868	3.3%	9
Materials and Services	76,323	79,240	(2,917)	-3.8%	10
Depreciation	29,680	30,347	(667)	-2.2%	
Amortisation-intangible assets	2,223	1,573	650	0.0%	
Amortisation- right of use assets	1,588	1,670	(82)	0.0%	
Finance Costs-leases	160	161	(1)	0.0%	
Other Expenses	810	714	96	11.9%	
Total expenses	198,505	198,558	(53)		
Surplus/deficit for the year	4,819	18,206	13,387		

Note 2 Performance Against Budget (Cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	User Fees	User fees income was unfavourable to budget by \$6.13M. A major component of user fees is income raised at Council's 3 aquatic and recreation centres. COVID-19 restrictions in the early half of the 2021/22 financial year resulted in lower patronage at each centre. Whilst there were some expenditure savings in casual staffing costs and utility expenditure, the impact was greater on income. Council's Monash Halls income was also impacted by lower patronage and income received as were Council's waste transfer station operations and also building services inspections.
2	Contributions-monetary	Monetary contributions are favourable to budget by \$2.11M. This mainly relates contributions from Level Crossing Removal Authority to maintain gifted assets in to the future.
3	Contributions- non monetary	Unbudgeted non-monetary asset contributions (\$4.8M) were received during the year. These include the transfer of infrastructure assets relating to the Level Crossing Removal Authority (LXRA) works and ongoing maintenance agreement - Poath Road Hughesdale to Carinish / Centre Road Clayton. Also, other infrastructure assets in roads, drains, bridges and footpaths were contibuted during the year which Council are now required to maintain.
4	Grants- Operating (recurrent)	Operating recurrent grants are favourable to budget by \$5.79M. The majority of this variance relates to Commonwealth Financial Assistance advance funding of the untied grant allocations for all Councils. The Commonwealth determined to advance 75% of funds relating to the 2022/23 allocation into the current year which was received in April 2022. Advance funding was received for both the 'general purpose' and 'local road' components of funding. This amount, added to the current year allocation (remaining 50% funding) has resulted in a favourable variance this financial year. Future years have been budgeted according to the current funding split 25% remaining / 75% in advance.
5	Grants- Operating (non-recurrent)	Operating non-recurrent grant funding of \$1.17M was received during the year. This mainly related to remaining COVID-19 grant funding from State Government to stimulate the economy with various initiatives; Youth Services special grant funding and also Community Services specific one-off funding.
6	Grants- Capital (recurrent)	Council's recurrent capital income of \$1.14M comprises Roads to Recovery (R2R) and Library reading stream funding. Additional R2R funding was received in 2021/22 which was allocated to specific road projects.
7	Grants- Capital (non-recurrent)	Non-recurrent capital grants income of \$11.19M was received. The major component of these funds relates to Local Roads and Community Infrastructure (LRCI) grant funding which was awarded for a variety of projects. Further applications for funding will be required in the future.
8	Other Revenue	Other revenue is favourable by \$0.41M and includes funding for the Business Energy Saver Program initiative and fee income from the Metropolitan Waste Resource Recovery Group (MWRRG).
9	Employee Costs	Employee costs were favourable to budget by \$2.87M . This was mainly due to reduced operationing conditions under the COVID-19 lockdown restrictions which mainly impacted aquatic and recreation centres and Monash hall usage in the first half of the financial year. There were additional temporary staff requirements due to vacancies / shortages across several programs but this expenditure was more than offset by lower casual staffing costs particularly at Council's aquatic and recreation centres. Staff cost recovery involved with capital works design and also project initiation were also favourable to budget.
10	Materials and Services	Materials and Services were unfavourable to budget by \$2.91M. This is mainly due to the transfer from the capital works program (\$3.74M) of expenditure on various projects which could not be capitalised as an asset. Other expenditure components in this category were overall under budget which was a combination of savings and lower operational requirements due to COVID-19 restrictions experienced in the first half of the year.

Note 2 Performance Against Budget (Cont'd)

2.1.2 Capital Works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance 2022 \$'000	Variance 2022 %	Ref
Property					
Land Improvements	563	55	508	90.2%	1
Buildings & Building improvements	16,366	9,662	6,704	41.0%	2
Total Property	16,929	9,717	7,212		
Plant and Equipment					
Plant, machinery and equipment	3,297	3,178	119	3.6%	
Fixtures, fittings and furniture	1,266	1,025	241	19.0%	3
Computers and telecommunications	5,925	6,174	(249)	-4.2%	
Library books	1,336	1,361	(25)	-1.9%	
Total Plant and Equipment	11,824	11,738	86		
Infrastructure					
Roads	9,877	7,912	1,965	19.9%	4
Bridges	45	19	26	57.8%	
Footpaths and cycleways	6,201	6,553	(352)	-5.7%	
Drainage	2,722	1,387	1,335	49.0%	5
Recreational, leisure and community facilities	9,316	8,625	691	7.4%	
Waste management	286	134	152	53.1%	6
Parks, open space and streetscapes	4,173	3,791	382	9.2%	
Off street car parks	470	455	15	3.2%	
Other infrastructure	60	204	(144)	-240.0%	7
Total Infrastructure	33,150	29,080	4,070		
Total Capital Works Expenditure	61,903	50,535	11,368	18.4%	
Less transferred to operating as unable to capitalise from work in progress	-	(3,739)	3,739		
Adjusted Balance of Capital Works Expenditure	61,903	46,796	15,107	24.4%	
Represented by:					
New asset expenditure	4,346	3,548	798		
Asset renewal expenditure	50,850	41,512	9,338		
Asset expansion expenditure	2,386	1,948	438		
Asset upgrade expenditure	4,321	3,527	794		
Total Capital Works Expenditure	61,903	50,535	11,368		
Less transferred to operating as unable to capitalise from work in progress	-	(3,739)	3,739		
Adjusted Balance of Capital Works Expenditure	61,903	46,796	15,107		

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	The favourable expenditure variance for the year (\$0.51M) relates to site remediation works at 333 Waverley Road Mount Waverley which will continue into 2022/23. This is for redevelopment of a car park and sale of the balance of land.
2	Buildings & Building improvements	The budget underspends in 2021/22 (\$6.07M) relate mainly to COVID-19 impacts on the supply of materials and shortages experienced in engaging contractors. The building services renewal program, building fit-out and the building structures renewal program each experienced pandemic impacted delays and supply shortages. This was the same for a major project at the Mulgrave Reserve pavilion construction (\$2.2M). The multi level car park planned for Montclair Avenue in Glen Waverley was abandoned due to the potential impact on properties in the vicinity for the Suburban Rail Loop Authority project (\$1.7M). The Pinewood Child and Family hub project, however, was able to progress ahead of schedule towards completion.
3	Fixtures, Fittings and Furniture	Whilst expenditure in this category is favourable (\$0.24M), there were several projects that neared completion; these included the Library and Gallery furniture and equipment purchases, the Monash Art Gallery acquisitions; completion of security 'swipe' access across various sites; advancement of the MARC Pool accessibility and installation of the boiler and heat pumps at Oakleigh Recreation Centre as part of the ZNCAP (Zero Net Carbon Action Plan).
4	Roads	Budget underspend of \$1.97M in this category mainly relate to the major construction project at Normanby Street Hughesdale which experienced delays and will be carried forward for completion in 2022/23. Resurfacing - bituminous works and the kerb and channel program were completed for the year, along with other minor reconstructions, including various street reconstructions and the speed hump renewal program.
5	Drainage	Favourable expenditure (\$1.30M) again relates to project delays and supply shortages mainly for 3 key drainage projects - Doubell Close Glen Waverley, View Street Clayton and Maureen/Kathleen Street Mount Waverley, which will be completed in 2022/23.
6	Waste Management	Budget underspend by only \$0.15M (53.2%) relating to post closure landfill site remediation which is ongoing and occurs each year as required.
7	Other Infrastructure	Budget overspend (\$0.14M) relates to the Oakleigh Activity Centre Safe Pedestrian - Safer Roads project which was funding based and approved after budget adoption. There were other minor infrastructure projects undertaken also.

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 Corporate Administration and Customer Services, Communications and People and Culture.

Corporate Services

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

Community Development & Services

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

City Development

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

Infrastructure and Environment Services

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

Notes to the Financial Report
For the Year Ended 30 June 2022

Note 2.2 Analysis of Council results by program

2.2.2 Summary of income, expenses, assets and capital expenses by program

	Income \$'000	Expenses \$'000	Surplus/(Deficit) \$'000	Grants included in income \$'000	Total assets \$'000
2022					
Chief Executive	824	35,053	(34,229)	-	-
Corporate Services	150,597	46,407	104,190	6,301	3,749,059
Community Development & Services	21,616	42,384	(20,768)	13,629	-
City Development	12,525	18,817	(6,292)	693	-
Infrastructure and Environment Services	31,202	55,897	(24,695)	14,335	-
	216,764	198,558	18,206	34,958	3,749,059

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

Notes to the Financial Report For the Year Ended 30 June 2022

Note 3 Funding for the delivery of our services

2022
\$'000

2021
\$'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 2021/22 was \$85.871 billion (2020/21 \$82.756 billion). The 2021/22 rate in the dollar for residential was \$0.00150609 (2020/21 \$0.00151350) and for other properties \$0.00174938 (2020/21 \$0.00174115).

General Rates	131,898	127,587
Rate Waiver	-	(12,864)
Pension Rebate	(994)	(858)
Cultural & Recreational	269	258
Supplementary rates & rate adjustments	720	1,455
Recycling & Waste Levy	3,493	2,186
Interest on rates and charges	672	587
Total Rates and Charges	136,058	118,351

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2021 and the valuation was first applied in the rating year commencing 1 July 2021. 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	4,499	3,089
Court Recoveries	890	505
Town Planning Fees	3,413	3,343
Land Information Certificates	207	156
Permits	923	839
Total Statutory Fees and Fines	9,932	7,932

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	2,436	2,361
Recreation Fees	5,484	4,163
Waste Transfer Station	2,677	2,427
Building Services Fees	1,847	1,543
Library Fees and Fines	25	26
Bin Charges	2,112	2,028
Lease Charges	317	313
Hire and Rental Charges	413	396
Other Fees and Charges	2,221	1,780
Total User Fees	17,532	15,037

User fees by timing of revenue recognition

User fees recognised over time	238	292
User fees recognised at a point in time	17,294	14,745
Total User Fees	17,532	15,037

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

**Notes to the Financial Report
For the Year Ended 30 June 2022**

	2022 \$'000	2021 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	22,541	17,972
State funded grants	12,417	15,388
Total grants received	34,958	33,360
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	7,423	5,523
Family and Children	1,444	1,658
General Home Care	7,569	7,543
Recurrent - State Government		
Family and Children	335	277
Maternal & child health	1,582	1,787
Libraries	1,292	1,248
General Home care	1,027	880
Youth Services	90	74
School crossing supervisors	580	562
Other	117	371
Total recurrent operating grants	21,459	19,923
Non Recurrent - State Government		
Community	94	367
Youth services	120	232
Gallery	20	23
COVID-19 Grant Relief	536	3,565
Other	401	534
Total non-recurrent operating grants	1,171	4,721
Total operating grants	22,630	24,644
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,115	1,210
Recurrent - State Government		
Libraries	21	21
Total recurrent capital grants	1,136	1,231
Non Recurrent - Commonwealth Government		
Recreation	90	2,038
Local Roads and Community Infrastructure (LRCI)	4,900	-
Non Recurrent - State Government		
Buildings & Building improvements	2,351	1,741
Computers and Telecommunications	45	212
Fixtures Fittings & Furniture	-	-
Footpaths & Cycleway	341	457
Parks & Open space and streetscapes	1,096	445
Recreational & Leisure and community facilities	2,347	2,266
Roads	12	282
Other infrastructure	10	44
Total non recurrent capital grants	11,192	7,485
Total capital grants	12,328	8,716
Total Grants	34,958	33,360
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	833	1,879
Received during the financial year and remained unspent at balance date	1,466	833
Received in prior years and spent during the financial year	(833)	(1,879)
Balance at year end	1,466	833
Capital		
Balance at start of year	5,241	485
Received during the financial year and remained unspent at balance date	1,502	5,241
Received in prior years and spent during the financial year	(5,241)	(485)
Balance at year end	1,502	5,241
(d) Recognition of grant income		
Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, the Council:		
- identifies each performance obligation relating to revenue under the contract/agreement		
- determines the transaction price		
- recognises a contract liability for its obligations under the agreement		
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.		
Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income for Not-for-Profit Entities.		
Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.		
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
Specific purpose grants to acquire non-financial assets	2,968	6,074
	2,968	6,074

**Notes to the Financial Report
For the Year Ended 30 June 2022**

	2022	2021
	\$'000	\$'000
3.5 Contributions		
Monetary	11,078	14,399
Non-monetary	4,783	2,502
Total Contributions	15,861	16,901

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

Land	1,308	900
Infrastructure	3,351	1,300
Other	123	302
Total Non-Monetary Contributions	4,783	2,502

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

Land & Buildings		
Proceeds from Sale of Assets	31	174
Sale Cost	-	-
Written Down Value of Assets Disposed	-	(112)
Write back of Revaluation on Assets Disposed	(11)	196
Gain on Disposal of Land & Buildings	20	258
Plant & Equipment		
Proceeds from Sale of Assets	1,563	637
Written Down Value of Assets Disposed	(581)	(321)
Gain on Disposal of Plant & Equipment	982	316
Infrastructure		
Written Down Value of Assets Disposed	(434)	(19)
Loss on Disposal of Infrastructure and Plant & Equipment	(434)	(19)
Total		
Proceeds from Sale of Assets	1,594	811
Write back of Revaluation on Assets Disposed	(11)	196
Written Down Value of Assets Disposed	(1,015)	(452)
Total Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment	568	555

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

3.7 Other Income

Investment Interest	396	332
Other Income	1,131	887
Total Other Income	1,527	1,219

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 2022**

	2022	2021
	\$'000	\$'000
Note 4 The cost of delivering services		
4.1 (a) Employee Costs		
Salaries & Wages	71,466	70,441
Work cover	1,340	1,162
Casual staff	5,999	4,652
Superannuation	7,541	6,823
Fringe Benefits Tax	356	316
Long Service Leave	1,376	2,427
Other Employee Related costs	1,088	869
	89,166	86,690
Less: Amounts capitalised (non-current assets constructed by Council)	(4,313)	(3,427)
Total Employee Costs	84,853	83,263

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	383	435
	383	435
Employer contributions at payable date	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,677	3,476
Employer contributions - other funds	2,930	2,695
	6,607	6,171
Employer contributions at payable date	550	217

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

4.2 Materials and Services

Waste Management Services	23,490	18,420
Building Maintenance	6,397	6,098
General Maintenance	13,571	11,478
Local Law Services	5,108	4,557
Fleet Management	861	654
Legal costs	1,773	1,228
General Administration Costs	8,582	7,199
Consultants	2,044	1,357
Utilities	4,043	3,765
Insurance	2,273	2,112
Information Technology	6,054	5,376
Bad and doubtful debts	(8)	19
Other	5,051	4,189
Total Materials and Services	79,240	66,452

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

4.3 Depreciation

Buildings	7,048	7,060
Plant and Equipment	5,997	6,080
Infrastructure	17,302	16,117
Total Depreciation	30,347	29,257

4.4 Amortisation - Intangible assets

Intangible Assets	1,573	1,420
Total Amortisation - Intangible assets	1,573	1,420

4.5 Amortisation - Right of use assets

Property	468	467
Gym Equipment	270	249
Waste Contract- Vehicles	736	736
Printers	196	196
Total Amortisation - Right of use assets	1,670	1,648

4.6 Finance Costs - Leases

Interest - Lease Liabilities	5.7	161	191
Total Finance Costs		161	191

4.7 Other Expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals		69	71
Auditor's Remuneration - Internal Audit		138	156
Councillor Allowances		507	436
Total Other Expenses		714	663

**Notes to the Financial Report
For the Year Ended 30 June 2022**

	2022	2021
	\$'000	\$'000
Note 5 Our financial position		
5.1 Financial Assets		
(a) Cash and Cash Equivalents		
Cash at bank	2,861	3,202
Cash on hand	18	19
Short term deposits (with a maturity date of 90 Days or less)	50,000	39,000
Total Cash and Cash Equivalents	52,879	42,221
(b) Other Financial Assets		
Term deposits - Current	31,500	47,000
Other	69	77
Total Other Financial Assets	31,569	47,077
Total Financial Assets	84,448	89,298

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)	14,783	13,418
Statutory Reserves (Note 9 (b))	23,339	22,550
Total Restricted funds	38,122	35,968
Total Unrestricted Cash and Cash Equivalents	14,757	6,253

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

Statutory Receivables

Rates Receivable	9,341	8,593
Parking Infringements	12,453	10,966
Less: Provision for Doubtful Debts	(10,669)	(9,372)
	11,125	10,187

Non- Statutory Receivables

Sundry debtors	4,197	5,102
Less: Provision for Doubtful Debts	(91)	(100)
Net GST Receivable	1,832	1,415
	5,938	6,417

Total Trade and Other Receivables	17,063	16,604
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Receivables are carried at invoice amount. Provision for doubtful debts is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

In response to the impacts of the COVID-19 pandemic, Council reframed its hardship policy to provide support to the community, including deferral, on application, for rate payments and fees and charges that will help support residents who are living in a new reality. This has had an impact on the balance of rates receivable as at 30 June 2022, increasing by \$0.75M over 2020/21.

(a) Ageing of Receivables

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

Current (not yet overdue)	4,054	3,527
Past due by up to 30 days	90	1,894
Past due between 31 and 180 days	1,885	1,096
Total Trade & Other Receivables	6,029	6,517

Movement in Receivables Provision for Doubtful Debts

Balance at the beginning of the year	100	85
Provisions adjusted during the year	(9)	15
Balance at the end of year	91	100

Movement in provisions for doubtful debts

Balance at the beginning of the year	9,472	8,069
New provisions recognised during the year	1,288	1,403
Balance at end of year	10,760	9,472

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

(b) Ageing of individually impaired Receivables

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

	2021 \$'000	2020 \$'000
5.2 Non-Financial Assets		
(a) Other Assets		
Accrued Income	594	237
Prepayments	575	537
Other	125	130
Total Other Assets	1,294	904

(b) Intangible Assets

	Software
Gross carrying amount	
Balance as at 1 July 2021	12,325
Additions	201
	12,526
Work in Progress	3,832
Balance as at 30 June 2022	16,358
Accumulated amortisation	
Balance as at 1 July 2021	(5,429)
Amortisation expense	(1,573)
Balance as at 30 June 2022	(7,002)
Net book value as at 30 June 2021	6,896
Net book value as at 30 June 2022	9,356

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

5.3 Payables, trust funds and deposits and unearned income/revenue

(a) Trade and Other Payables

Operating Payables	7,574	9,435
Capital Payables	6,031	5,454
Employee Costs	2,312	1,217
Parking Infringements	1,660	1,662
Total Trade and Other Payables	17,577	17,768

(b) Trust Funds and Deposits

Refundable Deposits	13,546	12,217
Retention Amounts	547	395
Fire Services Property Levy	584	532
Other Refundable Deposits	106	274
Total Trust Funds and Deposits	14,783	13,418

(c) Unearned Income/revenue

Grants received in advance - operating	1,466	833
Grants received in advance - capital	1,502	5,242
Aquatic Facilities Membership & Learn-to Swim	-	238
Rates Paid in Advance	929	728
Other	405	1,479
Total Unearned Income/revenue	4,302	8,520

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 2022**

5.4 Provisions

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
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(459)	(210)	(669)
Balance at the end of the financial year	(8,374)	(13,627)	(22,001)

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

5.4 Provisions (Cont'd)

	2022	2021
	\$'000	\$'000
(a) Employee Provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	5,617	5,561
Long service leave	1,842	1,874
	<u>7,459</u>	<u>7,435</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	2,757	2,581
Long service leave	10,438	10,620
	<u>13,195</u>	<u>13,201</u>
Total Current Provisions	<u>20,654</u>	<u>20,636</u>
Non-Current		
Long service leave	1,347	1,449
Total Non-Current Provisions	<u>1,347</u>	<u>1,449</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:

Weighted average increase in costs	2.25%	2.25%
Weighted average discount rates	2.95%	0.27%
Weighted average settlement period	2-5 Years	2-5 Years

5.5 Financing Arrangements

The Council has the following funding arrangements in place.

Credit card facilities	100	100
Other facilities	-	-
Total facilities	<u>100</u>	<u>100</u>
Used facilities	53	57
Unused facilities	<u>47</u>	<u>43</u>

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

Notes to the Financial Report For the Year Ended 30 June 2022

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

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
Operating					
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
Total Operating	45,768	31,941	69,030	10,908	157,647
Capital					
Buildings	3,530	164	20	-	3,714
Infrastructure	6,531	3,273	304	-	10,108
Roads	1,770	-	-	-	1,770
Total Capital	11,831	3,437	324	-	15,592

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

5.7 Lease

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

The contract involves the use of an identified asset.

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Report

For the Year Ended 30 June 2022

5.7 Lease (Cont'd)

Right-of-Use Assets	Property	Waste Contract Vehicles	Gym Equipment	Printers	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	624	5,705	744	113	7,186
Additions	333	-	-	196	529
Amortisation charge	(468)	(736)	(270)	(196)	(1,670)
Balance at 30 June 2022	489	4,969	474	113	6,045

Lease Liabilities	2022	2021
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	1,518	1,554
One to five years	4,048	4,456
More than five years	602	1,274
Total undiscounted lease liabilities as at 30 June:	6,168	7,284

Lease liabilities included in the Balance Sheet at 30 June:

Current	1,518	1,554
Non-current	4,650	5,730
Total lease liabilities	6,168	7,284

**Notes to the Financial Report
For the Year Ended 30 June 2022**

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.

	2022 \$'000	2021 \$'000
Land & Buildings	2,905	2,905
Total Non Current Assets Classified As Held For Sale	2,905	2,905

6.2 Property, Infrastructure, Plant and Equipment

Summary of Property, Infrastructure, Plant and Equipment

Category	Carrying amount 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	2,374,472	340	-	248,814	-	-	-	2,623,626
Buildings	234,501	5,702	-	12,634	(7,048)	-	-	245,789
Plant and Equipment	27,735	6,130	123	-	(5,997)	(622)	-	27,369
Infrastructure	700,115	13,080	4,660	-	(17,302)	(594)	-	699,959
Work in progress	12,168	\$50,535	-	-	-	-	(32,669)	30,034
Total	3,348,991	75,787	4,783	261,448	(30,347)	(1,216)	(32,669)	3,626,777

Summary of Work in Progress

Category	Opening WIP	Additions	Transfer to Operating	Reclassification	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	4,531	\$9,717	(577)	(528)	(6,042)	7,101
Plant and Equipment	-	11,738	(1,320)	(3,788)	(6,130)	500
Infrastructure	7,637	29,080	(1,842)	638	(13,080)	22,433
Total	12,168	50,535	(3,739)	(3,678)	(25,252)	30,034

Notes to the Financial Report
For the Year Ended 30 June 2022

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

Land and Buildings	Land - specialised	Land - non specialised	Land under roads	Total land	Buildings - specialised	Work in progress	Total property
(a)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value at 1 July 2021	1,808,359	563,461	2,652	2,374,472	414,552	4,531	2,793,555
Accumulated depreciation at 1 July 2021	-	-	-	-	(180,050)	-	(180,050)
	1,808,359	563,461	2,652	2,374,472	234,502	4,531	2,613,505
Movements in fair value							
Acquisition of assets at fair value	340	-	-	340	5,702	9,717	15,759
Revaluation increment	189,099	59,715	-	248,814	25,670	-	274,484
Fair value of assets disposed	-	-	-	-	(224)	-	(224)
Transfers to Properties for resale	-	-	-	-	-	-	-
Transfers to operating	-	-	-	-	-	(577)	(577)
Reclassification	-	-	-	-	-	(528)	(528)
Transfer from WIP	-	-	-	-	-	(6,042)	(6,042)
	189,439	59,715	-	249,154	31,148	2,570	282,872
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	-	-	7,048	-	7,048
Revaluation increments	-	-	-	-	13,036	-	13,036
Accumulated depreciation of disposals	-	-	-	-	(224)	-	(224)
	-	-	-	-	19,860	-	19,860
Fair value at 30 June 2022	1,997,798	623,176	2,652	2,623,626	445,700	7,101	3,076,427
Accumulated depreciation at 30 June 2022	-	-	-	-	(199,910)	-	(199,910)
Carrying amount	1,997,798	623,176	2,652	2,623,626	245,790	7,101	2,876,517

Notes to the Financial Report
For the Year Ended 30 June 2022

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 2021	30,436	10,337	6,062	8,454	6,605	-	61,894
Accumulated depreciation at 1 July 2021	(17,673)	(7,996)	(4,101)	-	(4,388)	-	(34,158)
	12,763	2,341	1,961	8,454	2,217	-	27,736
Movements in fair value							
Acquisition of assets at fair value	-	-	-	-	-	11,738	11,738
Contributions	-	-	-	123	-	-	123
Fair value of assets disposed	(3,239)	(101)	(1,202)	-	(757)	-	(5,299)
Transfers to operating	-	-	-	-	-	(1,320)	(1,320)
Reclassification	-	-	-	-	-	(3,788)	(3,788)
Transfer from WIP	3,724	310	679	56	1,361	(6,130)	-
	485	209	(523)	179	604	500	1,454
Movements in accumulated depreciation							
Depreciation and amortisation	3,008	719	1,159	-	1,111	-	5,997
Accumulated depreciation of disposals	(2,638)	(101)	(1,181)	-	(757)	-	(4,677)
	370	618	(22)	-	354	-	1,320
Fair value at 30 June 2022	30,921	10,546	5,539	8,633	7,209	500	63,348
Accumulated depreciation at 30 June 2022	(18,043)	(8,614)	(4,079)	-	(4,742)	-	(35,478)
Carrying amount	12,878	1,932	1,460	8,633	2,467	500	27,870

Notes to the Financial Report
For the Year Ended 30 June 2022

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 2021	588,642	5,481	190,080	426,803	35,635	12,879	50,447	10,256	14,517	9,081	7,637	1,351,458
Accumulated depreciation at 1 July 2021	(251,173)	(2,655)	(129,716)	(196,052)	(12,763)	(4,418)	(27,203)	(3,834)	(8,185)	(7,707)	-	(643,706)
	337,469	2,826	60,364	230,751	22,872	8,461	23,244	6,422	6,332	1,374	7,637	707,752
Movements in fair value												
Acquisition of assets at fair value	-	-	-	-	-	-	-	-	-	-	29,080	29,080
Contributions	1,254	824	616	677	885	-	-	-	-	404	-	4,660
Fair value of assets disposed	(807)	-	(283)	(81)	-	-	-	-	-	-	-	(1,171)
Transfers to operating	-	-	-	-	-	-	-	-	-	-	(1,842)	(1,842)
Reclassification	-	-	-	-	(472)	-	462	-	9	-	638	637
Transfer from WIP	6,726	-	408	175	2,027	211	1,843	1,579	111	-	(13,080)	-
	7,173	824	741	771	2,440	211	2,305	1,579	120	404	14,796	31,364
Movements in accumulated depreciation												
Depreciation and amortisation	5,214	69	2,308	4,208	1,427	573	2,427	331	517	228	-	17,302
Accumulated depreciation of disposals	(342)	-	(197)	(38)	-	-	-	-	-	-	-	(577)
	4,872	69	2,111	4,170	1,427	573	2,427	331	517	228	-	16,725
Fair value at 30 June 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 30 June 2022	(256,045)	(2,724)	(131,827)	(200,222)	(14,190)	(4,991)	(29,630)	(4,165)	(8,702)	(7,935)	-	(660,431)
Carrying amount	339,770	3,581	58,994	227,352	23,885	8,099	23,122	7,670	5,935	1,550	22,433	722,391

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

(f) Acquisition

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

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

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

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

Land under roads

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

(g) Repairs and Maintenance

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

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

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

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

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

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

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

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

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

(i) Revaluation

Subsequent to the initial recognition of assets, non current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged subsequent to initial recognition. At reporting date each year, Council reviews the carrying value of the individual classes of assets to ensure that each asset materially approximates their fair value. Where the carrying value materially differs from the fair value, the class of assets is revalued.

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

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

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

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

Council	2022 \$'000	2021 \$'000
Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 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.	2,000,450	1,811,011
Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs 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.	245,790	234,501
Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 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.	699,958	700,115

(j) Valuation of Property

In accordance with Council policy, a revaluation of land was undertaken as at 30th April 2022. For land and buildings, fair value is market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Valuation of land was undertaken as at 30 April 2022, by a qualified independent valuer William Robbins (CPV) of Herron Todd White Group.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land	-	623,176	-	30-Apr-22
Specialised Land	-	-	1,997,798	30-Apr-22
Specialised buildings	-	-	245,790	30-Jun-22
Total	-	623,176	2,243,588	

(k) Valuation of Infrastructure

In accordance with Council's policy a revaluation of infrastructure assets was undertaken as at 30 April 2021.

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows:

Council	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	339,770	30-Apr-21
Bridges	-	-	3,581	30-Apr-21
Footpaths	-	-	58,994	30-Apr-21
Drainage	-	-	227,353	30-Apr-21
Recreational, leisure and community	-	-	23,885	30-Jun-21
Traffic management	-	-	8,099	30-Jun-21
Parks open spaces and streetscapes	-	-	23,123	30-Jun-21
Bicycle paths	-	-	7,670	30-Jun-21
Off street car parks	-	-	5,935	30-Jun-21
Other infrastructure	-	-	1,548	30-Jun-21
Total	-	-	699,958	

Reconciliation of Specialised Land

Council	2022 \$'000	2021 \$'000
Land under roads	2,652	2,652
Parks and reserves and other	1,997,798	1,808,359
Total specialised land	2,000,450	1,811,011

6.3 Investments in Joint Arrangement Accounted For Using The Equity Method

Regional Landfill Clayton South Unincorporated Joint Arrangement

Under an agreement dated 23 September 1986, the former City of Oakleigh (now vested in the Monash City Council) contracted to purchase a 16.8% interest in the landfill site situated at 654 – 718 Clayton Road, South Clayton from the former City of Camberwell at a cost of \$0.84M.

Whilst the site was closed in December 2015, the joint venture continues to manage the site to ensure compliance with relevant environmental standards. Under Clause 2.2 of the purchase agreement Council receives 16.8% of any net operating surplus and pays 16.8% of any net operating deficit of the operations of the Clayton Landfill venture. Council's share of the operating gain for the year ended 30 June 2022 was \$0.328M, which has been recognised as an expense in the Comprehensive Income Statement.

The value of the investment in the Clayton Landfill has been revalued at year end to reflect Council's share of net assets recorded in the unaudited accounts of the Joint operation at 30 June 2022 and is included in the Balance Sheet as follows:

REGIONAL LANDFILL CLAYTON SOUTH JOINT OPERATION		
Balance Sheet		
As at 30 June 2022		
	2022	2021
	\$'000	\$'000
Current Assets	673	718
Current Liabilities	(1,075)	(2,021)
Net Current Assets	(402)	(1,303)
Non-Current Assets	-	-
Non-Current Liabilities	(16,748)	(17,798)
Net Liability	(17,150)	(19,101)
Contribution-Re Land	1,659	1,659
Retained earnings	(18,809)	(20,760)
Deficit	(17,150)	(19,101)
Share of Monash City Council (16.8%)		
Movements		
Share in Joint Operation Equity as at 1 July	(3,209)	(1,418)
Share of net (loss)/ profits of joint operation	328	(1,791)
Share in Joint Operation Equity as at 30 June 2022	(2,881)	(3,209)
Represented in Council's Balance Sheet - Equity		
Non - Current Assets - Investment in Joint arrangement accounted for using the equity method	444	115
Non-Current Liability - Investment in Joint arrangement accounted for using the equity method	(3,325)	(3,324)
Net Liability	(2,881)	(3,209)

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site. Remediation is expected to be completed by 2050.

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

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

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

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

Note 7 People and Relationships

7.1 Council and Key Management Remuneration

(a) Related Parties

Parent entity
Monash City Council

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

(b) Key Management Personnel

Key Management Personnel (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:

	2022	2021
	No	No
Key Management Personnel - Councillors		
From 1 July 2021 to 30 June 2022		
Councillor Paul Klisaris	1	1
Councillor Stuart James (Mayor from 9 Nov 21)	1	1
Councillor Shane McCluskey (Deputy Mayor until 8 Nov 21)	1	1
Councillor Josh Fergeus	1	1
Councillor Lynnette Saloumi (up to 24th Oct 2020)	-	1
Councillor MT Pang Tsoi (up to 24th Oct 2020)	-	1
Councillor Robert Davies (up to 24th Oct 2020)	-	1
Councillor Brian Little (Mayor until 8 Nov 21)	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	1	1
Councillor Tina Samardzija (Deputy mayor from 9 Nov 21)	1	1
Key Management Personnel - Officers		
Andi Diamond (Chief Executive Officer)	1	1
Danny Wain (Chief Financial Officer)	1	1
Russell Hopkins (Director Community Services)	1	1
Ossie Martinz (Director Infrastructure & Environment)	-	1
Debbie Evelyn Cailles (Director Infrastructure & Environment)	1	-
Peter Panagakos (Director City Development)	1	1
Leanne Wiebenga (Executive Manager - People and Culture)	1	1
Jarrod Doake (Chief Operating Officer)	1	1
Joanne Robertson (Executive Manager, Communications)	1	1
Total Number of Councillors	11	14
Total of Chief Executive Officer and other Key Management Personnel	8	8
Total Number of Key Management Personnel	19	22

(c) Remuneration of Key Management Personnel

	2022	2021
Total remuneration of key management personnel was as follows:	\$,000	\$,000
Short-term benefits	2,548	2,316
Post-employment benefits	234	289
Long-term benefits	56	53
Total	2,838	2,658

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

Mayor allowance: \$119,316 per annum

Deputy Mayor allowance : \$59,658 per annum

Councillor allowance : \$35,972 per annum

Council also contributes the legislative requirement for 10% superannuation.

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

	2022	2021
	No.	No.
\$1 - \$9,999	-	3
\$20,000 - \$29,999	-	3
\$30,000 - \$39,999	8	6
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	1
\$80,000 - \$89,999	1	1
	11	14

(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:

	2022	2021
	No.	No.
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	1	-
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	1	1
\$280,000 - \$289,999	2	1
\$420,000 - \$429,999	-	1
\$480,000 - \$489,999	1	-
	8	8

(d) Senior Officer Remuneration

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

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

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

	2022	2021
	No.	No.
Income Range:		
\$151,000 - \$159,999	11	5
\$160,000 - \$169,999	8	13
\$170,000 - \$179,999	8	7
\$180,000 - \$189,999	7	8
\$190,000 - \$199,999	6	-
\$220,000 - \$229,999	1	-
	41	33

	\$,000	\$,000
Total Remuneration for the reporting year for Senior Officers includes all bonuses, termination payments and payments of outstanding leave which amounted to:	7,137	5,603

7.2 Related Party Disclosure

(a) Transactions with related parties

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

(b) Outstanding balances with related parties

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

(c) Loans to/from related parties

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

(d) Commitments to/from related parties

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

Note 8 Managing Uncertainties

8.1 Contingent Assets and Liabilities

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 2022, there are no potential contingent assets

(b) Contingent Liabilities

Contingent liabilities are:

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

Superannuation

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

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

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

	2022	2021		Year Loan
	Outstanding	Outstanding Loan	Guarantee Limit	Commenced
	Loan Liability	Liability		
Community Organisation				
Waverley Hockey Club	123,901	149,441	300,000	2011/12
	123,901	149,441	300,000	

8.2 Change in Accounting Standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial Instruments

(a) Objectives and Policies

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

(b) Market Risk

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

Interest rate risk

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

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

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

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

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

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

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

8.3 Financial Instruments (Cont'd)

(d) Liquidity Risk

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

To help reduce these risks Council:

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

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

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

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

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

(e) Sensitivity Disclosure Analysis

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

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

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

8.4 Fair Value Measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Impairment of Assets

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

Assessment of the impairment of assets has been undertaken as part of Monash internal work plan and there have been no impairment write-downs in 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 2022**

Note 9 Other Matters

9.1 Reserves

	Balance at beginning of reporting period	Revaluation Increment / (decrement)	Adjustments	Balance at end of reporting period
(a) Asset Revaluation Reserves 2022	\$'000	\$'000	\$'000	\$'000
Property				
Land	2,017,270	248,814	-	2,266,084
Buildings	77,258	12,634	-	89,892
Infrastructure				
Roads and Footpaths	113,238	-	-	113,238
Drainage	130,787	-	-	130,787
Other Infrastructure	9,529	-	-	9,529
Other				
Plant & Equipment	11	-	-	11
Library Books	250	-	-	250
Art Collection	2,757	-	-	2,757
Total Asset Revaluation Reserves	2,351,100	261,448	-	2,612,548

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

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

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Note 9 Other Matters (Cont'd)

(b) Statutory Reserve	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
2022	\$'000	\$'000	\$'000	\$'000
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
Total Statutory Reserves	22,550	7,015	(6,226)	23,339
2021				
Drainage Reserve	7,558	1,018	(308)	8,267
Parking Reserve	3,216	1,634	(120)	4,731
Public Open Space Reserve	6,225	11,104	(7,776)	9,552
Total Statutory Reserves	16,999	13,755	(8,204)	22,550

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.

(c) Discretionary Reserves	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
2022	\$'000	\$'000	\$'000	\$'000
Development Reserve	3,704	-	-	3,704
Superannuation Reserve	5,500	-	-	5,500
Total Discretionary Reserves	9,204	-	-	9,204
2021				
Development Reserve	4,504	-	(800)	3,704
Superannuation Reserve	5,500	-	-	5,500
Total Discretionary Reserves	10,004	-	(800)	9,204

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

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

Superannuation Reserve

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

**Notes to the Financial Report
For the Year Ended 30 June 2022**

Note 9 Other Matters (Cont'd)

9.2 Reconciliation of Cash Flows from Operating Activities to Surplus

	2022	2021
	\$'000	\$'000
Surplus for the year	18,206	8,670
Depreciation	30,347	29,257
Amortisation-Intangible Assets	1,573	1,420
Amortisation- Right Of Use Assets	1,670	1,648
Net Gain/(Loss) on disposal of Property, Infrastructure, Plant and Equipment	(568)	(555)
Art Donation	(123)	(302)
Land Donation	(1,308)	(900)
Infrastructure Donation	(3,351)	(1,300)
Capitalised Salaries (Note 4.1)	(4,313)	(3,427)
Share of loss from Clayton Joint Venture	(328)	1,791
Finance Cost	161	191
<i>Change in operating assets and liabilities</i>		
(Increase)/Decrease in Receivables	(780)	(2,582)
(Increase)/Decrease in Prepayments	(38)	206
(Increase)/Decrease in Current Refundable Deposits	1,365	(180)
Increase/(Decrease) in other liabilities	(4,218)	5,222
Increase/(Decrease) in Payables	(728)	(2,392)
Increase/(Decrease) in Current Provisions	17	4,206
(Decrease)/Increase in Non Current Provisions	(101)	(1,526)
Net cash provided by operating activities	37,483	39,447

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 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

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.

As at 30 June 2021, 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 109.8%. The financial assumptions used to calculate the VBI were:

Net investment returns 4.75% pa
Salary information 2.7% pa
Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

Net investment returns 5.5% pa
Salary information 2.5% pa
Price inflation (CPI) 3.0% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 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 2021 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 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

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

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

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

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

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

The 2021 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 2021 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:

	2021 (Interim)	2020 (Triennial)
	\$m	\$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

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 2021.

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 2021.

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 2021.

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

Note 10 Change in accounting policy

There have been no changes to accounting policies in the 2021/22 year.