

MONASH CITY COUNCIL  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018

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

**for the Year Ended 30 June 2018**

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## CERTIFICATION OF THE FINANCIAL REPORT

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

.....

Principal Accounting Officer  
**Daniel Wain CPA**

Dated: 28 August 2018

In our opinion the accompanying financial report presents fairly the financial transactions of Monash City Council for the year ended 30 June 2018 and the financial position of the Council as of that date.

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

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

.....

Mayor  
**Paul Klisaris**

.....

Councillor  
**Rebecca Paterson**

.....

Chief Executive Officer  
**Andi Diamond**

Dated: 28 August 2018

## Comprehensive Income Statement For the Year Ended 30 June 2018

|  | Note    | 2018<br>\$'000 | 2017<br>\$'000 |
|--|---------|----------------|----------------|
| <b>Revenue</b>   |         |                |                |
| Rates & Charges  | 2.1     | 116,012        | 112,922        |
| Statutory Fees & Fines   | 2.2     | 10,435         | 10,384         |
| User Fees  | 2.3     | 24,750         | 24,332         |
| Grants - Operating   | 2.4     | 19,486         | 20,473         |
| Grants - Capital   | 2.4     | 3,929          | 4,992          |
| Contributions - monetary   | 2.5     | 7,198          | 6,957          |
| Contributions - non-monetary   | 2.5     | 345            | 271            |
| Net (loss)/gain on disposal of Property, Infrastructure, Plant & Equipment       | 2.6     | 137            | 216            |
| Share of net profit/(loss) of joint operation accounted for by the equity method | 5.3     | (415)          | (306)          |
| Other Revenue  | 2.7     | 3,977          | 3,749          |
| <b>Total Revenue</b>   |         | <b>185,854</b> | <b>183,990</b> |
| <b>Expenses</b>  |         |                |                |
| Employee Costs   | 3.1     | 72,613         | 69,602         |
| Materials & Services   | 3.2     | 67,829         | 63,332         |
| Depreciation & Amortisation  | 3.3     | 27,113         | 26,127         |
| Other Expenses   | 3.4     | 1,380          | 1,663          |
| <b>Total Expenses</b>  |         | <b>168,935</b> | <b>160,724</b> |
| <b>Surplus for the year</b>  |         | <b>16,919</b>  | <b>23,266</b>  |
| <b>Other comprehensive income</b>  |         |                |                |
| <b>Items that will be reclassified to surplus or deficit in future periods</b>   |         |                |                |
| Net Asset revaluation increment  | 8.1 (a) | 283,798        | 178,416        |
| <b>Total Comprehensive result</b>  |         | <b>300,717</b> | <b>201,682</b> |

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

## Balance Sheet As at 30 June 2018

|  | Note | 2018<br>\$'000   | 2017<br>\$'000   |
|--|------|------------------|------------------|
| <b>ASSETS</b>  |      |                  |                  |
| <b>Current Assets</b>  |      |                  |                  |
| Cash & Cash Equivalents  | 4.1  | 36,863           | 23,503           |
| Trade & Other Receivables  | 4.1  | 8,719            | 8,065            |
| Other Financial Assets   | 4.1  | 53,002           | 59,002           |
| Non Current Assets Classified as held for sale                         | 5.1  | 2,356            | 2,356            |
| Other Assets   | 4.2  | 2,203            | 1,551            |
| <b>Total Current Assets</b>  |      | <b>103,143</b>   | <b>94,477</b>    |
| <b>Non-Current Assets</b>  |      |                  |                  |
| Investments in joint arrangement accounted for using the equity method | 5.3  | 1,171            | 1,267            |
| Property, Infrastructure, Plant & Equipment                            | 5.2  | 3,336,387        | 3,040,556        |
| Intangible assets  | 4.2  | 2,362            | 2,305            |
| <b>Total Non-Current Assets</b>  |      | <b>3,339,920</b> | <b>3,044,128</b> |
| <b>TOTAL ASSETS</b>  |      | <b>3,443,063</b> | <b>3,138,605</b> |
| <b>LIABILITIES</b>   |      |                  |                  |
| <b>Current Liabilities</b>   |      |                  |                  |
| Trade & Other Payables   | 4.3  | 16,667           | 15,549           |
| Trust Funds & Deposits   | 4.3  | 11,475           | 9,605            |
| Income in Advance  | 4.3  | 743              | 482              |
| Provisions   | 4.4  | 15,999           | 15,890           |
| <b>Total Current Liabilities</b>                                       |      | <b>44,884</b>    | <b>41,526</b>    |
| <b>Non-Current Liabilities</b>   |      |                  |                  |
| Provisions   | 4.4  | 1,284            | 1,220            |
| Liabilities in joint arrangement accounted for using the equity method | 5.3  | 2,245            | 1,926            |
| <b>Total Non-Current Liabilities</b>                                   |      | <b>3,529</b>     | <b>3,146</b>     |
| <b>TOTAL LIABILITIES</b>   |      | <b>48,413</b>    | <b>44,672</b>    |
| <b>NET ASSETS</b>  |      | <b>3,394,650</b> | <b>3,093,933</b> |
| <b>EQUITY</b>  |      |                  |                  |
| Accumulated Surplus  |      | 985,589          | 973,833          |
| Reserves   | 8.1  | 2,409,061        | 2,120,100        |
| <b>TOTAL EQUITY</b>  |      | <b>3,394,650</b> | <b>3,093,933</b> |

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2018**

|   | Note | Total<br>2018<br>\$'000 | Accumulated<br>Surplus<br>2018<br>\$'000 | Asset<br>Revaluation<br>Reserve<br>2018<br>\$'000 | Other<br>Reserves<br>2018<br>\$'000 | Total<br>2017<br>\$'000 | Accumulated<br>Surplus<br>2017<br>\$'000 | Asset<br>Revaluation<br>Reserve<br>2017<br>\$'000 | Other<br>Reserves<br>2017<br>\$'000 |
|---|------|-------------------------|--|---|-------------------------------------|-------------------------|--|---|-------------------------------------|
| Balance at beginning of the Financial Year  |      | 3,093,933               | 973,833                                  | 2,100,619   | 19,481                              | 2,892,252               | 953,631                                  | 1,922,203   | 16,418                              |
| Surplus for the year                        |      | 16,919                  | 16,919                                   | -   | -                                   | 23,266                  | 23,266                                   | -   | -                                   |
| Net asset revaluation increment             |      | 283,798                 | -  | 283,798   | -                                   | 178,416                 | -  | 178,416   | -                                   |
| Transfers from Reserves                     | 8.1  | -                       | 6,657                                    | -   | (6,657)                             | -                       | 5,759                                    | -   | (5,759)                             |
| Transfers to Reserves                       | 8.1  | -                       | (11,820)                                 | -   | 11,820                              | -                       | (8,822)                                  | -   | 8,822                               |
| <b>Balance at End of the Financial Year</b> |      | <b>3,394,650</b>        | <b>985,589</b>                           | <b>2,384,417</b>                                  | <b>24,644</b>                       | <b>3,093,933</b>        | <b>973,833</b>                           | <b>2,100,619</b>                                  | <b>19,481</b>                       |

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

**Statement of Cash Flows**  
**For the Year Ended 30 June 2018**

|   | Note           | 2018<br>Inflows/<br>(Outflows)<br>\$'000 | 2017<br>Inflows/<br>(Outflows)<br>\$'000 |
|---|----------------|--|--|
| <b>Cash Flows from Operating Activities</b>                               |                |  |  |
| Rates & Charges   |                | 115,679                                  | 111,855                                  |
| Statutory Fees & Fines  |                | 10,435                                   | 10,384                                   |
| User Fees   |                | 25,125                                   | 25,202                                   |
| Grants - Operating  |                | 19,338                                   | 20,845                                   |
| Grants - Capital  |                | 4,510                                    | 4,429                                    |
| Contributions-monetary  |                | 7,198                                    | 6,957                                    |
| Trusts and Refundable Deposits taken                                      |                | 1,877                                    | 163                                      |
| Other Receipts  |                | 3,751                                    | 3,924                                    |
| Net GST Refund  |                | 8,551                                    | 7,928                                    |
| Employee Costs  |                | (73,982)                                 | (69,639)                                 |
| Materials, Services and Contracts Paid                                    |                | (77,673)                                 | (70,650)                                 |
| Trusts and Refundable Deposits repaid                                     |                | (7)                                      | (119)                                    |
| Other Payments  |                | (1,380)                                  | (1,243)                                  |
| <b>Net cash provided by operating activities</b>                          | <b>8.2</b>     | <b>43,422</b>                            | <b>50,036</b>                            |
| <b>Cash Flows from Investing Activities</b>                               |                |  |  |
| (Payments for) / Proceeds from Investment(Net)                            |                | 6,000                                    | (3,500)                                  |
| Payments for Acquisition of Property, Infrastructure, Plant and Equipment |                | (36,199)                                 | (35,175)                                 |
| Proceeds from Sale of Property, Infrastructure, Plant and Equipment       |                | 137                                      | 928                                      |
| <b>Net cash provided by investing activities</b>                          |                | <b>(30,062)</b>                          | <b>(37,747)</b>                          |
| <b>Net (decrease) increase in cash and cash equivalents</b>               |                | <b>13,359</b>                            | <b>12,288</b>                            |
| Cash and cash equivalents at the beginning of the financial year          |                | 23,503                                   | 11,215                                   |
| <b>Cash and Cash equivalents at the end of the financial year</b>         | <b>4.1 (a)</b> | <b>36,863</b>                            | <b>23,503</b>                            |
| Financing arrangements  | 4.5            |  |  |
| Restrictions on cash assets   | 4.1            |  |  |

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 2018

|   | 2018<br>\$'000 | 2017<br>\$'000 |
|---|----------------|----------------|
| <b>Property</b>   |                |                |
| Land  | 291            | 63             |
| Land Improvements   | -              | 83             |
| Buildings   | 13,154         | 14,047         |
| <b>Total property</b>   | <b>13,446</b>  | <b>14,193</b>  |
| <b>Plant and equipment</b>  |                |                |
| Plant, machinery and equipment  | 2,687          | 2,912          |
| Fixtures, fittings and furniture  | 723            | 1,006          |
| Computers and telecommunications  | 3,617          | 2,906          |
| Library books   | 1,257          | 1,244          |
| <b>Total plant and equipment</b>  | <b>8,283</b>   | <b>8,068</b>   |
| <b>Infrastructure</b>   |                |                |
| Roads   | 3,664          | 3,832          |
| Bridges   | 51             | 66             |
| Footpaths and cycleways   | 4,595          | 4,887          |
| Drainage  | 3,161          | 2,258          |
| Recreational, leisure and community facilities                              | 4,254          | 1,743          |
| Waste management  | 13             | -              |
| Parks, open space and streetscapes  | 3,357          | 2,699          |
| Off street car parks  | 807            | -              |
| Other infrastructure  | 94             | 240            |
| <b>Total infrastructure</b>   | <b>19,997</b>  | <b>15,724</b>  |
| <b>Total capital works expenditure</b>                                      | <b>41,725</b>  | <b>37,985</b>  |
| Less transferred to operating as unable to capitalise from work in progress | <b>(2,412)</b> | <b>(1,812)</b> |
| <b>Adjusted Balance of Capital Works Expenditure</b>                        | <b>39,313</b>  | <b>36,173</b>  |
| <b>Represented by:</b>  |                |                |
| New asset expenditure   | -              | 7,608          |
| Asset renewal expenditure   | 28,441         | 23,926         |
| Asset expansion expenditure   | 5,423          | 1,915          |
| Asset upgrade expenditure   | 7,861          | 4,536          |
| <b>Total capital works expenditure</b>                                      | <b>41,725</b>  | <b>37,985</b>  |
| Less transferred to operating as unable to capitalise from work in progress | <b>(2,412)</b> | <b>(1,812)</b> |
| <b>Adjusted Balance of Capital Works Expenditure</b>                        | <b>39,313</b>  | <b>36,173</b>  |

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

## **OVERVIEW**

### **Introduction**

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

### **Statement of compliance**

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

### **Significant accounting policies**

#### **(a) Basis of Accounting**

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS'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 5.2 )
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2 )
- the determination of employee provisions (refer to Note 4.4)

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

**Note 1 Performance Against Budget**

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has 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 27 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan and financial performance targets for both the short and long-term. The budget did not reflect expected changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**1.1 Income and Expenditure**

|                                      | Budget<br>2018<br>\$'000 | Actual<br>2018<br>\$'000 | Variance<br>2018<br>\$'000 | Variance<br>2018<br>% | Ref |
|--------------------------------------|--------------------------|--------------------------|----------------------------|-----------------------|-----|
| <b>Income</b>                        |                          |                          |                            |                       |     |
| Rates and charges                    | 116,217                  | 116,012                  | (205)                      | -0.2%                 |     |
| Statutory fees and fines             | 10,577                   | 10,435                   | (142)                      | -1.3%                 |     |
| User fees                            | 23,875                   | 24,750                   | 875                        | 3.7%                  |     |
| Contributions - monetary             | 4,951                    | 7,198                    | 2,247                      | 45.4%                 | 1   |
| Contributions - non monetary         | -                        | 345                      | 345                        | -100.0%               | 2   |
| Grants - Operating (recurrent)       | 15,978                   | 18,449                   | 2,471                      | 15.5%                 | 3   |
| Grants - Operating (non-recurrent)   | 236                      | 1,037                    | 801                        | 339.4%                | 4   |
| Grants - Capital (recurrent)         | 1,726                    | 2,350                    | 624                        | 36.2%                 | 5   |
| Grants - Capital (non-recurrent)     | 4,067                    | 1,579                    | (2,488)                    | -61.2%                | 6   |
| Other Revenue                        | 3,714                    | 3,977                    | 263                        | 7.1%                  |     |
| Profit from Sale of Assets           | -                        | 137                      | 137                        | 0.0%                  |     |
| Share of net loss of joint operation | -                        | (415)                    | (415)                      | 0.0%                  |     |
| <b>Total income</b>                  | <b>181,341</b>           | <b>185,854</b>           | <b>4,513</b>               | <b>2.5%</b>           |     |
| <b>Expenses</b>                      |                          |                          |                            |                       |     |
| Employee costs                       | 72,310                   | 72,613                   | (303)                      | -0.4%                 |     |
| Materials, Services & Contracts      | 64,174                   | 67,829                   | (3,655)                    | -5.7%                 | 7   |
| Depreciation & Amortisation          | 27,261                   | 27,113                   | 148                        | 0.5%                  |     |
| Other Expenses                       | 1,404                    | 1,380                    | 24                         | 1.7%                  |     |
| <b>Total expenses</b>                | <b>165,149</b>           | <b>168,935</b>           | <b>(3,786)</b>             | <b>-2.3%</b>          |     |
| <b>Surplus for the year</b>          | <b>16,192</b>            | <b>16,919</b>            | <b>727</b>                 | <b>4.5%</b>           |     |

**(i) Explanation of material variations**

| Variance Ref | Item                                      | Explanation   |
|--------------|---|---|
| 1            | Contributions-monetary                    | Contributions -monetary have exceeded the budget mainly due to developments in the municipality that have resulted in additional Public Open Space (\$1.97M) and drainage developer contributions (\$0.279M).                                 |
| 2            | Contributions -non monetary               | Unbudgeted non-monetary contributions received are developer contributions that are non-cash related and include land and infrastructure.   |
| 3            | Grants- Operating (recurrent)             | Operating grants (recurrent) are higher than budget due to advance receipt of \$2.182M Victoria Grants Commission allocation for 18/19 and additional subsidy income of \$0.182M in Children and Family services.                             |
| 4            | Grants- Operating (non-recurrent)         | Higher than budgeted non-recurrent grant was received for Youth Services, Gender Equity in Victorian Sport and Recreation, Recycling relief (\$0.313M) and City & Strategic Planning (\$0.656M).  |
| 5            | Capital Grants- Operating (recurrent)     | Capital grants (recurrent) are higher than budget due to the advance receipt of Victorian Grant Commission Local Roads funding for 2018/19 (\$0.590M).  |
| 6            | Capital Grants- Operating (non-recurrent) | Capital grants non-recurrent is under budget mainly due to advance funding received in 2016/17 but budgeted in 2017/18 (\$2.26M) for the redevelopment of Oakleigh Recreation Centre and for Eaton Mall Pedestrian Safety project (\$0.175M). |
| 7            | Materials, Services & Contracts           | Materials, Services & Contracts are higher than budget mainly due to write back of expenditure of \$2.41M that has been charged to the Capital Works program that cannot be capitalised (prior to this adjustment the variance was 2%).       |

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

**Note 1 Performance Against Budget (Cont'd)**

**1.2 Capital Works**

|   | Budget<br>2018<br>\$'000 | Actual<br>2018<br>\$'000 | Variance<br>2018<br>\$'000 | Variance<br>2018<br>% | Ref |
|---|--------------------------|--------------------------|----------------------------|-----------------------|-----|
| <b>Property</b>   |                          |                          |                            |                       |     |
| Land  | -                        | 291                      | (291)                      | 100.0%                |     |
| Buildings & Building improvements   | 18,021                   | 13,154                   | 4,867                      | 27.0%                 | 1   |
| <b>Total Property</b>   | <b>18,021</b>            | <b>13,446</b>            | <b>4,575</b>               | <b>25.4%</b>          |     |
| <b>Plant and Equipment</b>  |                          |                          |                            |                       |     |
| Plant, machinery and equipment  | 2,721                    | 2,687                    | 34                         | 1.3%                  |     |
| Fixtures, fittings and furniture  | 618                      | 723                      | (105)                      | -16.9%                |     |
| Computers and telecommunications  | 3,169                    | 3,617                    | (448)                      | -14.1%                | 2   |
| Library books   | 1,259                    | 1,257                    | 2                          |                       |     |
| <b>Total Plant and Equipment</b>  | <b>7,767</b>             | <b>8,283</b>             | <b>(516)</b>               | <b>-6.6%</b>          |     |
| <b>Infrastructure</b>   |                          |                          |                            |                       |     |
| Roads   | 4,763                    | 3,664                    | 1,099                      | 23.1%                 | 3   |
| Bridges   | 60                       | 51                       | 9                          | 14.7%                 |     |
| Footpaths and cycleways   | 4,343                    | 4,595                    | (252)                      | -5.8%                 |     |
| Drainage  | 2,413                    | 3,161                    | (748)                      | -31.0%                | 4   |
| Recreational, leisure and community facilities                              | 4,001                    | 4,254                    | (253)                      | -6.3%                 |     |
| Waste management  | 78                       | 13                       | 65                         | 83.0%                 |     |
| Parks, open space and streetscapes  | 3,452                    | 3,357                    | 94                         | 2.7%                  |     |
| Off street car parks  | 294                      | 807                      | (513)                      | -174.6%               | 5   |
| Other infrastructure  | 126                      | 94                       | 32                         | 25.4%                 |     |
| <b>Total Infrastructure</b>   | <b>19,530</b>            | <b>19,997</b>            | <b>(467)</b>               | <b>-2.4%</b>          |     |
| <b>Total Capital Works Expenditure</b>                                      | <b>45,318</b>            | <b>41,725</b>            | <b>3,593</b>               | <b>7.9%</b>           |     |
| Less transferred to operating as unable to capitalise from work in progress | -                        | (2,412)                  | 2,412                      |                       |     |
| <b>Adjusted Balance of Capital Works Expenditure</b>                        | <b>45,318</b>            | <b>39,313</b>            | <b>6,005</b>               | <b>13.3%</b>          |     |
| <b>Represented by:</b>  |                          |                          |                            |                       |     |
| Asset renewal expenditure   | 30,890                   | 28,441                   | 2,449                      | 7.9%                  |     |
| Asset expansion expenditure   | 5,890                    | 5,423                    | 467                        | 7.9%                  |     |
| Asset upgrade expenditure   | 8,538                    | 7,861                    | 677                        | 7.9%                  |     |
| <b>Total Capital Works Expenditure</b>                                      | <b>45,318</b>            | <b>41,725</b>            | <b>3,593</b>               | <b>7.9%</b>           |     |
| Less transferred to operating as unable to capitalise from work in progress | -                        | (2,412)                  | 2,412                      |                       |     |
| <b>Adjusted Balance of Capital Works Expenditure</b>                        | <b>45,318</b>            | <b>39,313</b>            | <b>6,005</b>               | <b>13.3%</b>          |     |

**(i) Explanation of material variations**

| Variance Ref | Item                              | Explanation  |
|--------------|-----------------------------------|--|
| 1            | Buildings & Building improvements | The Oakleigh Recreation Centre required a more detailed consultative process resulting in a delayed commencement and a variation to the Adopted Budget of \$3.35M. In addition, due to delays in construction, funds of \$1.39M have been carried forward to 2018/19 for completion of Columbia Park pavilion and the Mount Waverley Community Centre. |
| 2            | Computers and Telecommunications  | There were additional costs in integrating the libraries into Council's corporate systems, a greater than planned need to replace old computers and software, and a change in priority projects.   |
| 3            | Roads                             | A longer consultation and design stage has delayed the Atherton Road reconstruction project to be completed in 2019/20 with budgeted funds being carried over to 2018/19.  |
| 4            | Drainage                          | Oakpark Drive drainage (\$0.598M) was completed in 2017/18 due to a contractor not being able to proceed in 2016/17. The project was not included in the 2017/18 Adopted Budget and was funded from the Drainage Developer Contributions Reserve.  |
| 5            | Off Street Car parks              | Gardiner's Creek Reserve Car Park was completed however the funds were originally included as part of the Synthetic surface project and separated out during the year.   |

**Note 2 Funding for the delivery of our services**

**2.1 Rates and Charges**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipality.

The valuation base used to calculate general rates for 2017/18 was \$72.399 billion (2016/17 \$71.842 billion). The 2017/18 rate in the dollar for residential was \$0.0015448 (2016/17 \$0.0015145) and for other properties \$0.0020116 (2016/17 \$0.0019722).

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| General Rates                          | 115,012        | 111,840        |
| Cultural & Recreational                | 223            | 219            |
| Supplementary rates & rate adjustments | 777            | 863            |
| <b>Total Rates and Charges</b>         | <b>116,012</b> | <b>112,922</b> |

The date of the latest general revaluation of land for rating purposes within the municipality is 1 January 2018 and the valuation was first applied in the rating year commencing 1 July 2018. Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

**2.2 Statutory Fees and Fines**

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Infringements                         | 5,681         | 5,923         |
| Court Recoveries                      | 925           | 838           |
| Town Planning Fees                    | 2,985         | 2,783         |
| Land Information Certificates         | 155           | 161           |
| Permits                               | 689           | 679           |
| <b>Total Statutory Fees and Fines</b> | <b>10,435</b> | <b>10,384</b> |

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

**2.3 User Fees**

|                                      |               |               |
|--------------------------------------|---------------|---------------|
| Aged, Health and Children's Services | 3,355         | 3,112         |
| Recreation Fees                      | 12,123        | 12,112        |
| Waste Transfer Station               | 2,563         | 2,108         |
| Building Services Fees               | 1,848         | 1,735         |
| Library Fees and Fines               | 186           | 185           |
| Bin Charges                          | 1,389         | 1,298         |
| Lease Charges                        | 479           | 509           |
| Hire and Rental Charges              | 995           | 880           |
| Other Fees and Charges               | 1,812         | 2,393         |
| <b>Total User Fees</b>               | <b>24,750</b> | <b>24,332</b> |

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

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

|   | <b>2018<br/>\$'000</b> | <b>2017<br/>\$'000</b> |
|---|------------------------|------------------------|
| <b>2.4 Funding from other levels of government</b>                                      |                        |                        |
| Grants were received in respect of the following:                                       |                        |                        |
| <b>Summary of grants</b>  |                        |                        |
| Commonwealth funded grants  | 14,899                 | 17,427                 |
| State funded grants   | 8,516                  | 8,038                  |
| <b>Total grants received</b>  | <b>23,415</b>          | <b>25,465</b>          |
| <b>(a) Operating Grants</b>   |                        |                        |
| <b>Recurrent - Commonwealth Government</b>  |                        |                        |
| Financial Assistance Grants   | 4,104                  | 5,705                  |
| Family and Children   | 1,706                  | 1,627                  |
| General Home Care   | 6,736                  | 6,755                  |
| <b>Recurrent - State Government</b>   |                        |                        |
| Family and Children   | 157                    | 155                    |
| Maternal & child health   | 1,510                  | 1,444                  |
| Libraries   | 1,187                  | 1,163                  |
| General Home care   | 2,217                  | 2,263                  |
| Youth Services  | 190                    | 142                    |
| School crossing supervisors   | 508                    | 343                    |
| Other   | 134                    | 121                    |
| <b>Total recurrent operating grants</b>   | <b>18,449</b>          | <b>19,718</b>          |
| <b>Non Recurrent - Commonwealth Government</b>  |                        |                        |
| Family and Children   | 3                      | 352                    |
| <b>Non Recurrent - State Government</b>   |                        |                        |
| Community   | 233                    | 132                    |
| Youth services  | 210                    | 208                    |
| Recycling relief grant  | 313                    | -                      |
| Other   | 278                    | 63                     |
| <b>Total non-recurrent operating grants</b>   | <b>1,037</b>           | <b>755</b>             |
| <b>Total operating grants</b>   | <b>19,486</b>          | <b>20,473</b>          |
| <b>(b) Capital Grants</b>   |                        |                        |
| <b>Recurrent - Commonwealth Government</b>  |                        |                        |
| Roads to recovery   | 1,111                  | 1,299                  |
| Financial Assistance Grants - Local Roads   | 1,239                  | 1,673                  |
| <b>Recurrent - State Government</b>   |                        |                        |
| Libraries   | -                      | 21                     |
| Other   | -                      | 38                     |
| <b>Total recurrent capital grants</b>   | <b>2,350</b>           | <b>3,031</b>           |
| <b>Non Recurrent - Commonwealth Government</b>  |                        |                        |
| Recreation  | -                      | 4                      |
| Other   | -                      | 11                     |
| <b>Non Recurrent - State Government</b>   |                        |                        |
| Recreation  | 1,150                  | 1,654                  |
| Economic Development  | 372                    | 270                    |
| Other   | 57                     | 20                     |
| <b>Total non recurrent capital grants</b>   | <b>1,579</b>           | <b>1,959</b>           |
| <b>Total capital grants</b>   | <b>3,929</b>           | <b>4,992</b>           |
| <b>Total Grants</b>   | <b>23,415</b>          | <b>25,465</b>          |
| <b>(c) Unspent grants received on condition that they be spent in a specific manner</b> |                        |                        |
| Balance at start of year  | 1,841                  | 749                    |
| Received during the financial year and remained unspent at balance date                 | 1,769                  | 1,841                  |
| Received in prior years and spent during the financial year                             | (745)                  | (749)                  |
| <b>Balance at year end</b>  | <b>2,865</b>           | <b>1,841</b>           |

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

|                            | 2018<br>\$'000 | 2017<br>\$'000 |
|----------------------------|----------------|----------------|
| <b>2.5 Contributions</b>   |                |                |
| Monetary                   | 7,198          | 6,957          |
| Non-monetary               | 345            | 271            |
| <b>Total Contributions</b> | <b>7,543</b>   | <b>7,228</b>   |

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

|   |            |            |
|---|------------|------------|
| Buildings                               | -          | 73         |
| Infrastructure                          | 293        |            |
| Other                                   | 52         | 198        |
| <b>Total Non-Monetary Contributions</b> | <b>345</b> | <b>271</b> |

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

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

|   |            |            |
|---|------------|------------|
| <b>Land &amp; Buildings</b>   |            |            |
| Proceeds from Sale of Assets  | 56         | 127        |
| Sale Cost   | -          | (6)        |
| Written Down Value of Assets Disposed   | (4)        | (57)       |
| Write back of Revaluation on Assets Disposed  | 3          | 7          |
| Gain on Disposal of Land & Buildings  | 55         | 71         |
| <b>Plant &amp; Equipment</b>  |            |            |
| Proceeds from Sale of Assets  | 538        | 807        |
| Written Down Value of Assets Disposed   | (422)      | (662)      |
| Gain on Disposal of Plant & Equipment   | 116        | 145        |
| <b>Infrastructure</b>   |            |            |
| Written Down Value of Assets Disposed   | (38)       | -          |
| Write back of Revaluation on Assets Disposed  | 4          | -          |
| Gain on Disposal of Infrastructure and Plant & Equipment                                  | (34)       | -          |
| <b>Total</b>  |            |            |
| Proceeds from Sale of Assets  | 594        | 928        |
| Write back of Revaluation on Assets Disposed  | 7          | -          |
| Written Down Value of Assets Disposed   | (464)      | (712)      |
| <b>Total Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment</b> | <b>137</b> | <b>216</b> |

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

**2.7 Other Revenue**

|                            |              |              |
|----------------------------|--------------|--------------|
| Investment Interest        | 2,064        | 1,739        |
| Rates and Charges Interest | 341          | 302          |
| Other Revenue              | 1,572        | 1,708        |
| <b>Total Other Revenue</b> | <b>3,977</b> | <b>3,749</b> |

Interest is recognised progressively as it is earned.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

| <b>Note 3 The cost of delivering services</b>   | <b>2018<br/>\$'000</b> | <b>2017<br/>\$'000</b> |
|---|------------------------|------------------------|
| <b>3.1 Employee Costs</b>   |                        |                        |
| Salaries & Wages  | 58,274                 | 56,208                 |
| Work cover  | 693                    | 888                    |
| Casual staff  | 6,254                  | 6,088                  |
| Superannuation  | 6,162                  | 5,344                  |
| Fringe Benefits Tax   | 326                    | 272                    |
| Long Service Leave  | 1,567                  | 1,435                  |
| Other Employee Related costs  | 793                    | 721                    |
|   | <b>74,069</b>          | <b>70,956</b>          |
| Less: Amounts capitalised<br>(non-current assets constructed by Council)                                      | (1,456)                | (1,354)                |
| <b>Total Employee Costs</b>   | <b>72,613</b>          | <b>69,602</b>          |
| <b>(b) Superannuation</b>   |                        |                        |
| Council made contributions to the following funds:  |                        |                        |
| <b>Accumulation funds</b>   |                        |                        |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)                                | 3,427                  | 3,061                  |
| Employer contributions - other funds  | 2,135                  | 1,708                  |
|   | <b>5,562</b>           | <b>4,769</b>           |
| <b>Defined benefit fund</b>   |                        |                        |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)                                | 600                    | 575                    |
|   | <b>6,162</b>           | <b>5,344</b>           |
| Refer to note 8.3 for further information relating to Council's superannuation obligations.                   |                        |                        |
| <b>3.2 Materials and Services</b>   |                        |                        |
| Materials and Services  | 13,860                 | 10,457                 |
| Contract Payments   | 34,444                 | 34,204                 |
| General Maintenance   | 3,585                  | 3,520                  |
| Utilities   | 4,091                  | 3,447                  |
| General Administrative  | 7,615                  | 7,747                  |
| Insurance   | 1,718                  | 1,558                  |
| Consultants   | 1,417                  | 1,291                  |
| Other   | 1,099                  | 1,108                  |
| <b>Total Materials and Services</b>   | <b>67,829</b>          | <b>63,332</b>          |
| <b>3.3 Depreciation and Amortisation</b>  |                        |                        |
| Buildings   | 7,458                  | 7,789                  |
| Plant and Equipment   | 5,286                  | 4,953                  |
| Infrastructure  | 13,767                 | 12,884                 |
| Intangible Assets   | 602                    | 501                    |
| <b>Total Depreciation and Amortisation</b>  | <b>27,113</b>          | <b>26,127</b>          |
| <b>3.4 Other Expenses</b>   |                        |                        |
| Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals | 70                     | 68                     |
| Auditors Remuneration - Internal  | 173                    | 134                    |
| Elizabeth Gardens Independent Living Units - Write back   | -                      | 420                    |
| Councillor Allowances   | 434                    | 409                    |
| Operating Lease Rentals   | 703                    | 632                    |
| <b>Total Other Expenses</b>   | <b>1,380</b>           | <b>1,663</b>           |

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

|   | 2018<br>\$'000 | 2017<br>\$'000 |
|---|----------------|----------------|
| <b>Note 4 Our financial position</b>                          |                |                |
| <b>4.1 Financial Assets</b>                                   |                |                |
| <b>(a) Cash and Cash Equivalents</b>                          |                |                |
| Cash at bank  | 3,843          | 1,483          |
| Cash on hand  | 20             | 20             |
| Short term deposits (with a maturity date of 90 Days or less) | 33,000         | 22,000         |
| <b>Total Cash and Cash Equivalents</b>                        | <b>36,863</b>  | <b>23,503</b>  |
| <b>(b) Other Financial Assets</b>                             |                |                |
| Unlisted Shares - Procurement Australia                       | 2              | 2              |
| Short term deposits (with a maturity date over 90 Days)       | 53,000         | 59,000         |
| <b>Total Other Financial Assets</b>                           | <b>53,002</b>  | <b>59,002</b>  |
| <b>Total Financial Assets</b>                                 | <b>89,865</b>  | <b>82,505</b>  |

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

|   |               |              |
|---|---------------|--------------|
| Trust Funds and Deposits (Note 4.3)                 | 11,475        | 9,605        |
| Statutory Reserve                                   | 10,125        | 9,827        |
| Total Restricted funds                              | 21,600        | 19,432       |
| <b>Total Unrestricted Cash and Cash Equivalents</b> | <b>15,263</b> | <b>4,071</b> |

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

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

**(c) Trade and Other Receivables**

**Current**

**Statutory Receivables**

|                                    |         |         |
|------------------------------------|---------|---------|
| Rates Receivable                   | 4,263   | 3,900   |
|                                    | 4,263   | 3,900   |
| Parking Infringements              | 6,320   | 4,937   |
| Less: Provision for Doubtful Debts | (5,561) | (4,326) |
|                                    | 759     | 611     |

**Non- Statutory Receivables**

|  |              |              |
|--|--------------|--------------|
| Sundry debtors                           | 3,758        | 3,722        |
| Less: Provision for Doubtful Debts       | (61)         | (168)        |
|  | 3,697        | 3,554        |
| <b>Total Trade and Other Receivables</b> | <b>8,719</b> | <b>8,065</b> |

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

**Ageing of Receivables**

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

|  |              |              |
|--|--------------|--------------|
| Current (not yet overdue)                  | 3,220        | 2,663        |
| Past due by up to 30 days                  | 265          | 604          |
| Past due between 31 and 180 days           | 273          | 455          |
| <b>Total Trade &amp; Other Receivables</b> | <b>3,758</b> | <b>3,722</b> |

**Movement in Receivables Provision for Doubtful Debts**

|                                      |           |            |
|--------------------------------------|-----------|------------|
| Balance at the beginning of the year | 168       | 166        |
| Provisions adjusted during the year  | (107)     | 2          |
| <b>Balance at the end of year</b>    | <b>61</b> | <b>168</b> |

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

|                                 | 2018<br>\$'000 | 2017<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>4.2 Non-Financial Assets</b> |                |                |
| <b>(a) Other Assets</b>         |                |                |
| Accrued Income                  | 1,202          | 697            |
| Prepayments                     | 956            | 782            |
| Other                           | 45             | 72             |
| <b>Total Other Assets</b>       | <b>2,203</b>   | <b>1,551</b>   |

**(b) Intangible Assets**

|  |              |              |
|--|--------------|--------------|
| <b>Software</b>                                |              |              |
| <b>Gross carrying amount</b>                   |              |              |
| Balance as at 1 July                           | 3,722        | 3,154        |
| Additions                                      | 742          | 568          |
|  | 4,464        | 3,722        |
| Work in Progress                               | 17           | 102          |
| Balance as at 30 June                          | 4,481        | 3,824        |
| <b>Accumulated amortisation and impairment</b> |              |              |
| Balance as at 1 July                           | (1,516)      | (1,015)      |
| Amortisation expense                           | (603)        | (501)        |
| Balance as at 30 June                          | (2,119)      | (1,516)      |
| <b>Net book value as at 30 June</b>            | <b>2,362</b> | <b>2,305</b> |

**4.3 Payables**

**(a) Trade and Other Payables**

|                                       |               |               |
|---------------------------------------|---------------|---------------|
| Operating Payables                    | 7,743         | 8,236         |
| Capital Payables                      | 6,650         | 4,954         |
| Employee Costs                        | 2,274         | 2,359         |
| <b>Total Trade and Other Payables</b> | <b>16,667</b> | <b>15,549</b> |

**(b) Trust Funds and Deposits**

|                                       |               |              |
|---------------------------------------|---------------|--------------|
| Refundable Deposits                   | 10,111        | 8,392        |
| Retention Amounts                     | 992           | 833          |
| Fire Services Property Levy           | 343           | 350          |
| Other Refundable Deposits             | 29            | 30           |
| <b>Total Trust Funds and Deposits</b> | <b>11,475</b> | <b>9,605</b> |

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

***Purpose and nature of items***

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

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

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

**(c) Income in Advance**

|   |            |            |
|---|------------|------------|
| Aquatic Facilities Membership & Learn-to Swim | 147        | 241        |
| Rates Paid in Advance                         | 569        | 173        |
| Other   | 27         | 68         |
| <b>Total Income in Advance</b>                | <b>743</b> | <b>482</b> |

## Notes to the Financial Report

### For the Year Ended 30 June 2018

#### 4.4 Provisions

| 2018  | Annual leave   | Long service leave | Total           |
|---|----------------|--------------------|-----------------|
|   | \$ '000        | \$ '000            | \$ '000         |
| Balance at beginning of the financial year  | (5,202)        | (11,908)           | (17,110)        |
| Additional provisions   | (4,895)        | (1,978)            | (6,873)         |
| Amounts used  | 4,485          | 1,830              | 6,315           |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | 250            | 135                | 385             |
| <b>Balance at the end of the financial year</b>   | <b>(5,362)</b> | <b>(11,921)</b>    | <b>(17,283)</b> |

| 2017  | Annual leave   | Long service leave | Total           |
|---|----------------|--------------------|-----------------|
|   | \$ '000        | \$ '000            | \$ '000         |
| Balance at beginning of the financial year  | (5,135)        | (12,034)           | (17,169)        |
| Additional provisions   | (4,706)        | (1,642)            | (6,348)         |
| Amounts used  | 4,564          | 1,561              | 6,125           |
| Decrease in the discounted amount arising because of time and the effect of any change in the discount rate | 75             | 207                | 282             |
| <b>Balance at the end of the financial year</b>   | <b>(5,202)</b> | <b>(11,908)</b>    | <b>(17,110)</b> |

#### 4.4 Provisions (Cont'd)

|  | 2018          | 2017          |
|--|---------------|---------------|
|  | \$'000        | \$'000        |
| <b>(a) Employee Provisions</b>   |               |               |
| <b>Current provisions expected to be wholly settled within 12 months</b> |               |               |
| Annual leave   | 4,040         | 3,880         |
| Long service leave   | 2,234         | 2,245         |
|  | <b>6,274</b>  | <b>6,125</b>  |
| <b>Current provisions expected to be wholly settled after 12 months</b>  |               |               |
| Annual leave   | 1,321         | 1,322         |
| Long service leave   | 8,404         | 8,444         |
|  | <b>9,725</b>  | <b>9,766</b>  |
| <b>Total Current Provisions</b>  | <b>15,999</b> | <b>15,890</b> |
| <b>Non-Current</b>   |               |               |
| Long service leave   | 1,284         | 1,220         |
| <b>Total Non-Current Provisions</b>                                      | <b>1,284</b>  | <b>1,220</b>  |

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

##### **Wages and salaries and annual leave**

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

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

##### **Long service leave**

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

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

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Weighted average increase in costs | 2.50%     | 2.50%     |
| Weighted average discount rates    | 2.03%     | 1.61%     |
| Weighted average settlement period | 2-5 Years | 2-5 Years |

#### 4.5 Financing Arrangements

The Council has the following funding arrangements in place as at 30 June 2018

|                         |              |              |
|-------------------------|--------------|--------------|
| Credit card facilities  | 100          | 100          |
| Other facilities        | 7,500        | 7,500        |
| <b>Total facilities</b> | <b>7,600</b> | <b>7,600</b> |
| Used facilities         |              |              |
| Unused facilities       | 12           | 14           |
|                         | <b>7,588</b> | <b>7,586</b> |

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

#### 4.6 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.

| 2018                         | Not later than 1 year<br>\$'000 | Later than 1 year and not later than 2 years<br>\$'000 | Later than 2 years and not later than 5 years<br>\$'000 | Later than 5 years<br>\$'000 | Total<br>\$'000 |
|------------------------------|---------------------------------|--|---|------------------------------|-----------------|
|                              |                                 |  |   |                              |                 |
| <b>Operating</b>             |                                 |  |   |                              |                 |
| Cleaning Services            | 1,331                           | 203  | -   | -                            | 1,534           |
| Domestic Waste Collection    | 12,623                          | 12,744   | 14,463  | 17,884                       | 57,714          |
| Other Operating Services     | 2,215                           | -  | -   | -                            | 2,215           |
| Printing & IT Infrastructure | 896                             | 511  | 149   | -                            | 1,556           |
| Recycling                    | 2,705                           | 2,103  | -   | -                            | 4,808           |
| Repairs & Maintenance        | 383                             | 105  | -   | -                            | 488             |
| Supply Meals/Foodstuffs      | 807                             | -  | -   | -                            | 807             |
| Traffic & Parking Management | 3,217                           | 3,218  | -   | -                            | 6,435           |
| Utilities & Fuel             | 2,288                           | 1,754  | 605   | -                            | 4,647           |
| <b>Total Operating</b>       | <b>26,465</b>                   | <b>20,638</b>  | <b>15,217</b>   | <b>17,884</b>                | <b>80,204</b>   |
| <b>Capital</b>               |                                 |  |   |                              |                 |
| Buildings                    | 2,943                           | -  | -   | -                            | 2,943           |
| Infrastructure               | 2,479                           | 154  | -   | -                            | 2,633           |
| Roads                        | 610                             | -  | -   | -                            | 610             |
| <b>Total Capital</b>         | <b>6,032</b>                    | <b>154</b>   | <b>-</b>  | <b>-</b>                     | <b>6,186</b>    |

| 2017                         | Not later than 1 year<br>\$'000 | Later than 1 year and not later than 2 years<br>\$'000 | Later than 2 years and not later than 5 years<br>\$'000 | Later than 5 years<br>\$'000 | Total<br>\$'000 |
|------------------------------|---------------------------------|--|---|------------------------------|-----------------|
|                              |                                 |  |   |                              |                 |
| <b>Operating</b>             |                                 |  |   |                              |                 |
| Cleaning Services            | 924                             | -  | -   | -                            | 924             |
| Domestic Waste Collection    | 10,600                          | 5,284  | 12,481  | 22,882                       | 51,247          |
| Other Operating Services     | 2,797                           | 4,021  | -   | -                            | 6,818           |
| Printing & IT Infrastructure | 1,148                           | 329  | 256   | -                            | 1,733           |
| Recycling                    | 1,421                           | -  | -   | -                            | 1,421           |
| Repairs & Maintenance        | 439                             | -  | -   | -                            | 439             |
| Supply Meals/Foodstuffs      | 807                             | 807  | -   | -                            | 1,614           |
| Traffic & Parking Management | 3,217                           | 3,217  | 2,949   | -                            | 9,383           |
| Utilities & Fuel             | 2,355                           | 420  | 232   | -                            | 3,007           |
| <b>Total Operating</b>       | <b>23,708</b>                   | <b>14,078</b>  | <b>15,918</b>   | <b>22,882</b>                | <b>76,586</b>   |
| <b>Capital</b>               |                                 |  |   |                              |                 |
| Buildings                    | 2,650                           | -  | -   | -                            | 2,650           |
| Infrastructure               | 745                             | 88   | 154   | -                            | 987             |
| Roads                        | 738                             | -  | -   | -                            | 738             |
| <b>Total Capital</b>         | <b>4,133</b>                    | <b>88</b>  | <b>154</b>  | <b>-</b>                     | <b>4,375</b>    |

#### 4.6 (a) Operating Lease Commitments

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

|  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| Not later than one year                            | 657            | 402            |
| Later than one year but not later than two years   | 597            | 218            |
| Later than two years but not later than five years | 1,229          | 197            |
| <b>Total Operating Lease Commitments</b>           | <b>2,483</b>   | <b>817</b>     |

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

**Note 5 Assets We Manage**

**Note Content**

**5.1 Non Current Assets Classified As Held For Sale**

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

|   | <b>2018</b>   | <b>2017</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Land & Buildings  | 2,356         | 2,320         |
| Capitalised development costs (eg roads, drainage)          | -             | 36            |
| <b>Total Non Current Assets Classified As Held For Sale</b> | <b>2,356</b>  | <b>2,356</b>  |

Please note Land and Buildings include two properties that Council has resolved to sell.

**5.2 Property, Infrastructure, Plant and Equipment**

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

**5.2 Property, Infrastructure, Plant and Equipment**

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

| Category            | At Fair Value 30 June 2017 | Acquisitions  | Contributions | Revaluation    | Depreciation    | Disposal     | Transfers      | At Fair Value 30 June 2018 |
|---------------------|----------------------------|---------------|---------------|----------------|-----------------|--------------|----------------|----------------------------|
|                     | \$'000                     | \$'000        | \$'000        | \$'000         | \$'000          | \$'000       | \$'000         | \$'000                     |
| Land                | 2,219,901                  | -             | -             | 277,606        | -               | -            | -              | 2,497,507                  |
| Buildings           | 187,275                    | 17,808        | -             | 6,199          | (7,600)         | (3)          | -              | 203,679                    |
| Plant and Equipment | 24,710                     | 6,255         | 52            | -              | (5,285)         | (395)        | -              | 25,337                     |
| Infrastructure      | 597,699                    | 17,597        | 293           | -              | (13,625)        | (66)         | -              | 601,898                    |
| Work in progress    | 10,971                     | -             | -             | -              | -               | -            | (3,005)        | 7,966                      |
| <b>Total</b>        | <b>3,040,556</b>           | <b>41,660</b> | <b>345</b>    | <b>283,805</b> | <b>(26,510)</b> | <b>(464)</b> | <b>(3,005)</b> | <b>3,336,387</b>           |

**(b) Summary of Work in Progress**

| Category            | Opening WIP   | Additions     | Transfer to Operating | Reclassification | Transfers       | Closing WIP  |
|---------------------|---------------|---------------|-----------------------|------------------|-----------------|--------------|
|                     | \$'000        | \$'000        | \$'000                | \$'000           | \$'000          | \$'000       |
| Buildings           | 9,975         | 13,154        | (411)                 | 242              | (17,808)        | 5,153        |
| Plant and Equipment | 73            | 7,626         | (1,219)               | (134)            | (6,255)         | 91           |
| Infrastructure      | 923           | 20,288        | (782)                 | (108)            | (17,597)        | 2,723        |
| <b>Total</b>        | <b>10,971</b> | <b>41,068</b> | <b>(2,412)</b>        | <b>-</b>         | <b>(41,660)</b> | <b>7,967</b> |

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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

| Land and Buildings                           | Land - specialised | Land - non specialised | Land under roads | Total land       | Buildings - specialised | Total buildings | Work in progress | Total property   |
|--|--------------------|------------------------|------------------|------------------|-------------------------|-----------------|------------------|------------------|
| (c)  | \$'000             | \$'000                 | \$'000           | \$'000           | \$'000                  | \$'000          | \$'000           | \$'000           |
| At fair value 1 July 2017                    | 1,676,194          | 541,055                | 2,652            | 2,219,901        | 337,425                 | 337,425         | 9,975            | 2,567,301        |
| Accumulated depreciation at 1 July 2017      | -                  | -                      | -                | -                | (150,150)               | (150,150)       | -                | (150,150)        |
|  | <b>1,676,194</b>   | <b>541,055</b>         | <b>2,652</b>     | <b>2,219,901</b> | <b>187,275</b>          | <b>187,275</b>  | <b>9,975</b>     | <b>2,417,151</b> |
| <b>Movements in fair value</b>               |                    |                        |                  |                  |                         |                 |                  |                  |
| Acquisition of assets at fair value          | -                  | -                      | -                | -                | -                       | -               | \$13,154         | 13,154           |
| Revaluation increments                       | 235,421            | 42,185                 | -                | 277,606          | 6,817                   | 6,817           | -                | 284,423          |
| Fair value of assets disposed                | -                  | -                      | -                | -                | (441)                   | (441)           | -                | (441)            |
| Transfers to operating                       | -                  | -                      | -                | -                | -                       | -               | (411)            | (411)            |
| Reclassification                             |                    |                        |                  |                  |                         |                 | 242              | 242              |
| Transfer from WIP                            |                    |                        |                  |                  | 17,808                  | 17,808          | (17,808)         | -                |
|  | <b>235,421</b>     | <b>42,185</b>          | <b>-</b>         | <b>277,606</b>   | <b>24,184</b>           | <b>24,184</b>   | <b>(4,822)</b>   | <b>296,968</b>   |
| <b>Movements in accumulated depreciation</b> |                    |                        |                  |                  |                         |                 |                  |                  |
| Depreciation and amortisation                | -                  | -                      | -                | -                | 7,600                   | 7,600           | -                | 7,600            |
| Revaluation increments                       | -                  | -                      | -                | -                | 618                     | 618             | -                | 618              |
| Accumulated depreciation of disposals        | -                  | -                      | -                | -                | (437)                   | (437)           | -                | (437)            |
|  | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>         | <b>7,781</b>            | <b>7,781</b>    | <b>-</b>         | <b>7,781</b>     |
| At fair value 30 June 2018                   | 1,911,615          | 583,240                | 2,652            | 2,497,507        | 361,609                 | 361,609         | 5,153            | 2,864,269        |
| Accumulated depreciation at 30 June 2018     | -                  | -                      | -                | -                | (157,931)               | (157,931)       | -                | (157,931)        |
|  | <b>1,911,615</b>   | <b>583,240</b>         | <b>2,652</b>     | <b>2,497,507</b> | <b>203,678</b>          | <b>203,678</b>  | <b>5,153</b>     | <b>2,706,338</b> |

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

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

| (d) Plant and Equipment                      | Plant machinery and equipment | Fixtures fittings and furniture | Computers & telecomms | Artwork      | Library books | Work in progress | Total plant and equipment |
|--|-------------------------------|---------------------------------|-----------------------|--------------|---------------|------------------|---------------------------|
|  | \$'000                        | \$'000                          | \$'000                | \$'000       | \$'000        | \$'000           | \$'000                    |
| At fair value 1 July 2017                    | 16,526                        | 14,766                          | 5,985                 | 6,503        | 6,899         | 73               | 50,752                    |
| Accumulated depreciation at 1 July 2017      | (7,723)                       | (9,978)                         | (4,198)               | -            | (4,070)       | -                | (25,969)                  |
|  | <b>8,803</b>                  | <b>4,788</b>                    | <b>1,787</b>          | <b>6,503</b> | <b>2,829</b>  | <b>73</b>        | <b>24,783</b>             |
| <b>Movements in fair value</b>               |                               |                                 |                       |              |               |                  |                           |
| Acquisition of assets at fair value          |                               |                                 |                       |              |               | 7,626            | 7,626                     |
| Contributions                                | -                             | -                               | -                     | 52           |               |                  | 52                        |
| Fair value of assets disposed                | (1,384)                       | (56)                            | (307)                 | -            | (1,228)       | -                | (2,975)                   |
| Transfers to operating                       |                               |                                 |                       |              |               | (1,219)          | (1,219)                   |
| Reclassification                             |                               |                                 |                       |              |               | (134)            | (134)                     |
| Transfer from WIP                            | 2,407                         | 1,092                           | 1,450                 | 49           | 1,257         | (6,255)          | -                         |
|  | <b>1,023</b>                  | <b>1,036</b>                    | <b>1,143</b>          | <b>101</b>   | <b>29</b>     | <b>18</b>        | <b>3,350</b>              |
| <b>Movements in accumulated depreciation</b> |                               |                                 |                       |              |               |                  |                           |
| Depreciation and amortisation                | 1,987                         | 1,146                           | 991                   | -            | 1,161         | -                | 5,285                     |
| Accumulated depreciation of disposals        | (991)                         | (55)                            | (306)                 | -            | (1,228)       | -                | (2,580)                   |
|  | <b>996</b>                    | <b>1,091</b>                    | <b>685</b>            | <b>-</b>     | <b>(67)</b>   | <b>-</b>         | <b>2,705</b>              |
| At fair value 30 June 2018                   | 17,549                        | 15,802                          | 7,128                 | 6,604        | 6,928         | 91               | 54,102                    |
| Accumulated depreciation at 30 June 2018     | (8,719)                       | (11,069)                        | (4,883)               | -            | (4,003)       | -                | (28,674)                  |
|  | <b>8,830</b>                  | <b>4,733</b>                    | <b>2,245</b>          | <b>6,604</b> | <b>2,925</b>  | <b>91</b>        | <b>25,428</b>             |

Notes to the Financial Report  
For the Year Ended 30 June 2018

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

| (e) Infrastructure                           | Roads          | Bridges      | Footpaths     | Drainage       | Recreational, leisure and community | Traffic management | Parks open spaces and streetscapes | Bicycle paths | Off street car parks | Other infrastructure | Work in progress | Total infrastructure |
|--|----------------|--------------|---------------|----------------|-------------------------------------|--------------------|------------------------------------|---------------|----------------------|----------------------|------------------|----------------------|
|  | \$'000         | \$'000       | \$'000        | \$'000         | \$'000                              | \$'000             | \$'000                             | \$'000        | \$'000               | \$'000               | \$'000           | \$'000               |
| At fair value 1 July 2017                    | 491,820        | 4,615        | 178,561       | 393,581        | 20,779                              | 10,354             | 42,965                             | 5,886         | 12,410               | 8,535                | 923              | 1,170,429            |
| Accumulated depreciation at 1 July 2017      | (201,249)      | (1,889)      | (112,112)     | (211,388)      | (6,965)                             | (2,415)            | (20,057)                           | (2,687)       | (6,326)              | (6,719)              | -                | (571,807)            |
|  | <b>290,571</b> | <b>2,726</b> | <b>66,449</b> | <b>182,193</b> | <b>13,814</b>                       | <b>7,939</b>       | <b>22,908</b>                      | <b>3,199</b>  | <b>6,084</b>         | <b>1,816</b>         | <b>923</b>       | <b>598,622</b>       |
| <b>Movements in fair value</b>               |                |              |               |                |                                     |                    |                                    |               |                      |                      |                  |                      |
| Acquisition of assets at fair value          | -              | -            | -             | -              | -                                   | -                  | -                                  | -             | -                    | -                    | \$20,288         | 20,288               |
| Contributions                                | 142            | -            | -             | 151            | -                                   | -                  | -                                  | -             | -                    | -                    | -                | 293                  |
| Revaluation increments/decrements            | -              | -            | -             | -              | -                                   | -                  | -                                  | -             | -                    | -                    | -                | -                    |
| Fair value of assets disposed                | -              | (112)        | -             | -              | (113)                               | -                  | -                                  | -             | -                    | -                    | -                | (225)                |
| Transfers to operating                       | -              | -            | -             | -              | -                                   | -                  | -                                  | -             | -                    | -                    | (782)            | (782)                |
| Reclassification                             |                |              |               |                |                                     |                    |                                    |               |                      |                      | (108)            | (108)                |
| Transfer from WIP                            | 3,259          | 54           | 3,206         | 3,382          | 5,059                               | 344                | 1,171                              | 627           | 215                  | 280                  | (17,597)         | -                    |
|  | <b>3,401</b>   | <b>(58)</b>  | <b>3,206</b>  | <b>3,533</b>   | <b>4,946</b>                        | <b>344</b>         | <b>1,171</b>                       | <b>627</b>    | <b>215</b>           | <b>280</b>           | <b>1,800</b>     | <b>19,465</b>        |
| <b>Movements in accumulated depreciation</b> |                |              |               |                |                                     |                    |                                    |               |                      |                      |                  |                      |
| Depreciation and amortisation                | 4,036          | 54           | 1,392         | 3,739          | 1,109                               | 432                | 1,921                              | 247           | 440                  | 255                  | -                | 13,625               |
| Accumulated depreciation of disposals        | -              | (60)         | -             | -              | (99)                                | -                  | -                                  | -             | -                    | -                    | -                | (159)                |
|  | <b>4,036</b>   | <b>(6)</b>   | <b>1,392</b>  | <b>3,739</b>   | <b>1,010</b>                        | <b>432</b>         | <b>1,921</b>                       | <b>247</b>    | <b>440</b>           | <b>255</b>           | <b>-</b>         | <b>13,466</b>        |
| At fair value 30 June 2018                   | 495,221        | 4,557        | 181,767       | 397,114        | 25,725                              | 10,698             | 44,136                             | 6,513         | 12,625               | 8,815                | 2,723            | 1,189,894            |
| Accumulated depreciation at 30 June 2018     | (205,285)      | (1,883)      | (113,504)     | (215,127)      | (7,975)                             | (2,847)            | (21,978)                           | (2,934)       | (6,766)              | (6,974)              | -                | (585,273)            |
|  | <b>289,936</b> | <b>2,674</b> | <b>68,263</b> | <b>181,987</b> | <b>17,750</b>                       | <b>7,851</b>       | <b>22,158</b>                      | <b>3,579</b>  | <b>5,859</b>         | <b>1,841</b>         | <b>2,723</b>     | <b>604,621</b>       |

## 5.2 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.

#### *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 is expensed.

## 5.2 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 below 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.

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

| Asset Description                 | 2017/18<br>Useful Life | Threshold<br>Limit \$ |
|-----------------------------------|------------------------|-----------------------|
| <i>Land and Buildings</i>         |                        |                       |
| -Land                             | Indefinite             | 1                     |
| -Land under roads                 | Indefinite             | 1                     |
| -Buildings                        | 30 - 50 Years          | 1                     |
| -Heritage Buildings               | 250 Years              | 1                     |
| <i>Plant and Equipment</i>        |                        |                       |
| -Plant Machinery & Equipment      | 2- 10 Years            | 1,000                 |
| -Furniture & Fittings             | 3 -10 Years            | 1,000                 |
| -Art work                         | Indefinite             | 1                     |
| -Computer equipment               | 3 -7 Years             | 1                     |
| -Library books                    | 2 -7 Years             | 1                     |
| <i>Infrastructure</i>             |                        |                       |
| -Roads Pavements & Footpaths      | 80-150 Years           | 1,000                 |
| -Bridges                          | 40 - 120 Years         | 1,000                 |
| -Drainage                         | 100 Years              | 1,000                 |
| -Recreational leisure & community | 25 - 100 Years         | 1,000                 |
| -Parks, open spaces & streetscape | 25 - 120 Years         | 1,000                 |
| -Bicycle paths                    | 10 - 100 Years         | 1,000                 |
| -Off street car parks             | 10 - 100 Years         | 1,000                 |
| -Other infrastructure             | 10 - 100 Years         | 1,000                 |

### (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 annually. 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

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

| Council  | 2018<br>\$'000 | 2017<br>\$'000 |
|--|----------------|----------------|
| <b>Specialised land and land under roads</b> is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$36 and \$4,449 per square metre.   | 1,914,267      | 1,678,846      |
| <b>Specialised buildings</b> are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$250 to \$5,800 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 250 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings. | 203,678        | 187,274        |
| <b>Infrastructure assets</b> are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.  | 604,622        | 597,702        |

(j) Valuation of Property

In accordance with Council policy, a revaluation was undertaken for land and buildings at the reporting date. 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 and buildings was undertaken (June 2018) by a qualified independent valuers Tim Frain and Nick De Propertis of Westlink Corporation Pty Ltd (trading as Westlink Consulting)- registration no 3878.

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

| Council               | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 |
|-----------------------|-------------------|-------------------|-------------------|
| Land                  | -                 | 541,055           | -                 |
| Specialised Land      | -                 | -                 | 1,911,615         |
| Specialised buildings | -                 | -                 | 203,678           |
| <b>Total</b>          | -                 | <b>541,055</b>    | <b>2,115,293</b>  |

(k) Valuation of Infrastructure

A review of the rates for infrastructure assets for 2017/18 has been undertaken to assess any "material movement" in 'Fair Value' of Council's infrastructure assets as at the 30 June 2018. As a result of this review a revaluation of these assets have not been undertaken.

The review have been undertaken by the Manager Strategic Asset Management, Chris Lo Piccolo (B.Eng (Civil), GDip Municipal Engineering & Management, GCert Business Management).

The valuation is at fair value based on replacement cost less accumulated depreciation as at 30 June 2018.

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

| Council      | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 |
|--------------|-------------------|-------------------|-------------------|
| Roads        | -                 | -                 | 289,936           |
| Bridges      | -                 | -                 | 2,674             |
| Footpaths    | -                 | -                 | 68,263            |
| Drainage     | -                 | -                 | 181,987           |
| <b>Total</b> | -                 | -                 | <b>542,860</b>    |

Reconciliation of Specialised Land

| Council                       | 2018<br>\$'000   | 2017<br>\$'000   |
|-------------------------------|------------------|------------------|
| Land under roads              | 2,652            | 2,652            |
| Parks and reserves and other  | 1,911,615        | 1,676,194        |
| <b>Total specialised land</b> | <b>1,914,267</b> | <b>1,678,846</b> |

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

#### Regional Landfill Clayton South Unincorporated Joint Arrangement

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

Whilst the site was closed in December 2015, the joint venture continues to manage the site to ensure compliance with relevant environmental standards. Under Clause 2.2 of the purchase agreement Council receives 16.8% of any net operating surplus and pays 16.8% of any net operating deficit of the operations of the Clayton Landfill venture. Council's share of the operating loss for the year ended 30 June 2018 was \$426K, which has been recognised as an expense in the Comprehensive Operating 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 audited Accounts of the Joint operation at 30 June 2018 and is included in the Balance Sheet as follows:

| <b>REGIONAL LANDFILL CLAYTON SOUTH JOINT OPERATION</b>  |                |                |
|---|----------------|----------------|
| <b>Balance Sheet</b>  |                |                |
| <b>As at 30 June 2018</b>   |                |                |
|   | <b>2018</b>    | <b>2017</b>    |
|   | <b>\$'000</b>  | <b>\$'000</b>  |
| Current Assets  | 6,931          | 7,996          |
| Current Liabilities   | (25)           | (452)          |
| <b>Net Current Assets</b>   | <b>6,906</b>   | <b>7,544</b>   |
| Non-Current Assets  | -              | -              |
| Non-Current Liabilities   | (13,364)       | (11,467)       |
| <b>Net Liability</b>  | <b>(6,458)</b> | <b>(3,923)</b> |
| Contribution-Re Land  | 1,659          | 1,659          |
| Retained earnings   | (8,117)        | (5,582)        |
| <b>Deficit</b>  | <b>(6,458)</b> | <b>(3,923)</b> |
| <b>Share of Monash City Council (16.8%)</b>   |                |                |
| <b>Movements</b>  |                |                |
| Share in Joint Operation Equity as at 1 July  | (659)          | (353)          |
| Share of net profits/(loss) of joint operation  | (415)          | (306)          |
| <b>Increase/(Decrease) for the year</b>   | <b>(1,074)</b> | <b>(659)</b>   |
| <b>Share in Joint Operation Equity as at 30 June 2018</b>                                     | <b>(1,074)</b> | <b>(659)</b>   |
| <b>Represented in Council's Balance Sheet - Equity</b>  |                |                |
| Non - Current Assets - Investment in Joint arrangement accounted for using the equity method  | 1,171          | 1,267          |
| Non-Current Liability - Investment in Joint arrangement accounted for using the equity method | (2,245)        | (1,926)        |
| <b>Net Liability</b>  | <b>(1,074)</b> | <b>(659)</b>   |

The landfill closed on the 29 January 2016. At balance date the landfill itself retains sufficient liquidity to fund the post closure capital works and the post closure after care expenses for the medium term. It is likely that additional Council funding will be required to support the entity in the longer term. Council has recognised its share of the future funding obligation in its Balance Sheet as a Non-Current Liability.

At the reporting date the Joint Venture recognised a provision for rehabilitation works which is measured at the present value of the Joint Venturers' best estimate of the costs associated with remediation of the site over a period of 27 years. Remediation is expected to be completed by 2045.

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 an assumed inflation rate of 2.5% annually for 27 years. The present value calculation uses the Milliman Group of 100 discount rate forecasts for 27 years.

The provision also takes into account a forecast \$4.35 million of capping and gas infrastructure works that are required to be completed primarily in 2018-19 in order to decommission the land fill, which includes \$1.5 million provision for a response to a draft clean-up notice from the Environmental Protection Agency. 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.

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

**Note 6 People and Relationships**

**6.1 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 5.3.

**(b) Key Management Personnel**

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

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

| <b>Key Management Personnel - Councillors</b>                   | <b>2018<br/>No</b>     | <b>2017<br/>No</b>     |
|---|------------------------|------------------------|
| <b>From 1 July 2017 to 30 June 2018</b>                         |                        |                        |
| Councillor Paul Klisaris  | 1                      | 1                      |
| Councillor Stuart James   | 1                      | 1                      |
| Councillor Shane McCluskey                                      | 1                      | 1                      |
| Councillor Josh Fergeus   | 1                      | 1                      |
| Councillor Lynnette Saloumi                                     | 1                      | 1                      |
| Councillor MT Pang Tsoi   | 1                      | 1                      |
| Councillor Robert Davies  | 1                      | 1                      |
| Councillor Brian Little   | 1                      | 1                      |
| Councillor Geoff Lake   | 1                      | 1                      |
| Councillor Theo Zographos                                       | 1                      | 1                      |
| Councillor Rebecca Paterson                                     | 1                      | 1                      |
| <b>From 1 July 2016 to 22 October 2016</b>                      |                        |                        |
| Councillor Micaela Driberg                                      | -                      | 1                      |
| Councillor Katrina Nolan  | -                      | 1                      |
| Councillor Bill Pontikis  | -                      | 1                      |
| Councillor Jieh Yung Lo   | -                      | 1                      |
| Councillor John Sharkey   | -                      | 1                      |
| Councillor NGA Hosking  | -                      | 1                      |
| <b>Key Management Personnel - Officers</b>                      |                        |                        |
| Andi Diamond Chief Executive Officer                            | 1                      | 1                      |
| Jack Crawford Director Corporate Services (resigned 14/08/17)   | 1                      | 1                      |
| Danny Wain Chief Financial Officer                              | 1                      | -                      |
| Julie Salomon Director Community Development & Services         | 1                      | 1                      |
| Ossie Martinz Director Infrastructure                           | 1                      | 1                      |
| Peter Panagakos Director City Development                       | 1                      | 1                      |
| Frank Rog Executive Manager Human Resources (resigned 02/07/17) | 1                      | 1                      |
| Leanne Wiebenga Executive Manager - People and Culture          | 1                      | -                      |
| Jarrold Doake Chief Operating Officer                           | 1                      | 1                      |
| Joanne Robertson Manager Communications                         | 1                      | 1                      |
| Ainslie Gowan Manager Communications (resigned 12/05/17)        | -                      | 1                      |
| <b>Total Key Management Personnel</b>                           | <b>21</b>              | <b>26</b>              |
| <b>(c) Remuneration of Key Management Personnel</b>             |                        |                        |
| Total remuneration of key management personnel was as follows:  | <b>2018<br/>\$,000</b> | <b>2017<br/>\$,000</b> |
| Short-term benefits   | 2,356                  | 2,230                  |
| Post-employment benefits  | 196                    | 204                    |
| Long-term benefits  | 71                     | 65                     |
| <b>Total</b>  | <b>2,623</b>           | <b>2,499</b>           |

The Councillor and Mayoral allowances are required to be set within the range specified by an Order in Council. Under that Order, which identifies 3 categories of Council, based upon physical size and population, Monash is deemed a Category 3 Council. The Councillor and Mayoral allowances for 2016-2020 have been set at the allowance range for a Category 3 Council, approved by the Minister for Local Government, and applicable from 1 December 2016, is:

Mayor allowance: \$94,641 per annum

Councillor allowance : \$29,630 per annum

Council also contributes the legislative requirement for 9.5% superannuation.

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

|                     | <b>2018<br/>No.</b> | <b>2017<br/>No.</b> |
|---------------------|---------------------|---------------------|
| \$1 - \$9,999       | -                   | 6                   |
| \$20,000 - \$29,999 | -                   | 6                   |
| \$30,000 - \$39,999 | 9                   | 3                   |
| \$40,000 - \$49,999 | -                   | 1                   |
| \$50,000 - \$59,999 | 1                   | -                   |
| \$60,000 - \$69,999 | -                   | -                   |
| \$80,000 - \$89,999 | 1                   | 1                   |
|                     | <b>11</b>           | <b>17</b>           |

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

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

|                       | 2018<br>No. | 2017<br>No. |
|-----------------------|-------------|-------------|
| \$100,000 - \$109,999 | 1           | -           |
| \$110,000 - \$119,999 | -           | 1           |
| \$140,000 - \$149,999 | 1           | -           |
| \$170,000 - \$179,999 | 1           | -           |
| \$180,000 - \$189,999 | 1           | -           |
| \$190,000 - \$199,999 | -           | 1           |
| \$200,000 - \$209,999 | -           | 2           |
| \$210,000 - \$219,999 | 1           | -           |
| \$220,000 - \$229,999 | 1           | -           |
| \$240,000 - \$249,999 | 1           | 2           |
| \$250,000 - \$259,999 | 1           | 1           |
| \$260,000 - \$269,999 | 1           | 1           |
| \$360,000 - \$369,999 | -           | 1           |
| \$370,000 - \$379,999 | 1           | -           |
|                       | <b>10</b>   | <b>9</b>    |

**(d) Senior Officer Remuneration**

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000.

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

| Income Range:         | 2018<br>No. | 2017<br>No. |
|-----------------------|-------------|-------------|
| <\$145,000            | 2           | 7           |
| \$145,000 - \$149,999 | 5           | 2           |
| \$150,000 - \$159,999 | 6           | 7           |
| \$160,000 - \$169,999 | 7           | 5           |
| \$170,000 - \$179,999 | 3           | 3           |
| \$180,000 - \$189,999 | 3           | 2           |
| \$190,000 - \$199,999 | 1           | 1           |
| \$200,000 - \$209,999 | 1           | 0           |
|                       | <b>28</b>   | <b>27</b>   |

|  | \$'000 | \$'000 |
|--|--------|--------|
| Total Remuneration for the reporting year for Senior Officers includes all | 4,554  | 4,511  |

**6.2 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 7 Managing Uncertainties**

**7.1 Contingent Assets and Liabilities**

**(a) Contingent Assets**

As at 30 June 2018, there are no potential contingent assets

**(b) Contingent Liabilities**

**Legal Matters**

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report .

**Superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined in Note 8.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

**Landfill**

There are two sites outside the City of Monash boundary that may incur liabilities. The Heatherton Park landfill in Kingston was managed by the former City of Oakleigh (now City of Kingston). The other site is the former tip site located at Spring Valley Reserve in the City of Greater Dandenong. This site was managed by the former City of Springvale under the overall management of a Regional Group. At balance date Council is unable to accurately assess its liability, 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.

**(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.

|                      | 2018<br>Outstanding<br>Loan Liability | 2018<br>Guarantee Limit | 2017<br>Outstanding Loan<br>Liability | 2017<br>Guarantee Limit |
|----------------------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
|                      | \$'000                                | \$'000                  | \$'000                                | \$'000                  |
| Waverley Hockey Club | 171                                   | 300                     | 200                                   | 300                     |
|                      | <b>171</b>                            | <b>300</b>              | <b>200</b>                            | <b>300</b>              |

**7.2 Change in Accounting Standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

***Financial Instruments (AASB 9) (applies 2018/19)***

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

***Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)***

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

***Leases (AASB 16) (applies 2019/20)***

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

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

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

### 7.3 Financial Instruments

#### (a) Objectives and Policies

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

#### (b) Market Risk

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

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

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

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

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

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

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

#### (c) Credit Risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. 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 7.1(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.

### **7.3 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 in Note 7.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 2.5%.

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

#### **7.4 Fair Value Measurement**

##### ***Fair value hierarchy***

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

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

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

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

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; 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 2017/18.

#### **7.5 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 2018**

**Note 8 Other Matters**

**8.1 Reserves**

|   | Balance at beginning of reporting period | Revaluation Increment / (decrement) | Adjustments | Balance at end of reporting period |
|---|--|-------------------------------------|-------------|------------------------------------|
| (a) Asset Revaluation Reserves          | \$'000                                   | \$'000                              | \$'000      | \$'000                             |
| <b>2018</b>                             |  |                                     |             |                                    |
| <b>Property</b>                         |  |                                     |             |                                    |
| Land                                    | 1,860,723                                | 277,606                             | -           | 2,138,329                          |
| Buildings                               | 71,123                                   | 6,199                               | (3)         | 77,319                             |
| <b>Infrastructure</b>                   |  |                                     |             |                                    |
| Roads and Footpaths                     | 84,106                                   | -                                   | -           | 84,106                             |
| Drainage                                | 73,201                                   | -                                   | -           | 73,201                             |
| Other Infrastructure                    | 9,227                                    | -                                   | (4)         | 9,223                              |
| <b>Other</b>                            |  |                                     |             |                                    |
| Plant & Equipment                       | 11                                       | -                                   | -           | 11                                 |
| Library Books                           | 250                                      | -                                   | -           | 250                                |
| Art Collection                          | 1,978                                    | -                                   | -           | 1,978                              |
| <b>Total Asset Revaluation Reserves</b> | <b>2,100,619</b>                         | <b>283,805</b>                      | <b>-7</b>   | <b>2,384,417</b>                   |
| <b>2017</b>                             |  |                                     |             |                                    |
|   | Balance at beginning of reporting period | Increment / (decrement)             | Adjustments | Balance at end of reporting period |
|   | \$'000                                   | \$'000                              | \$'000      | \$'000                             |
| <b>Property</b>                         |  |                                     |             |                                    |
| Land                                    | 1,704,164                                | 156,559                             | -           | 1,860,723                          |
| Buildings                               | 71,130                                   | (7)                                 | -           | 71,123                             |
| <b>Infrastructure</b>                   |  |                                     |             |                                    |
| Roads and Footpaths                     | 78,275                                   | 5,831                               | -           | 84,106                             |
| Drainage                                | 57,779                                   | 15,422                              | -           | 73,201                             |
| Other Infrastructure                    | 8,616                                    | 611                                 | -           | 9,227                              |
| <b>Other</b>                            |  |                                     |             |                                    |
| Plant & Equipment                       | 11                                       | -                                   | -           | 11                                 |
| Library Books                           | 250                                      | -                                   | -           | 250                                |
| Art Collection                          | 1,978                                    | -                                   | -           | 1,978                              |
| <b>Total Asset Revaluation Reserves</b> | <b>1,922,203</b>                         | <b>178,416</b>                      | <b>0</b>    | <b>2,100,619</b>                   |

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

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

**Note 8 Other Matters (Cont'd)**

|                                 | Balance at<br>beginning of<br>reporting period | Transfer from<br>accumulated surplus | Transfer to<br>accumulated<br>surplus | Balance at end<br>of reporting<br>period |
|---------------------------------|--|--------------------------------------|---------------------------------------|--|
| (b) Statutory Reserve<br>2018   | \$'000   | \$'000                               | \$'000                                | \$'000                                   |
| Drainage Reserve                | 7,441  | 1,097                                | (1,611)                               | 6,927                                    |
| Parking Reserve                 | 2,386  | 890                                  | (78)                                  | 3,198                                    |
| Public Open Space Reserve       | -  | 4,968                                | (4,968)                               | -  |
| <b>Total Statutory Reserves</b> | <b>9,827</b>                                   | <b>6,955</b>                         | <b>(6,657)</b>                        | <b>10,125</b>                            |
| <b>2017</b>                     |  |                                      |                                       |  |
| Drainage Reserve                | 6,968  | 989                                  | (516)                                 | 7,441                                    |
| Parking Reserve                 | 2,296  | 1,112                                | (1,022)                               | 2,386                                    |
| Public Open Space Reserve       | -  | 4,221                                | (4,221)                               | -  |
| <b>Total Statutory Reserves</b> | <b>9,264</b>                                   | <b>6,322</b>                         | <b>(5,759)</b>                        | <b>9,827</b>                             |

**Drainage Reserve**

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

**Parking Reserve**

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

**Public Open Space Reserve (POS)**

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

|                                     | Balance at<br>beginning of<br>reporting period | Transfer from<br>accumulated surplus | Transfer to<br>accumulated<br>surplus | Balance at end<br>of reporting<br>period |
|-------------------------------------|--|--------------------------------------|---------------------------------------|--|
| (c) Discretionary Reserves<br>2018  | \$'000   | \$'000                               | \$'000                                | \$'000                                   |
| Development Reserve                 | 7,154  | -                                    | -                                     | 7,154                                    |
| Superannuation Reserve              | 2,500  | 2,000                                | -                                     | 4,500                                    |
| Unspent Grant Reserve               | -  | 2,865                                | -                                     | 2,865                                    |
| <b>Total Discretionary Reserves</b> | <b>9,654</b>                                   | <b>4,865</b>                         | <b>-</b>                              | <b>14,519</b>                            |
| <b>2017</b>                         |  |                                      |                                       |  |
| Development Reserve                 | 7,154  | -                                    | -                                     | 7,154                                    |
| Superannuation Reserve              | -  | 2,500                                | -                                     | 2,500                                    |
| <b>Total Discretionary Reserves</b> | <b>7,154</b>                                   | <b>2,500</b>                         | <b>-</b>                              | <b>9,654</b>                             |

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

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

Council has earmarked \$2.65M from the Development Reserve towards Waverley Gymnastic /Oakleigh Recreation Centre 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.

**Unspent Grant Reserve**

This reserve quarantine funds related to grants, received from State and Federal government agencies, for funding the capital works projects. Any funds unexpended at the end of the financial year will be held in a this reserve.

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

**Note 8 Other Matters (Cont'd)**

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

|  | <b>2018</b>          | <b>2017</b>          |
|--|----------------------|----------------------|
|  | <b>\$'000</b>        | <b>\$'000</b>        |
| <b>Surplus for the year</b>  | 16,919               | 23,267               |
| Depreciation   | 27,113               | 26,127               |
| Net Gain/(Loss) on disposal of Property, Infrastructure, Plant and Equipment | (137)                | (216)                |
| Developer contributions of Building  | -                    | (73)                 |
| Developer contributions of Infrastructure                                    | (293)                | -                    |
| Developer contributions of Building  | -                    | -                    |
| Art Donation   | (52)                 | (198)                |
| Capitalised Salaries ( Note 3.1 )  | (1,456)              | (1,354)              |
| Share of loss from Clayton Joint Venture                                     | 415                  | 306                  |
| <b><i>Change in operating assets and liabilities</i></b>                     |                      |                      |
| (Increase)/Decrease in Receivables   | (445)                | (478)                |
| Decrease/(Increase) in Prepayments   | (174)                | (220)                |
| Increase/(Decrease) in Current Refundable Deposits                           | 1,870                | 464                  |
| Increase/(Decrease) in other liabilities                                     | (25)                 | 35                   |
| Decrease in Investments  | (4)                  | (26)                 |
| Increase/(Decrease) in Payables  | (633)                | 2,449                |
| Increase/(Decrease) in Current Provisions                                    | 259                  | (5)                  |
| (Decrease)/Increase in Non Current Provisions                                | 64                   | (42)                 |
| <b><u>Net cash provided by/ (used in) operating activities</u></b>           | <b><u>43,422</u></b> | <b><u>50,036</u></b> |

**Note 8 Other Matters (Cont'd)**

**8.3 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 the Comprehensive Income Statement when they are made or due.

**Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of 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 2018, 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 106%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns 6% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2% pa.

Vision Super has advised that the estimated VBI at 30 June 2018 was 106%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2018 interim 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 2017 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

**Funding calls**

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of 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.

**2017 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

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

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 the investigation date.

**2018 interim actuarial investigation**

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in October 2018.

# MONASH CITY COUNCIL

## PERFORMANCE STATEMENT

For the year ended 30 June 2018

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### Description of municipality

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

Our City is 81.5 square kilometres and includes the suburbs of Ashwood, Clayton, Glen Waverley, Hughesdale, Huntingdale, Mount Waverley, Mulgrave, Notting Hill, Oakleigh, Oakleigh East and parts of Chadstone, Burwood, Oakleigh South and Wheelers Hill.

Monash is one of Melbourne's most populous municipalities, with an estimated residential population of 196,789 people living in more than 71,100 dwellings. We are regarded as a cosmopolitan city. Almost 45% of our residents were born overseas, having come from more than 45 different countries.

In keeping with the State Government's cap on rate increases, rate revenue was increased by 3.0% (comprising the 2% rate cap with 1% supplementary rate growth). By controlling costs over many years, rates have been kept low, in the 2016/17 year, the average residential rates in Monash were \$1,359, compared with the state wide average of \$1,572 and similar council average of \$1,565. In 2017/18, the average residential rates in Monash was \$1,375.32.

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## Sustainable Capacity Indicators

For the year ended 30 June 2018

| Indicator/measure  | Results    |            |            |                   | Material Variations  |
|--|------------|------------|------------|-------------------|--|
|  | 2015       | 2016       | 2017       | 2018              |  |
| <b>Population</b>  |            |            |            |                   |  |
| Expenses per head of municipal population<br><i>Total expenses / Municipal population]</i>                 | \$826.13   | \$814.23   | \$844.88   | <b>\$858.46</b>   | The increase attributed to Council introducing a significant amount of new initiatives in 2017/18 including 6.5 new positions and a significant boost to its information technology support. This ratio is increasing as our expenses have increased by 5.1%. However population has only increased by 3.4%. |
| Infrastructure per head of municipal Population<br><i>[Value of infrastructure / Municipal Population]</i> | \$4,216.53 | \$4,213.67 | \$4,313.91 | <b>\$4,274.84</b> | The positive variance primarily relates to increases in infrastructure revaluations combined with a higher capital works program.  |
| Population density per length of road<br><br><i>[Municipal population / Kilometres of local roads]</i>     | 246.39     | 250.05     | 253.18     | <b>262.25</b>     | Population in Monash has increased over the last four years while the length of road has remained stable in this period  |
| <b>Own-source revenue</b>  |            |            |            |                   |  |
| Own-source revenue per head of municipal population<br><i>[Own-source revenue / Municipal population]</i>  | \$713.59   | \$778.16   | \$795.32   | <b>\$787.12</b>   | Increase in own source revenue is 2.1% whereas the population increase in 3.4% resulting in a lower ratio compared with 16/17.   |
| <b>Recurrent grants</b>  |            |            |            |                   |  |
| Recurrent grants per head of municipal population  | \$118.38   | \$97.49    | \$121.38   | <b>\$105.69</b>   | The decrease in the ratio is mainly attributable to an increase in population of 3.4% compared with 16/17.   |

| Indicator/measure  | Results |      |      |      | Material Variations   |
|--|---------|------|------|------|---|
|  | 2015    | 2016 | 2017 | 2018 |   |
| <b>Disadvantage</b>  |         |      |      |      |   |
| Relative socio-economic disadvantage<br><i>[Index of Relative Socio-economic Disadvantage by decile]</i> | 9       | 9    | 9    | 9    | The City of Monash is ranked in the top 10% on the SEIFA index suggesting low levels of disadvantage, however Monash has some pockets of high levels of disadvantage. |

### Definitions

"adjusted underlying revenue" means total income other than:

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

"infrastructure" means non-current property, plant and equipment excluding land.

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

"population" means the resident population estimated by council.

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

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

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website.

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

## Service Performance Indicators

For the year ended 30 June 2018

| Service/Indicator/measure  | Results |        |        |             | Material Variations  |
|--|---------|--------|--------|-------------|--|
|  | 2015    | 2016   | 2017   | 2018        |  |
| <b>Aquatic facilities</b><br><b>Utilisation</b><br>Utilisation of aquatic facilities<br><i>[Number of visits to aquatic facilities /Municipal population]</i>  | 9.13    | 8.50   | 8.53   | <b>8.25</b> | Population in the municipality has increased by 3.4% while the overall attendance remains relatively stable, with more than 50,000 annual visits to MARC to more than 1 million, offset by a small drop in attendances at Clayton and a drop of approximately 40,000 in dry programming attendances at Oakleigh due to the impending shut down.  |
| <b>Animal management</b><br><b>Health and safety</b><br>Animal management prosecutions<br><i>[Number of successful animal management prosecutions]</i>   | 6       | 7      | 11     | <b>12</b>   | There has been 1 more prosecution compared to the corresponding previous reporting period. However there has been an increase in the number of prosecutions compared with the 2014-15 and 2015-16 reporting periods. This figure is largely dependent on the number of animal management related offences reported to Council and the outcomes of the investigations into these matters. |
| <b>Food safety</b><br><b>Health and safety</b><br>Critical and major non-compliance notifications<br><i>[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100</i> | 100.00% | 99.73% | 97.08% | <b>100%</b> | All Major and Critical Non-Compliance notifications have been followed up throughout the 2017 calendar year with respect to the reporting requirements.  |

| Service/Indicator/measure  | Results |        |        |               | Material Variations   |
|--|---------|--------|--------|---------------|---|
|  | 2015    | 2016   | 2017   | 2018          |   |
| <b>Governance</b><br><b>Satisfaction</b><br>Satisfaction with council decisions<br><i>(Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community)</i>                 | 60      | 60     | 60     | <b>73</b>     | Council's score of 7.32 (73) reflects an ongoing satisfaction with Council's decision making.   |
| <b>Libraries</b><br><b>Participation</b><br>Active library members<br><i>[Number of active library members /Municipal population] x100</i>   | 19.00%  | 19.04% | 18.42% | <b>17.51%</b> | Population in the municipality has increased by 3.4% however, in keeping with Victorian trend, active library members continue to decline. Borrowing items shifts to remote use of online resources, as well as studying, reading within the library.   |
| <b>Maternal and child health</b><br><b>Participation</b><br>Participation in the MCH service<br><i>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</i> | 79.00%  | 79.81% | 76.05% | <b>79.27%</b> | Participation in the MCH service has increased in the past 12 months, with factors contributing to this being: <ul style="list-style-type: none"> <li>• MCH outreach service to child care centres, additional home visits to vulnerable families attending the M&amp;CH centres, attendance of MCH nurses at Immunisation sessions;</li> <li>• Activation of the SMS appointment reminder service;</li> <li>• CDIS- ability to report on missed KAS appointments with follow up of these clients through SMS sent to 2 and 3.5 year old overdue KAS appointments;</li> <li>• Increase attendance by MCH Nurses and team leaders at playgroups, multi birth associations, community events, education sessions and kindergarten information sessions; and</li> <li>• Six monthly revision of EFT requirements at centres ensuing staffing requirements meet client demand.</li> </ul> |

| Service/Indicator/measure   | Results |        |        |               | Material Variations   |
|---|---------|--------|--------|---------------|---|
|   | 2015    | 2016   | 2017   | 2018          |   |
| <b>Participation</b><br>Participation in the MCH service by Aboriginal children<br>[Number of Aboriginal children who attend the MCH service at least once(in the year) / Number of Aboriginal children enrolled in the MCH service] x100   | 60.00%  | 73.91% | 70.73% | <b>72.13%</b> | The City of Monash aims to be an inclusive council and welcomes the many culturally diverse residents. The continued increase in attendance by children of Aboriginal / Torres Strait Islander descent indicates the Monash Council's MCH program continued efforts to develop an integrated and culturally responsive model of support is becoming recognised within this cohort. The MCHN nurses ask all new families attending the MCH centre if they wish to identify as ATSI, with all MCHN nurses having completed cultural competency training with the DET Koori Education Support Officer in Dec 2017, in order to complete this in a culturally sensitive manner.   |
| <b>Roads</b><br><b>Satisfaction</b><br>Satisfaction with sealed local roads<br>[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]   | 71      | 72     | 69     | <b>77</b>     | Recent customer satisfaction survey undertaken in April / May 2018 has shown a significant increase in satisfaction. Result also correlates with improved condition of roads shown in the measure 'R2 -Sealed local roads maintained to condition standards' in the preceding year.   |
| <b>Statutory Planning</b><br><b>Decision making</b><br>Council planning decisions upheld at VCAT<br>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 | 49.00%  | 55.00% | 39.58% | <b>45.95%</b> | We continue to see appeal numbers high but not disproportional to total numbers of applications received and determined. Amendment C125 which is a seriously entertained policy by Council but as the Minister has not introduced the full amendment into the planning scheme is still not being given full regard at VCAT and this is having an impact on this statistic. We expect that if the amendment is approved by the Minister and given greater regard at VCAT this statistic will continue to improve. A continuing trend is new plans being substituted at VCAT, resulting in an improved proposal and outcome for Monash. In 54% or 43 of cases heard this financial year, plans were substituted to effectively address Council's concerns and to be in line with Council policy. Had these plans been submitted to council for consideration the number of VCAT cases 'set aside' would only have been 25% and 75% of VCAT determinations found to be in favour of council. |

| Service/Indicator/measure  | Results |        |        |        | Material Variations   |
|--|---------|--------|--------|--------|---|
|  | 2015    | 2016   | 2017   | 2018   |   |
| <b>Waste Collection</b>  |         |        |        |        |   |
| <b>Waste diversion</b>   |         |        |        |        |   |
| Kerbside collection waste diverted from landfill<br><i>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</i> | 52.78%  | 50.99% | 52.36% | 50.86% | Diversion rates are steady over the four year period, however tonnages are marginally dropping each year. |

### Definitions

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

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

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

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act. "CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English.

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

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council.

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

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

## Financial Performance Indicators

For the year ended 30 June 2018

| Dimension/indicator/measure  | Results    |            |            |                   | Forecast   |            |            |            | Material Variations   |
|--|------------|------------|------------|-------------------|------------|------------|------------|------------|---|
|  | 2015       | 2016       | 2017       | 2018              | 2019       | 2020       | 2021       | 2022       |   |
| <b>Efficiency</b>  |            |            |            |                   |            |            |            |            |   |
| <b>Revenue level</b>   |            |            |            |                   |            |            |            |            |   |
| Average residential rate per residential property assessment<br><i>[Residential rate revenue / Number of residential property assessments]</i> | \$1,246.4  | \$1,330.14 | \$1,359.26 | <b>\$1,379.46</b> | \$1,414.37 | \$1,442.66 | \$1,471.51 | \$1,500.94 | The current year variance compared to the prior year, reflects the rate cap of 2%. The overall net rate revenue increase is in line with the new Fair Go Rate System rate cap.  |
| <b>Expenditure level</b>   |            |            |            |                   |            |            |            |            |   |
| Expenses per property assessment<br><i>[Total expenses / Number of property assessments]</i>   | \$1,997.97 | \$1,966.85 | \$2,052.20 | <b>\$2,138.82</b> | \$2,168.26 | \$2,254.32 | \$2,338.03 | \$2,406.18 | The increase is attributed to Council's new initiatives for 6.5 new positions and new budget proposal for Community Amenity after-hours services and Language Aid Scheme. Coupled with these initiatives was the increase cost of Waste management (over \$1M). The number of assessments has increased by around 1% whilst Council's expenses increased by 5.1%. |

| Dimension/indicator/measure  | Results |         |         |                | Forecast |         |         |         | Material Variations  |
|--|---------|---------|---------|----------------|----------|---------|---------|---------|--|
|  | 2015    | 2016    | 2017    | 2018           | 2019     | 2020    | 2021    | 2022    |  |
| <b>Workforce turnover</b><br>Resignations and terminations compared to average staff<br><i>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</i> | 9.57%   | 10.12%  | 13.73%  | <b>14.89%</b>  | 13.06%   | 13.06%  | 13.06%  | 13.06%  | <p>The 2017/18 result is a 1.16% increase in resignations and terminations compared to last financial year. The average number of permanent staff for the same time last year however was 51.5 less (714).</p> <p>The total of 114 staff resignations and terminations are made up of a number of reasons, i.e. Retirement 11, Contract Expiry (fixed term separations) 9, Deceased 2, Dismissal 2, Redundancy 7, and Resignations 83.</p> |
| <b>Liquidity</b><br><b>Working capital</b><br>Current assets compared to current liabilities<br><i>[Current assets / Current liabilities] x100</i>   | 149.41% | 193.19% | 227.51% | <b>229.80%</b> | 241.11%  | 227.00% | 196.25% | 168.65% | <p>The increase in the Working Capital Ratio compared to the previous year reflects an increased cash position. It is Council strategy to maintain the Working Capital Ratio above 150% in the short and long term.</p>  |
| <b>Unrestricted cash</b><br>Unrestricted cash compared to current liabilities<br><i>[Unrestricted cash / Current liabilities] x100</i>   | 75.97%  | -19.33% | 9.80%   | <b>34.01%</b>  | 151.87%  | 116.77% | 121.64% | 93.97%  | <p>In 2018 unrestricted cash is higher than expected due to higher cash balance at the beginning of the year in addition to higher Town Planning and Contract Deposits, which has resulted from an increase in the level of development in the municipality.</p>   |

| Dimension/indicator/measure  | Results |        |        |                | Forecast |         |        |         | Material Variations   |
|--|---------|--------|--------|----------------|----------|---------|--------|---------|---|
|  | 2015    | 2016   | 2017   | 2018           | 2019     | 2020    | 2021   | 2022    |   |
| <b>Obligations</b>   |         |        |        |                |          |         |        |         |   |
| <b>Asset renewal</b>   |         |        |        |                |          |         |        |         |   |
| Asset renewal compared to depreciation<br><i>[Asset renewal expenses / Asset depreciation] x100</i>  | 66.42%  | 63.00% | 91.58% | <b>104.90%</b> | 110.69%  | 132.60% | 92.76% | 112.84% | The trend reflects the Council's aim to bridge the asset renewal gap by funding more renewal capital works to upgrade the City's infrastructure.                                      |
| <b>Loans and borrowings</b>  |         |        |        |                |          |         |        |         |   |
| Loans and borrowings compared to rates<br><i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i>            | 0.00%   | 0.00%  | 0.00%  | <b>0.00%</b>   | 0.00%    | 0.00%   | 0.00%  | 0.00%   | Council achieved a debt free status as at 30 June 2015 and has no plans to borrow funds over the next 4 years for operating or capital expenditure.                                   |
| <b>Loans and borrowings</b>  |         |        |        |                |          |         |        |         |   |
| Loans and borrowings repayments compared to rates<br><i>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</i> | 11.66%  | 0.00%  | 0.00%  | <b>0.00%</b>   | 0.00%    | 0.00%   | 0.00%  | 0.00%   | Council achieved a debt free status as at 30 June 2015 and has no plans to borrow funds over the next 4 years for operating or capital expenditure.                                   |
| <b>Indebtedness</b>  |         |        |        |                |          |         |        |         |   |
| Non-current liabilities compared to own source revenue<br><i>[Non-current liabilities / Own source revenue] x100</i>   | 2.96%   | 2.70%  | 2.08%  | <b>2.28%</b>   | 2.41%    | 2.35%   | 2.31%  | 2.26%   | The improvement in the ratio, compared to the prior year, is due to increased rate revenues, higher user charges and stability of non-current liabilities (e.g. no loan commitments). |

| Dimension/indicator/measure   | Results |        |        |               | Forecast |        |        |        | Material Variations  |
|---|---------|--------|--------|---------------|----------|--------|--------|--------|--|
|   | 2015    | 2016   | 2017   | 2018          | 2019     | 2020   | 2021   | 2022   |  |
| <b>Operating position</b>   |         |        |        |               |          |        |        |        |  |
| <b>Adjusted underlying result</b>   |         |        |        |               |          |        |        |        |  |
| <i>Adjusted underlying surplus (or deficit)</i><br><i>[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100</i>         | 4.67%   | 11.20% | 11.57% | <b>8.15%</b>  | 6.59%    | 6.81%  | 6.23%  | 5.49%  | Despite recording a higher revenue compared with 2016/17 , increase in expenditure due to higher employee and materials and services cost have contributed to reduction in adjusted underlying surplus in 17/18. |
| <b>Stability</b>  |         |        |        |               |          |        |        |        |  |
| <b>Rates concentration</b>  |         |        |        |               |          |        |        |        |  |
| <i>Rates compared to adjusted underlying revenue</i><br><i>[Rate revenue / Adjusted underlying revenue] x100</i>                            | 63.13%  | 63.44% | 62.13% | <b>63.07%</b> | 66.15%   | 65.49% | 65.55% | 66.21% | User charges and other revenue has increased at a higher rate than capped rate revenue combined with Financial Assistance Grant payments being made in advance.  |
| <b>Rates effort</b>   |         |        |        |               |          |        |        |        |  |
| <i>Rates compared to property values</i><br><i>[Rate revenue / Capital improved value of rateable properties in the municipality ] x100</i> | 0.19%   | 0.21%  | 0.16%  | <b>0.16%</b>  | 0.15%    | 0.15%  | 0.14%  | 0.14%  | Marginal change and a non-revaluation year.  |

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**Definitions**

"adjusted underlying revenue" means total income other than:

(a) non-recurrent grants used to fund capital expenditure; and

(b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to above.

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council.

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

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

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

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

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

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## Other Information

For the year ended 30 June 2018

### 1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 26 June 2018 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

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## Certification of the performance statement

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

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**DANIEL WAIN (CPA)**  
*Principal Accounting Officer*  
Dated: 26 August 2018

In our opinion, the accompanying performance statement of the Monash City Council for the year ended 30 June 2018 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

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

We have been authorised by the council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form

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**PAUL KLISARIS**  
**Mayor**  
Dated: 28 August 2018

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**REBECCA PATERSON**  
**Councillor**  
Dated: 28 August 2018

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**ANDI DIAMOND**  
**Chief Executive Officer**  
Dated: 28 August 2018

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