

# Agenda

## Special Council Meeting

**Monday, 10th October 2022**

Commencing at 7.30pm

Online via the Zoom platform  
and live streamed

[kingston.vic.gov.au](http://kingston.vic.gov.au)

Peter Bean  
Chief Executive Officer  
Kingston City Council

## **ACKNOWLEDGEMENT OF COUNTRY**

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The City of Kingston proudly acknowledges the Bunurong People of the Kulin Nation as the Traditional Owners and Custodians of this land, and we pay our respect to their Elders, past and present and emerging.

Council acknowledges the Bunurong's continuing relationship to the land and waterways and respects that their connection and spiritual identity is maintained through ancient ceremonies, songlines, dance, art and living culture.

Council pays tribute to the invaluable contributions of the Bunurong and other Aboriginal and Torres Strait Island elders who have guided and continue to guide the work we do.

**City of Kingston  
Special Council Meeting**

**Agenda**

**10 October 2022**

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**Notice** is given that a Special Meeting of Kingston City Council will be held at 7.30pm on Monday, 10 October 2022 online via the Zoom platform and live streamed.

**1. Apologies**

**2. Foreshadowed Declaration by Councillors, Officers or Contractors of any Conflict of Interest**

*Note that any Conflicts of Interest need to be formally declared at the start of the meeting and immediately prior to the item being considered – type and nature of interest is required to be disclosed – if disclosed in writing to the CEO prior to the meeting only the type of interest needs to be disclosed prior to the item being considered.*

**3. Chief Finance Office Reports**

3.1 Adoption of the Annual Statements to 30 June 2022 ..... 5

**4. Confidential Items**

Nil

### **3. Chief Finance Office Reports**

# Special Council Meeting

10 October 2022

**Agenda Item No: 3.1**

## **ADOPTION OF THE ANNUAL STATEMENTS TO 30 JUNE 2022**

**Contact Officer: Bernard Rohan, Chief Financial Officer**

### **Purpose of Report**

The purpose of this report is to present to Council for adoption the Draft Annual Financial Report and Performance Statement for the 2021/22 financial year as Council's "In Principle Statements" and to authorise their submission to the Victorian Auditor-General. The report also presents the Governance and Management Checklist for adoption by Council and inclusion in the Annual Report.

### **Disclosure of Officer / Contractor Conflict of Interest**

No Council officer/s and/or Contractor/s who have provided advice in relation to this report have declared a Conflict of Interest regarding the matter under consideration.

### **RECOMMENDATION**

That Council:

1. Note the recommendation from Council's Audit & Risk Committee;
2. Adopt the 2021/22 Annual Performance Statement and Annual Financial Report (Annual Financial Statements) as Council's "in principle" statements for 2021/22, subject to any further changes required by the Victorian Auditor-General's Office or Council's Audit and Risk Committee;
3. Subject to confirmation from the Victorian Auditor-General's Office and Council's Audit and Risk Committee that the Statements can be finalised, authorise Cr Staikos (Mayor), Cr Oxley, and Peter Bean (Chief Executive Officer) to sign the final:
  - 3.1. 2021/22 Annual Financial Statements;
  - 3.2. 2021/22 Performance Statement
4. Authorise Cr Staikos (Mayor) and Peter Bean (Chief Executive Officer) to sign the Governance and Management Checklist.

### **1. Executive Summary**

The City of Kingston's net operating result for 2021/22 was a surplus of \$32.2 million which was \$8.3 million (34.5 per cent) favourable to revised budget.

This favourable outcome (to revised budget) mainly reflects a combination of factors inclusive of:

1. Higher operating grants (\$4.7 million) which is primarily driven by the timing of the Victorian Local Government Grants Commission's allocations to all councils, with advance payments made from the 2022/23 financial year;

2. Employee cost savings (\$3.5 million) relating to staff vacancies not filled during the 2021/22 financial year and active management of leave balances;
3. Lower expenditure on materials and services (\$2.7 million);
4. Favourable identification of “found assets” of \$5.6 million and primarily related to unrecorded assets on Council’s asset register that now needs to be accounted for as revenue, and highlighting opportunities to improve information management.

These favourable variances are offset by lower revenue from fees and fines, user fees and interest, where COVID-19 impacts and associated restrictions have adversely affected Council’s financial performance during 2021/22.

## **2. Background**

Pursuant to Section 99 of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*, Council’s 2021/22 Annual Financial Report and Performance Statements have been prepared for adoption in principle and the authorisation of two Councillors and the Chief Executive Officer to certify the Statements having been reviewed by the external auditors and by Council’s Audit and Risk Committee.

At the time of writing (4 October 2022):

- the Victorian Auditor-General’s Office has not yet finalised the Management Letter and Closing Report.
- representatives from the audit firm, Crowe, that is assisting the Victorian Auditor-General’s Office advised Council’s Audit and Risk Committee on 28 September 2022 that the final audit review is not expected to raise concerns with the numbers reported in the draft financial statements
- the Chief Finance Officer will work with Crowe to finalise the audit and any outstanding queries, and then confirm the finalisation of the audit with Council’s Audit and Risk Committee and Councillors, to support finalisation and preparation of the Annual Report for Council consideration on 24 October 2022.

The Governance and Management Checklist underpins the preparation of the Statements and has been noted by the Audit and Risk Committee and has been prepared by Officers.

Copies of the “In Principle” Annual Financial Report and Performance Statements and the Governance and Management Checklist are attached.

## **3. Discussion**

### **Annual Financial Report**

The attached Annual Financial Report for Kingston City Council for the year 1 July 2021 to 30 June 2022, has been completed to present fairly the financial transactions of Council for the 2021/22 financial year and to report on the financial position of Council as at 30 June 2022.

The Financial Report has been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, Australian Accounting Standards and other mandatory professional reporting requirements.

The following commentary is intended to assist the interpretation of the City of Kingston’s 2021/22 financial results.

### **Comprehensive Income Statement**

The 2021/22 **net result** was a surplus of \$32.2 million, and this is:

- \$13.3 million (70.4 per cent) higher than in 2020/21
- \$8.3 million (34.5 per cent) favourable to the revised budget.

The (\$13.3 million) improved surplus in 2021/22 from the level recorded in 2020/21 has been mainly underpinned by:

- \$12.2 million of **additional rates and charges** in line with the rate cap, supplementary rates and increases in waste charges, particularly following prior year adjustments for waste rebates
- \$6.4 million of additional **grant revenue** and mainly associated with the timing of capital grants in line with the profile of projects
- \$3.8 million of additional **user fees**, following the COVID-19 disruptions in 2020/21
- \$2.6 million of higher **other income** in 2021/22, and this primarily relates to found assets identified through the valuation process.

These favourable movements were partially offset by:

- Increased **employee costs** \$6.6 million in line with underlying growth and enterprise agreement increases
- Higher **materials and services** (\$5.9 million) relating to increased activity across council services following disruptions in 2020/21, and also indexation.

The \$8.3 million favourable outcome relative to revised budget reflects a combination of factors inclusive of:

- Higher **operating grants** (\$4.7 million) which was primarily driven by the timing of the Victorian Local Government Grants Commission's allocations to all councils, with advance payments made from the 2022/23 financial year
- **Employee cost** savings (\$3.5 million) relating to staff vacancies not filled during the 2021/22 financial year and active management of leave balances
- Lower expenditure on **materials and services** (\$2.7 million)
- Favourable identification of "**found assets**" of \$5.6 million and primarily related to unrecorded assets on Council's asset register that now needs to be accounted for as revenue, and highlighting opportunities to improve information management.

Further details are provided below.

### **Rates & Charges**

Rate and charges revenue of \$155.4 million was \$12.2 million higher than in 2020/21. The main contribution to this increase was Waste Service Fees of \$9.2 million following a rebate on waste charges that was in place in 2020/21 as part of Council's COVID relief package to the community. General rates also slightly increased during the year and this reflects supplementary rates and the application of the rate cap in 2021/22. There was no interest on overdue rates in line with council's decision to not levy penalty interest in 2021/22.

**Statutory Fees and Fines**

Statutory Fees and Fines of \$8.2 million increased by \$0.4 million and this was principally associated with higher planning permit activity and slight increases in family day care fees due to demand. This was partially offset by lower levels of revenue from parking permits and infringements, which relates to general community activity.

**User Fees**

User Fees of \$16.9 million were 29 per cent (\$3.8 million) higher than the level recorded in 2020/21. The main source of increase is associated with leisure centre and recreation (Waves Facility).

**Grants and Subsidies – Operating**

Operating Grants total \$46.2 million and increased by \$1.7 million compared to last year. Home and Community Care Commonwealth funding increased by \$3.8 million, predominately in home care package income. Also having an impact was the brought forward timing of the financial assistance grants from the Commonwealth via the Victorian Local Government Grants Commission.

Unspent operating grants of \$8.8 million were slightly (\$0.7 million) higher than in 2020/21.

**Grants and Subsidies – Capital**

Capital Grants of \$10.8 million have increased by \$4.7 million compared to last year and this pertains to the timing of projects, with civil infrastructure and community facilities' projects being higher in 2021/22.

Unspent capital grants of \$9.3 million were slightly higher than in 2020/21 (\$1.2 million variance) and this reflects the challenges in delivering on project expenditure across the sector and the capital works program more generally.

**Contributions – Monetary**

In 2021/22, monetary contributions were \$8.8 million and slightly (\$0.2 million) higher than the previous year and in line with higher levels of cash contributions for stormwater and open space from developers. These developer cash contributions are transferred to reserve accounts that can be utilised by Council in the future to acquire and/or develop open space and stormwater improvements.

**Other Income**

Other Income totals \$7.1 million in 2021/22 which represents an increase of \$2.6 million from prior year levels and was related to found assets of \$5.6 million (\$2.8 million in 2020/21). These were not newly constructed or purchased assets for the year, they represent asset additions due to improved accuracy of data since moving to the new asset management system. The main property found asset came to officers' attention through the asset revaluation exercise. There are opportunities for a review of asset registers and to improve the currency of asset information.

Interest income on cash and investments was \$0.6 million and slightly less than in 2020/21 due to lower available investment returns in what was a lower cash interest rate environment.

**Employee Costs**

In 2021/22, Kingston's employee costs of \$95.7 million were \$6.6 million (7.3 per cent) higher than in 2020/21. The increase relates to growth, enterprise agreement increases (2.3 per cent), and is offset by improved leave balances, which reduced during the year due to active management.



### **Materials and Services**

Materials and Services expenditure of \$89.6 million was \$5.9 million (7 per cent) higher than the 2020/21 result and the main areas of increase related to waste services, aged services, planning and building and leisure and culture (with associated increased revenue from fees and charges).

### **Depreciation & Amortisation**

In accordance with Australian Accounting Standard AASB 116 Property, Plant and Equipment, all non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential of those assets. In 2021/22 \$33.5 million was taken up as a non-cash expense in the Income Statement compared with \$32.1 million last year which reflects the status of Council's Asset Register and Asset Accounting Policies.

### **Amortisation (right of use assets) and finance costs (leases)**

Amortisation of intangibles and right of use assets totalled \$1.4 million and slightly reduced \$0.4 million compared to last year in line with the lease profile of specified assets.

### **Balance Sheet**

#### **Current Assets**

The Current Assets in the Balance Sheet have increased by \$22.6 million during the 2021/22 financial year. This was mainly arising with an overall increase in the amount of Cash and Other Financial Assets (\$18.8 million), and this was predominately associated with the profile of the capital works program, and the need to hold cash for large payments early in July 2022.

The balance of total financial assets (cash and investments) of \$161.8 million has been held for working capital, carried-forward capital works, dedicated approved council-reserves (\$42.9 million) and trust funds and deposits (\$18.4 million). Active cash management is a required area of focus as officers navigate the current high inflation environment. Key payments have needed to be managed over June-August 2022 in line with management's approach to managing term deposits. This is an area of further review and opportunity.

Council's trade and other receivables also increased by \$3.4 million during the year. The balance of \$20.3 million at 30 June 2022 is primarily rates (\$11.8 million) and this is attached to the relevant properties within the municipality where council is a debtor of high legal standing, and funds will ultimately be recovered. Within Council's overall receivable balance is the net impact of \$6.9 million of provisions for doubtful debts. In the COVID-19 environment, it has been more challenging to recovery non-statutory debts owed to council (primarily infringements) and this will be an area of review and focus in 2022/23.

#### **Non-Current Assets**

Council manages \$3 billion of physical assets at 30 June 2022. Australian Accounting Standard AASB 116 Property, Plant and Equipment requires that the carrying amount of all non-current assets be kept current. Property and Infrastructure assets (primarily drainage) have been revalued by Council Officers to their current replacement costs as at 30 June 2022 and this has contributed to an overall \$188.5 million increase in their book value (7 per cent increase in total physical assets). Property valuations were supported by an index-based valuation by Opteon, where both land and buildings were adjusted for a market movement.

### **Current Liabilities**

Current Liabilities of \$94.6 million have increased by \$26.5 million primarily relating to the timing of large payments for capital works (including the \$14 million aquatic centre site) and also the need to hold funds and deposits associated with the Fire Services Levy (payment made in August 2022) and this was primarily due to timing issues.

Unearned income of \$18.9 million represented a \$2 million increase during the year and was affected by the timing of grant receipts relative to the utilisation of the funds in line with accounting standards.

Council's remaining debt (for the acquisition of the main office 1230 Nepean Hwy, Cheltenham) has been repaid in line with the scheduled loan.

Provisions of \$22.1 million have reduced during 2021/22 and mainly reflective active management of leave balances that reduced during the year as staff took leave following COVID-19 disruptions in prior years. This has been a financially favourable outcome.

### **Non-Current Liabilities**

These include the non-current portion of Council's lease liabilities as per AASB 16 of \$9 million and the non-current portion of employee long service leave provision of \$1.9 million.

### **Cash Flow Statement**

In total, Council's cash holdings (excluding investments) have increased by \$5.6 million during 2021/22 to \$13.8 million, largely due to a shift in the mix of cash vs long term investments held by Council at year end with pending payments in July and August 2022. In summary:

Net cash provided by operating activities is \$84.1 million, which is \$24.2 million higher than last year and this is affected by the profile and timing of payments across multiple years, rather than any saving or reduction in costs.

Net cash used in investing activities has increased by \$4 million to \$76.4 million in 2021/22 largely reflecting changed cash flow requirements with net transfers to investments of \$13 million (\$29 million in the prior year) in line with the cash requirements of council over the respective years

Net cash used in financing activities of \$2.1 million is slightly lower than the previous year and reflective of the debt reduction strategy implemented.

### **Performance Statement**

The performance statement contains information about the performance of Council for the financial year and is a key section of the annual report whereby Council makes itself accountable to the community.

Commencing in 2014/15, the Victorian Government has introduced a mandatory system of performance reporting for councils which prescribes performance information to be included in councils' annual reports. Councils must describe the prescribed indicators and measures in the performance statement, so it is clear to the audience what is being measured.

In addition, the performance statement now includes the results achieved in relation to the prescribed service performance outcome, financial performance and sustainable capacity for the financial year and three preceding years. For the financial performance indicators and measures, the performance statement must also include the forecast results for four years based on the financial statements included in the budget.

Reporting trend information helps the community understand changes in council performance over time and acts as a point of reference for results. The regulations require that council must also provide an explanation of any material variations in the results between the current years and other years disclosed, to enable the reader to form an understanding of the reason for the variation.

The Act states that the performance statement must contain the prescribed indicators and measures of service performance outcome measures, financial performance, and sustainable capacity, and the results for each indicator.

Detailed commentaries of the outcomes are included in the attached Performance Statement.

### **Governance and Management Checklist**

Council has documents or procedures in place to cover all of the Governance and Management Checklist items. This is consistent with the result for last year. Under the *Local Government (Planning and Reporting) Regulations 2020* the Governance and Management Checklist must be certified by the Mayor and CEO and be included in the Annual Report. The Governance and Management Checklist is attached to this report.

## **3.1 Council Plan Alignment**

Goal - 5 - Our well-governed and responsive organisation

Direction - 5.2 - Responsible and sustainable financial management.

## **3.2 Consultation/Internal Review**

### **3.2.1 Independent Audit & Risk Committee Review**

Council's Independent Audit & Risk Committee reviewed the 2021/22 Draft Annual Financial Report and Performance Statement on 28 September 2022. The Committee endorsed the report and recommendation to Council subject to final procedures and receipt of closing report provided the Committee confirm they have no concerns.

The Chief Finance Officer will work with Crowe to finalise the audit and any outstanding queries, and then confirm the finalisation of the audit with Council's Audit and Risk Committee and Councillors, to support finalisation and preparation of the Annual Report for Council consideration on 24 October 2022.

## **3.3 Operation and Strategic Issues**

### **3.3.1 Management Representation to Council**

The following representations are provided to Council by Management in connection with the external audit of the financial report and performance statement of Kingston City Council for the year ended 30 June 2022. These management representations are replicated from the external auditors, which is currently still based on last year's representations, and may be subject to change.

The audit was undertaken for the purpose of the Auditor being able to obtain sufficient and appropriate audit evidence on which to express an opinion as to whether the financial report presents fairly, in all material respects in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 2020*, and whether the performance statement presents fairly in accordance with the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

We (Management) confirm that, to the best of our knowledge and belief, the representations we make below are based on information available to us, having made such enquiries as we considered necessary to appropriately inform ourselves on these matters.

**Preparation of the financial report**

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 22 March 2022, for the preparation of the financial report in accordance with Australian Accounting Standards and the requirements of *Local Government Act 2020* in particular the financial report presents fairly, in all material respects.

1. We have prepared the financial report as a not-for-profit entity for the purpose of reporting under Australian Accounting Standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial report. 1
3. Proper accounts and records of the transactions and affairs of the Council and such other records as sufficiently explain the financial operations and financial position of the Council have been kept in accordance with the *Local Government Act 2020*, where applicable.
4. The effects of uncorrected misstatements are not material, both individual and in the aggregate, to the financial report as a whole. There are no uncorrected misstatements that we are aware of at the time of preparing this report.

**Access to information**

5. We have provided audit with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters
  - b. any additional information that audit have requested from us for the purpose of the audit
  - c. unrestricted access to persons within the Council from whom audit determined it necessary to obtain audit evidence. 2

**Controlled entities**

6. We have undertaken a control assessment using the criteria outlined in AASB 10 Consolidated Financial Statements. Our assessment has not identified any controlled or jointly controlled entities that require consolidation.

**Joint arrangements**

7. We have undertaken an assessment of our contractual arrangements to determine whether they are joint arrangements as per the requirements of AASB 11 Joint Arrangements. Our assessment has not identified any joint arrangements that require disclosure.

**Fraud disclosure**

8. We have disclosed to audit the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud. 3
9. We are not aware of any actual or suspected fraud affecting Kingston City Council that involves:

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<sup>1</sup> [ASA 580 Written Representations](#)

<sup>2</sup> [ASA 580 Written Representations/ASA 210 Agreeing the Terms of Audit Engagements](#)

<sup>3</sup> [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)

- a. management
  - b. employees who have significant roles in internal control or
  - c. others where the fraud could have a material effect on the financial report. 4
10. We are not aware of any allegations (to the extent we are legally able to disclose these to audit in accordance with the requirements of the *Independent Broad-based Anti-Corruption Commission Act 2011*) of fraud, or suspected fraud, affecting Kingston City Council's financial report communicated by employees, former employees, analysts, regulators or others. 5

**Internal control**

11. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud and/or error. 6 We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. We have disclosed to audit details of all deficiencies in internal control of which we are aware.

**Legal**

12. There are no known or suspected instances of non-compliance with laws or regulations whose effects should be considered when preparing the financial report.
13. There is no known actual or possible litigation and claims whose effects should be considered when preparing the financial report.
14. The Council has satisfactory title to all assets (excluding those assets held in the name of the Crown), and there are no liens or encumbrances on such assets nor has any asset, with the exception of assets under finance lease, been pledged as collateral.
15. The Council has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of noncompliance.
16. Kingston City Council has been properly managed in accordance with the requirements of the *Local Government Act 2020*.
17. We have complied with, in all material respects, the requirements of *Local Government Act 2020* for the establishment and keeping of relevant accounts, registers and other appropriate records.

**Accounting estimates**

18. We believe that the significant assumptions, judgements, methods and data we have used in making accounting estimates for inclusion in the financial report are reasonable, appropriately supported and, where required, disclosed to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework. 7

**Financial statement disclosures**

19. The financial report discloses all significant accounting policies used in the preparation of the financial report. We considered the substance of the underlying transactions as well as their legal form in selecting the appropriate accounting policies and related disclosures for the financial report.

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<sup>4</sup> [ASA 240 The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report](#)

<sup>5</sup> [ASA 240.39\(d\)](#)

<sup>6</sup> [ASA 240.39\(b\)](#)

<sup>7</sup> [ASA 540 Auditing Accounting Estimates and related disclosures](#)

20. The following have been properly recorded and/or disclosed in the financial report:
- a. arrangements involving restrictions on cash balances and line-of-credit or similar arrangements

**Income and Revenue**

21. We have determined whether contracts and arrangements are within the scope of AASB 1004 Contributions, AASB 15 Revenue and AASB 1058 Income of Not-for-Profit Entities; applying the relevant measurement and recognition requirements for each transaction.

**Asset and liability fair values (including property, plant and equipment)**

22. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate based on the nature and purpose of the asset/liability. These have been consistently applied and appropriately disclosed in the financial report.
23. We have considered the requirements of AASB 13 Fair Value Measurement relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use.
- Further, we confirm that the assumptions used by us in the categorisation of observable and un-observable inputs within the fair value valuation hierarchy are reasonable and have been fully disclosed in accordance with the accounting standards and other applicable financial reporting requirements.
24. We have applied AAAB 16 Leases. We have assessed whether our contracts are or contain a lease. For our leases we have recognised on the balance sheet a separate right of use asset (ROU) with an associated lease liability. We have applied the initial and subsequent measurement ROU asset and lease liability.
25. We have considered the requirements of AASB 136 *Impairment of Assets* when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.
26. Asset useful lives have been reviewed and any resulting changes accounted for as a change in an accounting estimate in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.
27. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.
28. We have determined whether our contracts are within the scope of AASB 1059 Service Concession Arrangements: Grantors. We have recognised separately right of use assets and the associated liability. We have measured these assets and liabilities per options within AASB 1059. We have applied FRD 124 Transitional requirements on the application of AASB 1059 Service Concession Arrangements – Grantors.

**Related parties and key management personnel**

29. We have determined who are the key management personnel of Kingston City Council in accordance with AASB 124 Related Party Disclosures and we are satisfied that our assessment is complete and appropriate.
30. We are satisfied that the compensation paid to key management personnel has been properly reported in note 7 to the financial statements in accordance with AASB 124 Related Party Disclosures, and includes all required components of compensation.

31. We have identified and appropriately disclosed all significant transactions with government-related entities in accordance with AASB 124 Related Party Disclosures. <sup>8</sup>
32. We are not aware of any non-government related parties (including any controlled entities), related party relationships or transactions which would require disclosure under AASB 124 Related Party Disclosures. <sup>9</sup>

**Responsible persons and executive officer disclosures**

33. We have disclosed the number and names of any individual who held a responsible person position for Kingston City Council at any time during the year, including all remuneration received/receivable by those individuals as per the requirements of FRD 21C Disclosures of responsible persons and executive officers.
34. We have disclosed the remuneration of all executive officers as per the requirements of AASB 124 Related Party Disclosures. This includes all short-term, post-employment, other long-term benefits and any termination benefits.

**Future plans**

35. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.
36. We have no plans or intentions that may materially affect the carrying values or classification of any assets and liabilities.

**Going concern**

37. We have assessed the Council's ability to continue as a going concern and believe there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

**Subsequent events**

38. No events have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the financial report. <sup>10</sup>

**Preparation of the performance statement**

39. We have prepared and presented the performance statement in conformity with the requirements of Local Government Performance Reporting Framework (LGPRF). We consider the indicators to present fairly the performance of the Council.
40. All relevant matters have been recorded in the Council's records and are reflected in the performance statement. <sup>11</sup>
41. We are not aware of any uncorrected misstatements at the time of writing this report. <sup>12</sup>
42. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and/or error. We have established and maintained an adequate internal control structure to facilitate the preparation of a reliable performance statement. We have disclosed to audit details of all deficiencies in internal control of which we are aware. <sup>13</sup>

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<sup>8</sup> [ASA 550 Related Parties](#)

<sup>9</sup> [ASA 550 Related Parties](#)

<sup>10</sup> [ASA 560 Subsequent Events](#)

<sup>11</sup> [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

<sup>12</sup> [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

<sup>13</sup> [ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information](#)

**Publication of the financial report**

43. With respect to publication of the financial report and performance statement in hard copy, we will ensure that:
  - a. the financial report and performance statement accurately reflects the audited financial report and performance statement and
  - b. the independent auditor's report has been reproduced accurately and in full.
44. The electronic presentation of the financial report and performance statement is our responsibility. Our responsibility includes ensuring that the electronic version of the financial report, the performance statement and the independent auditor's report presented on the website are the same as the final signed version of the financial report, the performance statement and independent auditor's report.
45. The Annual Financial Report may include additional financial and/or non-financial information other than the financial report, the performance statement and the independent auditor's report (referred to as 'other information'). With respect to other information that is included in the Council's Annual Financial Report, we have informed audit of all the sections/separate documents that we expect to issue that may comprise other information. With regard to any other information that we have not provided to audit prior to the date of the auditor's report, that we intend to prepare and issue such other information and that we expect to issue it by October 2022 and will provide it to you to enable you to complete your required procedures.
46. We will provide audit with a copy of the printers' proof of the annual report by November 2022. We plan to publish our annual report on our website by November 2022.

**Other matters 14 - COVID 19 or other significant state emergencies**

47. We have provided audit with all information related to the impact of COVID 19 pandemic (and or other state emergencies e.g., bushfires) on operating results, financial conditions and cash flows. This includes details of all government financial assistance received, information on Council's support package to the community which includes; waiver of interest on rates, permit and user fee waivers, rent holidays or concessions granted to lessees. We have advised audit of information on all procedures and controls arising as a result of the pandemic. We have notified audit of all new programs that have been or will be implemented or that will permanently cease as a result of the pandemic. We have assessed significant ongoing COVID-19 impacts and have provided audit with our most current mitigation plans and forecasts. We have considered the impact of COVID -19 and confirm the going concern basis is appropriate. All impacts from COVID-19 are properly reflected in the financial report.
48. We have provided audit with all requested information, explanations and assistance for the purposes of the audit.
49. We have provided audit with all information required by the *Local Government Act 2020*.

We understand that audit's examination was made in accordance with the *Audit Act 1994* and Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an audit opinion on the financial report and performance statement of the Council taken as a whole, and that audit's tests of the financial records and other auditing procedures were limited to those which audit considered necessary for that purpose.

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<sup>14</sup> [ASA 580 Written Representations](#)



#### **4. Conclusion**

A Council cannot submit its Annual Financial Report and Performance Statement to the Auditor-General unless the council has passed a resolution giving “in principle” approval to the Annual Statements, and certification by two Councillors and the Chief Executive Officer, on behalf of the council, to certify the statements once amendments or changes requested by the Auditor-General have been made. It is recommended that, Cr Staikos (Mayor), and Cr Oxley as the second Councillor on the Audit and Risk Committee, be authorised to sign the statements.

It should be borne in mind that the purpose of this process is to ensure that Council is aware of, and supports, the Performance Statement, Annual Financial Report and Governance and Management Checklist and that the Councillors and the Chief Executive Officer when signing the statements do so with the knowledge, support, commitment, and acceptance of responsibility by the Council.

##### **4.1 Environmental Implications**

Not applicable to this report.

##### **4.2 Social Implications**

Not applicable to this report.


##### **4.3 Resource Implications**

Not applicable to this report.

##### **4.4 Legal / Risk Implications**

Not applicable to this report.

#### **Appendices**

Appendix 1 - Draft Annual Financial Report 2021-22 (Ref 22/281213) 

Appendix 2 - Draft Performance Statement 2021-22 (Ref 22/189145) 

Appendix 3 - Governance and Management Checklist 2021-22 (Ref 22/197008) 

Author/s: Bernard Rohan, Chief Financial Officer

Reviewed and Approved By: Bernard Rohan, Chief Financial Officer

# 3.1

## ADOPTION OF THE ANNUAL STATEMENTS TO 30 JUNE 2022

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# Annual Financial Report

For the Year Ended 30 June 2022

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## Financial Report

### Certification of the Financial Statements

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.

.....

Bernard Rohan FCPA, B.Bus (Acc)  
**Principal Accounting Officer**

Date: .....

Location: .....

In our opinion, the accompanying financial statements present fairly the financial transactions of Kingston City Council for the year ended 30 June 2022 and the financial position of Council as of that date.

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

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

S Staikos .....  
**Mayor**

Date: .....

Location: .....

G Oxley .....  
**Councillor**

Date: .....

Location: .....

Peter Bean .....  
**Chief Executive Officer**

Date: .....

Location: .....

## Victorian Auditor-General's Report

2 pages reserved for VAGO report – to be inserted when available.





## Financial Statements

### Comprehensive Income Statement

For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Rates and charges	3.1	155,454	143,250
Statutory fees and fines	3.2	8,244	7,818
User fees	3.3	16,964	13,113
Grants – operating	3.4	46,181	44,458
Grants – capital	3.4	10,824	6,113
Contributions – monetary	3.5	8,823	8,538
Contributions – non-monetary	3.5	-	46
Other income	3.7	7,147	4,539
Net gain on disposal of property, infrastructure, plant and equipment	3.6	147	-
<b>Total income</b>		<b>253,784</b>	<b>227,875</b>
<b>Expenses</b>			
Employee costs	4.1	95,739	89,187
Materials and services	4.2	89,592	83,692
Depreciation	4.3	33,491	32,080
Amortisation – Intangible assets	4.4	277	286
Amortisation – Right of use assets	4.5	1,174	1,518
Bad and doubtful debts	4.6	84	8
Borrowing costs	4.7	9	42
Finance costs – leases	4.8	455	493
Other expenses	4.9	725	632
Net loss on disposal of property, infrastructure, plant and equipment	3.6	-	1,018
<b>Total expenses</b>		<b>221,546</b>	<b>208,956</b>
<b>Surplus for the year</b>		<b>32,238</b>	<b>18,919</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods:</b>			
Net asset revaluation increment	6.2, 9.1(a)	164,013	268,509
<b>Total comprehensive result</b>		<b>196,251</b>	<b>287,428</b>

The above comprehensive income statement should be read in conjunction with the accompanying notes.

## Balance Sheet

As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	13,382	7,792
Other financial assets	5.1	148,434	135,234
Trade and other receivables	5.1	20,303	16,927
Other Assets	5.2	1,432	1,214
Non-current assets classified as held for sale	6.1	1,199	960
<b>Total current assets</b>		<b>184,750</b>	<b>162,127</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	6.2	2,985,824	2,785,571
Right-of-use assets	5.8	9,375	10,178
Investment property	6.3	4,038	3,900
Intangible assets	5.2	671	834
Other assets	5.2	250	250
<b>Total non-current assets</b>		<b>3,000,158</b>	<b>2,800,733</b>
<b>Total assets</b>		<b>3,184,908</b>	<b>2,962,860</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	34,266	16,377
Trust funds and deposits	5.3	18,411	9,864
Unearned income	5.3	18,919	16,977
Provisions	5.5	22,092	23,286
Interest bearing loans and borrowings	5.4	-	687
Lease liabilities	5.8	951	922
<b>Total current liabilities</b>		<b>94,639</b>	<b>68,113</b>
<b>Non-current liabilities</b>			
Provisions	5.5	1,867	1,929
Interest bearing loans and borrowings	5.4	-	-
Lease liabilities	5.8	8,966	9,634
<b>Total non-current liabilities</b>		<b>10,833</b>	<b>11,563</b>
<b>Total liabilities</b>		<b>105,472</b>	<b>79,676</b>
<b>Net assets</b>		<b>3,079,436</b>	<b>2,883,184</b>
<b>Equity</b>			
Accumulated surplus		1,482,662	1,458,509
Asset revaluation reserve	9.1	1,553,838	1,389,825
Other reserves	9.1	42,936	34,850
<b>Total equity</b>		<b>3,079,436</b>	<b>2,883,184</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 2022

2022	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
Balance as at 1 July 2021		2,883,184	1,458,509	1,389,825	34,850
Surplus for the year		32,238	32,238	-	-
Net asset revaluation increment	9.1	164,013	-	164,013	-
Transfers to other reserves	9.1	-	(12,930)	-	12,930
Transfer from other reserves	9.1	-	4,845	-	(4,845)
<b>Balance as at 30 June 2022</b>		<b>3,079,435</b>	<b>1,482,662</b>	<b>1,553,838</b>	<b>42,935</b>
2021	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
Balance as at 1 July 2020		2,595,756	1,441,379	1,121,316	33,061
Surplus for the year		18,919	18,919	-	-
Net asset revaluation increment	9.1	268,509	-	268,509	-
Transfers to other reserves	9.1	-	(10,233)	-	10,233
Transfer from other reserves	9.1	-	8,444	-	(8,444)
<b>Balance as at 30 June 2021</b>		<b>2,883,184</b>	<b>1,458,509</b>	<b>1,389,825</b>	<b>34,850</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 2022

	Note	2022 Inflows/ (Outflows) \$' 000	2021 Inflows/ (Outflows) \$' 000
<b>Cash flows from operating activities</b>			
Rates and charges		155,421	141,929
Statutory fees and fines		8,244	7,818
User fees		15,639	12,183
Grants – operating		46,840	45,784
Grants – capital		12,017	12,614
Contributions – monetary		8,823	8,538
Interest received		591	757
Trust funds and deposits taken		10,835	6,563
Other receipts		996	747
Employee costs		(93,716)	(86,650)
Materials and services		(79,296)	(88,473)
Short-term, low value and variable lease payments		0	(354)
Trust funds and deposits repaid		(2,281)	(1,471)
<b>Net cash provided by operating activities</b>		<b>84,113</b>	<b>59,985</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(63,438)	(43,504)
Payments for intangibles	5.2(b)	114	(121)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	162	53
Payments for investments		(62,334)	(101,134)
Proceeds from sale of investments		49,134	72,414
<b>Net cash used in investing activities</b>		<b>(76,362)</b>	<b>(72,292)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(9)	(42)
Repayment of borrowings		(687)	(1,385)
Interest paid – lease liability		0	(493)
Repayment - lease liabilities		(1,465)	(1,327)
<b>Net cash provided by financing activities</b>		<b>(2,161)</b>	<b>(3,247)</b>
Net (decrease)/increase in cash and cash equivalents		5,590	(15,554)
Cash and cash equivalents at the beginning of the financial year		7,792	23,346
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>13,382</b>	<b>7,792</b>
Financing arrangements	5.6	5,082	5,123
Restrictions on cash assets	5.1	18,411	9,864

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Statement of Capital Works

For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
<b>Property</b>		
Land	17,279	2,005
Land improvements	0	10,359
<b>Total land</b>	<b>17,279</b>	<b>12,364</b>
Buildings	23,374	20,169
<b>Total buildings</b>	<b>23,374</b>	<b>20,169</b>
<b>Total property</b>	<b>40,653</b>	<b>32,533</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	142	140
Fixtures, fittings and furniture	955	0
Computers and telecommunications	492	808
Library books	1,108	1,014
<b>Total plant and equipment</b>	<b>2,697</b>	<b>1,962</b>
<b>Infrastructure</b>		
Roads	4,924	3,097
Footpaths and cycleways	2,601	3,254
Drainage	3,001	3,993
Recreational, leisure and community facilities	6,962	0
Parks, open space and streetscapes	3,391	0
Off street car parks	1,410	337
Other infrastructure	0	101
<b>Total infrastructure</b>	<b>22,289</b>	<b>10,782</b>
<b>Total capital works expenditure</b>	<b>65,639</b>	<b>45,277</b>
<b>Represented by:</b>		
New asset expenditure	25,896	10,736
Asset renewal expenditure	26,361	22,097
Asset expansion expenditure	1,260	2,073
Asset upgrade expenditure	12,122	10,371
<b>Total capital works expenditure</b>	<b>65,639</b>	<b>45,277</b>

*The above statement of capital works should be read in conjunction with the accompanying notes*

An additional \$6.5m was spent on capital related projects, however this expenditure did not meet Kingston's capitalisation thresholds.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Notes to the Financial Statements

#### Note 1 Overview

##### Introduction

Kingston City Council was established by an Order of the Governor in Council on 15<sup>th</sup> December 1994 and is a body corporate. The Council's main office is located at 1230 Nepean Highway, Cheltenham Victoria.

##### Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

##### Significant accounting policies

###### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, 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 Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 5.3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- Other areas requiring judgement

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.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Significant accounting policies (cont'd)

#### (b) Impact of COVID-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council noted the following significant impacts on its financial operations:

- Additional revenue:
  - (i) Working for Victoria grants (\$0.1 million)
  - (ii) COVID19 Safety Outdoor Activation and Trader Support Initiatives \$0.6 million
- Revenue reductions:
  - (i) Council allowed ratepayers to defer payment of their rates until 30 June 2022 and did not charge interest on overdue rates during the year.
  - (ii) User fees were impacted during the pandemic across the majority of Council's services. Particularly impacted were businesses forced to close or reduce capacity including Council's leisure centre, libraries and childcare.
- Revenue foregone:
  - (i) Council reduced 2021/22 health license fees on a sliding scale depending on how COVID19 impacted business operations.
  - (ii) Council granted rental relief to lessees of Council properties.
  - (iii) Council have not charged any overdue fees or interest on rates for 2021/22.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 2 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent and/or over \$2 million 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.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

#### 2.1.1 Income and Expenditure

	Revised Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Favourable (F)/ Unfavourable (U)	Ref
<b>Income</b>						
Rates and charges	155,196	155,454	259	0.2%	F	
Statutory fees and fines	9,424	8,244	(1,180)	(12.5%)	U	
User fees	20,239	16,964	(3,274)	(16.2%)	U	1
Grants – Operating	41,524	46,181	4,657	11.2%	F	2
Grants – Capital	18,679	10,824	(7,856)	(42.1%)	U	3
Contributions – monetary	5,247	8,823	3,577	68.2%	F	4
Contributions – non-monetary	-	-	0	0.0%	F	
Other income	1,907	7,147	5,240	274.7%	F	5
Net proceeds from Disposal of Assets	75	147	72	95.4%	F	
<b>Total Income</b>	<b>252,291</b>	<b>253,784</b>	<b>1,493</b>	<b>0.6%</b>	<b>F</b>	
<b>Expenses</b>						
Employee costs	99,217	95,739	3,478	3.5%	F	
Materials and services	92,248	89,592	2,656	2.9%	F	6
Depreciation	34,628	33,491	1,137	3.3%	F	7
Amortisation – Intangible assets	-	277	(277)	0.0%	U	
Amortisation – Right of use assets	965	1,174	(209)	(21.7%)	U	
Bad and doubtful debts	50	84	(34)	(68.2%)	U	
Borrowing costs	31	9	22	69.7%	F	
Finance costs – Leases	500	455	45	9.0%	F	
Other expenses	682	725	(43)	(6.5%)	U	8
Net Loss on disposal of property, infrastructure, plant and equipment						
<b>Total Expenses</b>	<b>228,321</b>	<b>221,546</b>	<b>6,774</b>	<b>3.0%</b>	<b>F</b>	
<b>Surplus (deficit) for the year</b>	<b>23,970</b>	<b>32,238</b>	<b>8,268</b>	<b>34.5%</b>	<b>F</b>	



## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 2.1 Performance against budget (cont'd)

#### 2.1.1. Income and Expenditure (cont'd)

##### Explanation of material variances

Ref	Item	Explanation
1	User Fees & Charges	User fees and charges are \$3.3 million unfavourable to budget predominately due to the forced closures caused by COVID19. Arts and Cultural Services (\$0.6 million unfavourable), Family and Children's Services and Before/After School Care (\$0.7 million unfavourable) and Waves Leisure Centre (\$1.6 million unfavourable) were the most affected operational areas.
2	Grants - Operating	Operating grants are \$4.7 million favourable to budget. This includes \$5.9 million received in advance from the Victorian Grants Commission for 75% of the 2022/23 allocation, unbudgeted \$0.3 million for the resourcing of the Suburban Rail Loop and unbudgeted \$0.1 million received for Working for Victoria (COVID19 support). Actual capital grants received during the financial year included unbudgeted \$2.450 million for Clayton Linear Park maintenance, asset renewal and contingencies, in relation to Caulfield to Dandenong Level Crossing Removal, to be conducted over the next ten years, which was received in advance and remained unspent as at 30th June and recorded as unearned income.
3	Grants - Capital	Capital grants of \$10.8 million are \$7.9 million unfavourable to budget. Actual capital grants received during the financial year totalled \$20.160 million, however, a delay with some capital works due to COVID19 restrictions, plus a number of grants received in advance has resulted in \$9.3 million of capital grants being unspent as at 30th June and recorded as unearned income.
4	Contributions - Monetary	Monetary contributions are favourable to budget by \$3.6 million which is predominately due to additional receipts in stormwater and open space contributions from developers. These contributions are transferred to a reserve for use on open space and stormwater projects at a later date.
5	Other Income	Other income is \$5.2 million favourable to budget, primarily from the other income including \$5.5 million found assets from year end assets assessment. This favourable variance is offset by \$0.4 million unfavourable variance in interest received on investments due to much lower than expected interest rates during the year.
6	Materials and Services	Materials and Services expenditure is \$2.66 million favourable to budget arising from various business areas, such as covid impacted cancelled events (such as Spring Fair, Carols by Kingston, Mordialloc Festival), cancelled events at Art Centre, Access Care cancelled services due to lockdown, Waves activities impacted by lockdown.
7	Depreciation	Depreciation is \$1.1 million favourable to budget due to lower capital works.
8	Other expenses	Other expenditure of \$0.7 million includes \$0.4 million in Councillor Allowances and \$0.2 million for internal and external audit fees, and is in line with the budget.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 2.1.2 Performance against budget (cont'd)

#### 2.1.2 Capital Works

	Revised Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Favourable (F)/ Unfavourable (U)	Ref
<b>Property</b>						
Land	0	17,279	(17,279)	(100.0%)	U	1
Land improvements	459	-	459	100.0%	F	2
<b>Total Land</b>	<b>459</b>	<b>17,279</b>	<b>(16,820)</b>	<b>(100.0%)</b>	<b>U</b>	
Buildings	2,800	-	2,800	100.0%	F	3
Building improvements	27,830	23,374	4,456	16.0%	F	3
<b>Total Buildings</b>	<b>30,630</b>	<b>23,374</b>	<b>7,256</b>	<b>24%</b>	<b>F</b>	
<b>Total Property</b>	<b>31,089</b>	<b>40,653</b>	<b>(9,564)</b>	<b>-31%</b>	<b>U</b>	
<b>Plant and equipment</b>						
Plant, machinery and equipment	252	142	110	43.6%	F	4
Fixtures, fittings and furniture	1,845	955	890	48.2%	F	5
Computers and telecommunications	1,067	492	575	53.9%	F	6
Library books	1,121	1,108	12	1.1%	F	
<b>Total Plant and equipment</b>	<b>4,285</b>	<b>2,697</b>	<b>1,588</b>	<b>37%</b>	<b>F</b>	
<b>Infrastructure</b>						
Roads	7,320	4,924	2,396	32.7%	F	7
Bridges	900	-	900	100.0%	F	
Footpaths and cycleways	2,949	2,601	348	11.8%	F	8
Drainage	6,197	3,001	3,196	51.6%	F	9
Recreational, leisure and community facilities	7,260	6,962	298	4.1%	F	10
Parks, open space and streetscapes	8,748	3,391	5,357	61.2%	F	11
Off street car parks	1,713	1,410	302	17.7%	F	12
Other infrastructure	2,330	-	2,330	100.0%	F	13
<b>Total Infrastructure</b>	<b>37,417</b>	<b>22,289</b>	<b>15,128</b>	<b>40%</b>	<b>F</b>	
<b>Total Capital Works expenditure</b>	<b>72,791</b>	<b>65,639</b>	<b>7,152</b>	<b>10%</b>	<b>F</b>	
<b>Represented by:</b>						
New asset expenditure	14,719	25,897	(11,177)	(75.9%)	U	
Asset renewal expenditure	36,564	26,361	10,203	27.9%	F	
Asset expansion expenditure	3,139	1,260	1,880	59.9%	F	
Asset upgrade expenditure	18,368	12,122	6,246	34.0%	F	
<b>Total Capital Works Expenditure</b>	<b>72,791</b>	<b>65,639</b>	<b>7,152</b>	<b>10%</b>	<b>F</b>	

An additional \$6.5m was spent on capital related projects, however this expenditure did not meet Kingston's capitalisation thresholds. The capital program has been affected by COVID-19 restrictions, as well as supply chain issues. The carry-forward will be delivered in subsequent years.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 2.1.2 Performance against budget (cont'd)

#### 2.1.2 Capital Works (cont'd)

##### Explanation of material variances

Ref	Item	Explanation
1	Land	Land purchases of \$17.3 million includes the purchase of land for the new Aquatic Centre, budgeted to occur in 2022/23 and now recognised in 2021/22.
2	Land improvements	Land improvements are \$0.1 million favourable to budget due to savings in landfill remediation works.
3	Buildings & building improvements	Buildings and Building improvements are \$7.3 million favourable due to underspend on projects for Mentone Life Saving Club (\$1.8 million), Chadwick Sports Pavilion Development (\$1.8 million), Elonera Preschool (\$1.0 million), Kerr Crescent Pavilion (\$0.9 million). The underspends are combination of true savings as well as works which will continue in the next financial year and will have budgets carried over.
4	Plant, machinery and equipment	Of the \$0.252 million budgeted for plant, machinery and equipment replacement in 2021/22, \$0.142 million was spent, resulting in a favourable variance of \$0.110 million.
5	Fixtures, fittings and furniture	The budget for capital expenditure on fixtures, fittings and furniture includes \$1.5 million for Chelsea Yacht Club, \$0.3 million Climate Strategy and \$0.2 million Leisure Centres cardio replacement. The budget hasn't been fully spent and will be carried over to next financial year.
6	Computers and telecommunications	The budget for capital expenditure on computers and telecommunications was \$1.1 million for the 2021/22 financial year and the actual expenditure variance is \$0.6 million favourable to budget. The budget includes \$0.2 million for Desktop fleet, \$0.2 million Customer Holistic view project, \$0.2 million IT Strategy implementation, and hasn't been fully spent, and will be carried over.
7	Roads	Capital expenditure on roads was \$2.4 million favourable to budget. The budget includes all expenditure on the Road Infrastructure renewal program and Traffic management program. which hasn't been fully spent, and will be carried over.
8	Footpaths and cycleways	Footpaths and cycleways capital expenditure budget was \$3.0 million and the actual expenditure variance is favourable by \$0.3 million. The budget includes all footpaths renewal program, Longbeach Trail Rehabilitation and East/ West Cycleway.
9	Drainage	Drainage capital expenditure budget was \$6.2 million and the actual expenditure is favourable to budget by \$3.0 million. The budget includes all major drainage works. The underspend is affected by delays attributable to COVID-19 restrictions and supply chain issues
10	Recreational, leisure and community facilities	Recreational, leisure and community facility capital expenditure is \$7.0 million and is favourable to budget by \$0.3 million. The budget included Sportsground lighting and various sports and recreation works.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 2.1.2 Performance against budget (cont'd)

#### 2.1.2 Capital Works (cont'd)

##### Explanation of material variances (cont'd)

Ref	Item	Explanation
11	Parks, open space and streetscapes	The capital budget for parks, open space and streetscapes includes \$1.251 million for Cheltenham Forecourt works, \$1.250 million Elder Street Reserve development, \$1.156 million for playground Improvement and renewal, \$0.8 million Horsecroft Place Park. The actual expenditure of \$3.4 million is favourable to the budget by \$5.4 million. The underspend is affected by delays attributable to COVID-19 restrictions and supply chain issues
12	Off street car parks	Capital expenditure on off street car parks includes \$0.9 million Cheltenham Activity Centre car park, \$0.3 million Bricker Reserve car park, \$0.2 million Parkdale Yacht Club. The actual expenditure of \$1.4 million is favourable to the budget by \$0.3 million.
13	Other Infrastructure	The budget for other infrastructure includes \$0.3 million Kingston Outdoor Eating, \$0.250 million Integrated Water Management, \$0.2 million Adapting to climate change, \$0.2 million Smart City initiatives. The actual expenditure for those initiatives shows no spend in capital project, as this expenditure did not meet Kingston's capitalisation threshold and was classified as operating expenditure.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

The below divisional structure was in place for the majority of the 2021/22 financial year. The structure has changed in April 2022 and will be reflected in 2022/23 reporting.

#### Planning and Development Division

Planning and Development comprised 4 departments. The *City Strategy* Department was responsible for developing, managing and guiding Council's strategic land use planning and policy functions across a broad range of social, economic and environmental issues. The *City Development* Department was responsible for providing an integrated development service to meet the needs of residents, ratepayers, the development industry, and internal clients including the decisions in relation to subdivisions. *City Economy and Innovation* was responsible for supporting and assisting Kingston's 10,000+ strong business community including manufacturers, retailers, business and personal service providers and home-based businesses. The *Compliance and Amenity* Department worked with the community to provide a safer and more liveable municipality through compliance and awareness. Responsibilities included the education and enforcement of local laws; parking, animal management for over 22,000 registered animals, providing 75 schools with crossing supervisors and reducing pollution and fire risks.

#### City Assets and Environment Division

The City Assets and Environment division comprised 5 departments. The *Property and Arts* Department managed Council's property portfolio and arts facilities. Property functions included commercial and community leases, acquisitions, disposals, title management, lease register, the provision of valuations for open spaces, pre-sale and purchase activities, land and buildings asset insurance and management of the Arts Program.

The *Open Space* Department managed, maintained and developed Council's Public Places, including the 13 kilometres of Kingston's foreshore, parks, reserves and gardens, sports grounds, shopping centres and streetscapes. The *Infrastructure* Department was responsible for all civil infrastructures. This included the asset management, condition assessment and planning for the upgrading and renewal of road, footpath, drainage, bridges and other infrastructure, as well as traffic and transport planning which has a strong focus on the strategic response to major transport infrastructure projects including grade separations, activity centre planning and active transport provision. The *Active Kingston* Department encouraged community participation in sport and leisure activities to increase physical and mental health and wellbeing including the operation of Council's leisure centre.

#### Community Sustainability Division

Community Sustainability comprised 4 areas of responsibility. *Libraries and Social Development* were responsible for the provision of library and information services and Council community hubs to the Kingston community. The Social Development team worked directly with the community to foster strong community networks by supporting the work of a diverse range of community organisations to identify and address the needs of vulnerable community members.

The *AccessCare* department's purpose was to encourage and support a connected community with enhanced health, wellbeing and independence of individuals, groups and communities. *Family, Youth and Children's Services* was responsible for the planning and delivery of community-based support services within the municipality including Long Day Care, Maternal Child Health and immunisation programs. The purpose of the *Community Buildings* service was to facilitate the provision of 'fit for purpose' community buildings and facilities, that support the delivery of services to the Kingston community.

#### Corporate Services Division

Corporate Services comprised 6 departments. The *Finance and Corporate Performance* team was responsible for the reporting and management of Council's finance and corporate performance and ensuring Council's compliance with statutory financial and reporting obligations, accounts receivable, accounts payable, payroll and banking functions as well as the management and maintenance of Council's property and rating database along with the overseeing of the general revaluation. The role of *Information Services and Strategy* was to provide information systems and services that ensure the quality, security and

#### Note 2.2.1 Analysis of Council results by program (cont'd)

## Notes to the Financial Report

For the Year Ended 30 June 2022

accessibility of data and information to Council. The objective of the *Procurement and Contracts* Department was to drive excellence in procurement and contracting. The department was responsible for providing information and specialist advice to the organisation on procurement and contracts, overseeing tendering and contract compliance, reporting organisational activity and driving best value outcomes from

### Corporate Services Division (cont'd)

procurement. *People Support* was responsible for all employment related issues, including policy development and provision of advice and support on workplace relations issues; training and professional development; performance management; risk management; occupational health and safety and injury management and rehabilitation for the organisation.

The role of the *Governance* Department was to support the function of democratic local government through the Council and Councillors by promoting and assisting effective decision making and the implementation of those decisions. The *Communications and Community Relations* Department provided the Kingston community with timely, relevant and accurate information and service through creative communication, multiple contact and service channels, engagement opportunities as well as delivery of family-friendly festivals and events.

### Central Executive Services

The Central Executive Services division included Council's Executive Services and Central departments. Council's Central department included expenditure of depreciation, non-capital expenditure from the capital works program plus all income for Council's rates, asset contributions and developer contributions.

### Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
<b>Planning and Development</b>	9,545	18,632	(9,087)	1,298	165
<b>City Assets and Environment</b>	9,832	60,420	(50,588)	747	2,927,686
<b>Community Sustainability</b>	44,892	71,385	(26,493)	36,922	101,639
<b>Corporate Services</b>	536	26,406	(25,869)	146	179,891
<b>Central Executive Services</b>	188,979	44,703	144,275	17,891	-
	<b>253,784</b>	<b>221,546</b>	<b>32,238</b>	<b>57,004</b>	<b>3,209,381</b>
	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
<b>Planning and Development</b>	8,057	15,032	(6,975)	530	518
<b>City Assets and Environment</b>	7,764	54,275	(46,511)	744	1,538,592
<b>Community Sustainability</b>	43,786	64,830	(21,044)	37,038	1,250,133
<b>Corporate Services</b>	1,612	24,739	(23,127)	1,402	173,618
<b>Central Executive Services</b>	166,656	50,080	116,576	10,857	-
	<b>227,875</b>	<b>208,956</b>	<b>18,919</b>	<b>50,571</b>	<b>2,962,861</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

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

#### 3.1 Rates and charges

Council uses the Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. CIV approximates the market value of land and improvements.

The valuation base used to calculate general rates for 2021/22 was \$66.2 billion (2020/21 \$65.9 billion). The 2021/22 declared general rate in the dollar was \$0.0019519 (2020/21 \$0.0019176).

A Municipal charge is levied at the rate of \$100 (2021/22 \$100) per rateable property and a waste service fee (choices A to F) is levied at the rate of \$203 to \$331 (2021/22 \$200 to \$326) per rateable property.

	2022	2021
	\$'000	\$'000
General rates	127,831	125,127
Municipal charge	7,611	7,557
Waste service fee	18,150	8,991
Special rates and charges	49	108
Supplementary rates	1,813	1,467
Interest on rates and charges	0	0
<b>Total rates and charges</b>	<b>155,454</b>	<b>143,250</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022 and the valuation was first applied in the rating year commencing 1 July 2022.

Annual rates and charges are recognised as revenue when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rate notice issued.

#### 3.2 Statutory fees and fines

	2022	2021
	\$'000	\$'000
Infringements and costs	1,465	1,511
Parking infringements	1,692	1,872
Permits	560	671
Town planning fees	3,612	3,020
Family day care and school age care	501	384
Land information certificates	197	158
Other	217	202
<b>Total Statutory fees and fines</b>	<b>8,244</b>	<b>7,818</b>

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 3 Funding for the delivery of our services (cont'd)

#### 3.3 User fees

	2022	2021
	\$'000	\$'000
Aged and health services	3,086	2,559
Building services	1,103	1,081
Family and children	4,192	3,635
Leisure centre and recreation	3,893	2,370
Registration and other permits	898	311
Waste management services	315	264
Rental Income	3,190	2,858
Other	287	36
<b>Total User Fees</b>	<b>16,964</b>	<b>13,113</b>

#### User fees by timing of revenue recognition

User fees recognised over time	6,700	8,061
User fees recognised at a point in time	10,264	5,052
<b>Total user fees</b>	<b>16,964</b>	<b>13,113</b>

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

#### 3.4 Funding from other levels of government

	2022	2021
	\$'000	\$'000
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	36,120	35,059
State funded grants	20,884	15,512
<b>Total grants received</b>	<b>57,004</b>	<b>50,571</b>
<b>a) Operating grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants (*see next page)	5,928	4,710
Access Care	8,615	11,041
Home and community care	13,568	9,801
Family and children	7,050	8,583
Other	142	107
<b>Recurrent - State Government</b>		
Access Care	2,822	2,625
Family and children	3,098	3,510
Libraries and education	1,627	1,443
Beach cleaning	172	201
School crossing supervisor program	475	435
Level crossing income	668	180
Other	111	325
<b>Total recurrent grants</b>	<b>44,276</b>	<b>42,961</b>
<b>Non-Recurrent - State Government</b>		
Working For Victoria	134	1,377



## Notes to the Financial Report

For the Year Ended 30 June 2022

COVID Funding	171	0
Waste management	193	0
Local Government Business Concierge	34	120
Other	1,373	0
<b>Total non-recurrent grants</b>	<b>1,905</b>	<b>1,497</b>
<b>Total operating grants</b>	<b>46,181</b>	<b>44,458</b>
	2022	2021
	\$'000	\$'000
<b>b) Capital grants</b>		
<b>Recurrent – commonwealth government</b>		
Roads to Recovery	818	818
<b>Total recurrent grants</b>	<b>818</b>	<b>818</b>
<b>Non-recurrent – State Government</b>		
Sporting facilities	1,312	1,837
Lifesaving clubs	1,618	2,100
Children's facilities	236	291
Civil infrastructure	3,563	838
Community facilities	3,205	0
Other	73	229
<b>Total non-recurrent grants</b>	<b>10,006</b>	<b>5,295</b>
<b>Total capital grants</b>	<b>10,824</b>	<b>6,113</b>
<b>Total Grants</b>	<b>57,004</b>	<b>50,571</b>

### c) Unspent grants received on condition that they be spent in a specific manner

	2022	2021
	\$'000	\$'000
<b>Operating</b>		
Balance at start of year	8,178	6,852
Received during the financial year and remained unspent at balance date	8,837	7,156
Received in prior years and spent during the financial year	(8,178)	(5,830)
Balance at year end (i)	<b>8,837</b>	<b>8,178</b>
	2022	2021
	\$'000	\$'000
<b>Capital</b>		
Balance at start of year	8,139	888
Received during the financial year and remained unspent at balance date	8,034	8,139
Received in prior years and spent during the financial year	(6,841)	(888)
Balance at year end (i)	<b>9,332</b>	<b>8,139</b>

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

- (i) Unspent grants are reported as unearned income in note 5.3(c). Unspent capital grants include \$2.45 million for the Level Crossing Removal Project maintenance and \$5.5 million received for various sporting and community facility upgrade projects.

\* Victorian Grants Commission funding (previous page – Financial Assistance Grants) includes \$3.6 million received in advance, being 75% of the 2022/23 payment. This also occurred in 2020/21 in that the first two instalments (50%) for 2021/22 (\$2.4 million) were received in June 2021.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 3 Funding for the delivery of our services (cont'd)

#### 3.4 Funding from other levels of government (cont'd)

##### (d) Recognition of grant income

Before recognising funding from government grants as revenue, Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income for Not-for-Profit Entities.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

	2022	2021
	\$`000	\$`000
<b>Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i></b>		
General purpose	5,928	4,710
Specific purpose grants to acquire non-financial assets	-	-
<b>Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i></b>		
Specific purpose grants	51,077	45,861
	<b>57,004</b>	<b>50,571</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 3 Funding for the delivery of our services (cont'd)

#### 3.5 Contributions

	2022 \$'000	2021 \$'000
Monetary	8,823	8,538
Non-monetary	-	46
<b>Total contributions</b>	<b>8,823</b>	<b>8,584</b>

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

Land	-	46
<b>Total non-monetary contributions</b>	<b>-</b>	<b>46</b>

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

Contributions for non-monetary assets includes property now vested in Council from other organisations which are now the responsibility of Council to maintain.

#### 3.6 Net gain / (loss) on disposal of property, infrastructure, plant and equipment

	2022 \$'000	2021 \$'000
Proceeds from sale	163	53
Written down value of assets disposed	(16)	-
Written down value of assets demolished	-	(1071)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>147</b>	<b>(1018)</b>

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer. Proceeds from sale includes the sale of 2 vehicles and various office equipment sold at auctions.

#### 3.7 Other Income

	2022 \$'000	2021 \$'000
<i>Interest Income</i>		
Interest on cash and investments	591	757
	<b>591</b>	<b>757</b>
<i>Other Income</i>		
Found assets (i)	5,560	2,885
Fair value adjustment for investment property	138	150
Other	858	747
	<b>6,556</b>	<b>3,782</b>
<b>Total Other Income</b>	<b>7,147</b>	<b>4,539</b>

(i) Found assets in 2021/22 includes \$5.1 million of buildings and \$0.4 million of drainage. These are not newly constructed or purchased assets for the year, they represent asset additions due to improved accuracy of data since moving to the new asset management system.

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 4 The cost of delivering services

#### 4.1 Employee costs

	2022 \$'000	2021 \$'000
<b>(a) Employee costs</b>		
Wages and salaries	76,544	70,358
Casual staff	7,661	6,684
Fringe benefits tax and WorkCover	1,284	1,319
Superannuation	8,162	6,986
Annual Leave and Long Service Leave	2,088	3,840
<b>Total employee costs</b>	<b>95,739</b>	<b>89,187</b>
<b>(b) Superannuation</b>		
Council made cash contributions to the following funds:		
<b>Defined Benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	268	369
	<b>268</b>	<b>369</b>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,432	5,053
Employer contributions - other funds	3,780	2,093
<b>Total contributions</b>	<b>8,212</b>	<b>7,146</b>
<b>Employer contributions payable at reporting date</b>	<b>809</b>	<b>726</b>

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

#### 4.2 Materials and services

	\$'000	\$'000
Road infrastructure maintenance	15,108	15,078
Building maintenance	4,056	3,668
Waste and cleansing	20,132	18,186
Aged services	13,824	11,878
Parks, gardens and reserves	11,057	11,634
Leisure and culture	4,745	3,718
Accommodation expense	1,048	447
Information systems and telecommunications	5,477	4,744
Family services	3,219	3,162
Community engagement	1,981	1,949
Parking, monitoring and enforcement	1,538	1,092
Procurement and fleet management	2,159	1,727
Council business	946	1,036
People and culture	837	780
Finance and legal	794	2,549
Planning and building	2,007	826
Other	664	1,218
<b>Total materials and services</b>	<b>89,592</b>	<b>83,692</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 4 The cost of delivering services (cont'd)

#### 4.3 Depreciation

	2022	2021
	\$'000	\$'000
Property	10,715	10,250
Infrastructure	19,386	17,857
Plant and equipment	3,390	3,973
<b>Total depreciation</b>	<b>33,491</b>	<b>32,080</b>

Refer to Note 6.2 for a more detailed breakdown of depreciation charges and accounting policy.

#### 4.4 Amortisation – Intangible assets

	2022	2021
	\$'000	\$'000
Software	277	286
<b>Total Amortisation – Intangible assets</b>	<b>277</b>	<b>286</b>

Refer to Note 5.2(b) for a more detailed breakdown of intangible amortisation charges and accounting policy.

#### 4.5 Amortisation – Right of use assets

	2022	2021
	\$'000	\$'000
Property	131	151
Vehicles	511	619
Waste	449	669
Equipment	83	79
<b>Total Amortisation – Right of use assets</b>	<b>1,174</b>	<b>1,518</b>

Refer to Note 5.8 for a more detailed breakdown of lease amortisation charges and accounting policy.

#### 4.6 Bad and doubtful debts

	2022	2021
	\$'000	\$'000
Other debtors	84	8
<b>Total bad and doubtful debts</b>	<b>84</b>	<b>8</b>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	166	159
New provisions recognised during the year	109	166
Amounts already provided for and written off as uncollectable	0	0
Amounts provided for but recovered during the year	(166)	(159)
<b>Balance at end of year</b>	<b>109</b>	<b>166</b>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward-looking information in determining the level of impairment.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 4 The cost of delivering services (cont'd)

#### 4.7 Borrowing costs

	2022 \$'000	2021 \$'000
Interest – borrowings	9	42
<b>Total borrowing costs</b>	<b>9</b>	<b>42</b>

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

#### 4.8 Finance Costs - Leases

	2022 \$'000	2021 \$'000
Interest – Lease Liabilities	455	493
<b>Total borrowing costs</b>	<b>455</b>	<b>493</b>

#### 4.9 Other expenses

	2022 \$'000	2021 \$'000
Auditors' remuneration (VAGO) – audit of the financial statements, performance statement and grant acquittals	66	63
Auditors' remuneration – internal	160	149
Councillor Allowances	499	420
<b>Total other expenses</b>	<b>725</b>	<b>632</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position

#### 5.1 Financial assets

##### a) Cash and cash equivalents

	2022 \$'000	2021 \$'000
Cash on hand	11	12
Cash at bank	13,371	7,780
<b>Total cash and cash equivalents</b>	<b>13,382</b>	<b>7,792</b>

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

Trust fund and deposits	18,411	9,864
<b>Total restricted funds</b>	<b>18,411</b>	<b>9,864</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>(5,029)</b>	<b>(2,072)</b>

(i) Unrestricted cash and cash equivalents have reduced significantly compared to 2021 predominately due to an amount of \$12.5 million still owing to the State Revenue Office for the Fire Services Property Levy collected, which increases Council's trust funds and deposits. Unrestricted cash needs to be considered in combination with all financial assets (including other financial assets).

##### b) Other financial assets

Term Deposits – current	148,434	135,234
Term deposits – non-current	0	0
<b>Total Other financial assets</b>	<b>148,434</b>	<b>135,234</b>
<b>Total financial assets</b>	<b>148,434</b>	<b>135,234</b>

#### Intended allocations

Although not externally restricted, the following amounts have been allocated for specific future purposes by Council. Refer to note 9.1 for a description of individual reserve amounts.

Asset replacement reserve	299	332
Asset development reserve	21,758	16,832
Aged care reserve	8,699	8,698
Foreshore	2,007	1,761
Green Wedge	5,878	3,803
Defined benefit call reserve	1,000	1,000
Stormwater Quality reserve	2,936	2,045
Other reserves	359	379
<b>Total funds subject to intended allocations</b>	<b>42,936</b>	<b>34,850</b>

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

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

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.1 Financial assets (cont'd)

##### c) Trade and other receivables

	2022	2021
	\$'000	\$'000
<b>Current</b>		
<i>Statutory receivables</i>		
Rate debtors	11,798	10,311
Net GST receivable	3,691	1,406
Infringement debtors	7,036	6,869
Provision for doubtful debts - infringements	<u>(6,871)</u>	<u>(6,351)</u>
	<b>15,655</b>	<b>12,235</b>
<i>Non statutory receivables</i>		
Other debtors	4,758	4,858
Provision for doubtful debts – other debtors	<u>(109)</u>	<u>(166)</u>
	<b>4,648</b>	<b>4,692</b>
<b>Total current trade and other receivables</b>	<b>20,303</b>	<b>16,927</b>
<b>Total trade and other receivables</b>	<b>20,303</b>	<b>16,927</b>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.



## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.1 Financial assets (cont'd)

##### (c) Trade and other receivables (cont'd)

	2022	2021
	\$'000	\$'000

##### (d) Ageing of receivables

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

Current (not yet due)	962	2,330
Past due by up to 30 days	1,817	1,210
Past due between 31 and 180 days	934	576
Past due between 181 and 365 days	748	461
Past due by more than 1 year	187	115
<b>Total trade and other receivables</b>	<b>4,648</b>	<b>4,692</b>

##### (e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$166k (2020: \$159k) were impaired. The amount of the provision raised against these debtors was \$166k (2020: \$159k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	109	166
<b>Total trade and other receivables</b>	<b>109</b>	<b>166</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.2. Non-financial assets

##### (a) Other assets

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Prepayments	1,054	1,110
Accrued income	378	104
<b>Total other assets – current</b>	<b>1,432</b>	<b>1,214</b>
<b>Non-Current</b>		
Refundable deposits paid	250	250
<b>Total other assets – non-current</b>	<b>250</b>	<b>250</b>
<b>Total Other assets</b>	<b>1,682</b>	<b>1,464</b>

##### (b) Intangible assets

	2022	2021
	\$'000	\$'000
Software	671	834
<b>Total intangible assets</b>	<b>671</b>	<b>834</b>

#### Movement in gross carrying amount

	Software	Software – work in progress	Total
	\$'000	\$'000	\$'000
<b>Gross carrying amount</b>			
Balance at 1 July 2021	6,486	-	6,486
Additions from internal developments	114	-	114
Transfers from work in progress to software	-	-	-
Balance at 30 June 2022	<b>6,600</b>	<b>-</b>	<b>6,600</b>
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2021	5,652	0	5,652
Amortisation expense	277	0	277
Balance at 30 June 2022	<b>5,929</b>	<b>0</b>	<b>5,929</b>
Net book value at 30 June 2021	834	0	834
Net book value at 30 June 2022	671	0	671

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.2 Non-financial assets (cont'd)

##### (b) Intangible assets (cont'd)

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

##### *Software*

Purchased software is recognised as an intangible asset if it meets the recognition threshold of \$50,000. Purchased software is measured at cost less accumulated amortisation and impairment costs over a finite life not exceeding five years. The purchase price and any directly attributable costs of preparing the software for operation are included in the cost of the intangible asset. All expenditure below the threshold and ongoing maintenance and fees related to the software is expensed when incurred. Operating software integral to the operation of a personal computer is recorded as Property, Plant and Equipment.

#### 5.3 Payables, trust funds and deposits and unearned income

##### a) Trade and other payables

	2022	2021
	\$'000	\$'000
Trade payables	6,208	3,800
Salary accruals	2,760	2,222
Other accruals	25,298	10,355
<b>Total trade and other payables</b>	<b>34,266</b>	<b>16,377</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.3 Payables (cont'd)

##### b) Trust funds and deposits

	2022	2021
	\$'000	\$'000
Refundable deposits	264	319
Fire services levy	12,473	4,733
Retention amounts	5,674	4,812
<b>Total trust funds and deposits</b>	<b>18,411</b>	<b>9,864</b>

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

##### *Purpose and nature of items*

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

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

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

##### c) Unearned Income

	2022	2021
	\$'000	\$'000
Grants received in advance - operating	8,837	8,178
Grants received in advance - capital	9,332	8,139
User fees received in advance	750	660
<b>Total unearned income</b>	<b>18,919</b>	<b>16,977</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.4 Interest-bearing liabilities

	2022 \$'000	2021 \$'000
<b>Current</b>		
Borrowings – secured	-	687
	-	<b>687</b>
<b>Non-current</b>		
Borrowings – secured	-	-
	-	-
<b>Total interest bearing liabilities</b>	<b>-</b>	<b>687</b>

Loans/borrowings are secured over the general rates of Kingston City Council.

(a) The maturity profile for Council's loans is:

Not later than one year	-	687
Later than one year and not later than five years	-	-
	<b>-</b>	<b>687</b>

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost.

The classification depends on the nature and purpose of the interest bearing liabilities. Council determines the classification of its interest bearing liabilities at initial recognition.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.5 Provisions

	Employee Leave	Landfill restoration	Parking Refunds	Personal Leave Bank (i)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Balance at the beginning of the financial year	23,021	914	1,187	93	25,215
Additional provisions	5,436	-	-	3	5,439
Amounts used	(5,863)	(519)	-	-	(6,382)
Change in the discounted amount arising because of the time and the effect of any change in the discount rate	(311)	-	-	-	(311)
<b>Balance at the end of the financial year</b>	<b>22,282</b>	<b>395</b>	<b>1,187</b>	<b>96</b>	<b>23,960</b>
<b>2021</b>					
Balance at the beginning of the financial year	20,854	933	1,194	88	23,069
Additional provisions	7,440	-	-	55	7,495
Amounts used	(4,215)	(19)	(7)	(50)	(4,291)
Change in the discounted amount arising because of the time and the effect of any change in the discount rate	(1,058)	-	-	-	(1,058)
<b>Balance at the end of the financial year</b>	<b>23,021</b>	<b>914</b>	<b>1,187</b>	<b>93</b>	<b>25,215</b>

- (i) Personal Leave Bank: A provision was created following a Council decision in 2020 to assist employees who have unforeseen extreme personal circumstances including serious personal health issues and serious health issues for dependents where they are the primary carer.

	2022 \$'000	2021 \$'000
<b>(a) Employee leave provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	7,643	5,973
Long service leave	1,136	963
	<b>8,778</b>	<b>6,936</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	1,445	2,805
Long service leave	10,192	11,351
	<b>11,637</b>	<b>14,156</b>
<b>Total current employee leave provisions</b>	<b>20,415</b>	<b>21,092</b>
<b>Other provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Landfill restoration	395	914
Personal leave bank	96	93
Parking Refunds	1,186	1,187
	<b>1,677</b>	<b>2,194</b>
<b>Total current provisions</b>	<b>22,092</b>	<b>23,286</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.5 Provisions (cont'd)

	2022 \$ '000	2021 \$ '000
<b>Non-current employee provisions</b>		
Long Service Leave	1,867	1,929
<b>Total non-current provisions</b>	<b>1,867</b>	<b>1,929</b>
Aggregate carrying amount of provisions:		
Current	22,092	23,286
Non-current	1,867	1,929
<b>Total aggregate carrying amount of provisions</b>	<b>23,959</b>	<b>25,215</b>

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

#### *Annual leave*

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

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

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

#### *Long service leave*

Liability for Long Service Leave (LSL) is recognised in the provision for employee benefits.

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

Key Assumptions:

	2022	2021
- Discount rate	3.69%	1.49%
- Index rate	3.85%	2.30%

#### *Landfill restoration*

Council is obligated to restore landfill sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill.

Key Assumptions:

The provision for landfill restoration has been calculated based on the undiscounted amount of the expected cost of works to be undertaken.

The expected cost of works has been estimated based on the current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.5 Provisions (cont'd)

##### *Parking Refunds*

Council has raised a provision to correct the consequences of an administrative process error that has occurred between 2006 and 2016 in processing of parking infringement reviews under the Infringements Act 2006. This provision will fund a reimbursement scheme for individuals who sought an internal review of a parking infringement issued under the Infringements Act 2006 and were unsuccessful in having it overturned generally between 1 July 2006 and 26th December 2016. Analysis has identified that 21,851 infringements were impacted and the total value of the infringements issued that fall within this category was \$2 million. As at 30 June 2022, a total of \$1.2 million remains unclaimed.

##### *Personal leave bank*

Council has raised a new provision in 2020 to assist employees who have unforeseen extreme personal circumstances including serious personal health issues and serious health issues for dependents where they are the primary carer. Employees in these circumstances (at the discretion of the CEO) can apply to access leave when their personal circumstances have resulted in them having no leave available. The provision is to be maintained at 2000 hours at the Band 6B rate of pay.

#### 5.6 Financing arrangements

	2022	2021
	\$'000	\$'000
Bank overdraft	5,000	5,000
Credit card facilities	150	150
Loans	0	687
<b>Total facilities</b>	<b>5,150</b>	<b>5,837</b>
Used facilities – credit cards	68	27
Used facilities – loans	0	687
Total used facilities	<b>68</b>	<b>714</b>
<b>Total unused facilities</b>	<b>5,082</b>	<b>5,123</b>

The municipality has an arrangement for offset of overdraft against bank balances including on-call accounts. As at balance date the overdraft facility was unused. Bank Overdraft and Credit Card facilities are held with the Commonwealth Bank with security mortgage over rates revenue.



## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.7 Commitments

##### (a) Commitments for expenditure

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.

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
<b>Operating</b>					
- Infrastructure works	2,320	1,245	325	-	3,890
- Parks, gardens, reserves	6,702	5,318	4,826	-	16,846
- Waste and cleansing	20,956	15,896	44,906	17,711	99,470
- Community sustainability	1,433	1,245	-	-	2,678
- Corporate services	5,304	3,257	330	-	8,892
	<b>36,715</b>	<b>26,962</b>	<b>50,388</b>	<b>17,711</b>	<b>131,775</b>
<b>Capital</b>					
- Buildings (i)	16,879	-	-	-	16,879
- Transport (i)	7,063	-	-	-	7,063
	<b>23,943</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,943</b>
<b>Total</b>	<b>60,657</b>	<b>26,962</b>	<b>50,388</b>	<b>17,711</b>	<b>155,718</b>

- (i) Major capital expenditure commitments as at 30 June 2022 include: Mentone Life Saving Club (\$6.8 million), Aspendale Life Saving Club (\$2.0 million), Montrose Street works (\$2.0 million), Mulkarra Drive works (\$1.2 million), Eleonora Preschool (\$0.9 million).

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
<b>Operating</b>					
- Infrastructure works	3,076	1,643	968	-	5,687
- Parks, gardens, reserves	6,742	6,159	8,093	-	20,994
- Waste and cleansing	11,617	8,537	19,671	13,664	53,489
- Community sustainability	1,475	1,373	-	-	2,848
- Corporate services	5,247	4,010	2,868	-	12,125
	<b>28,157</b>	<b>21,722</b>	<b>31,600</b>	<b>13,664</b>	<b>95,143</b>
<b>Capital</b>					
- Buildings	26,243	-	-	-	26,243
- Transport	2,654	-	-	-	2,654
	<b>28,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,897</b>
<b>Total</b>	<b>57,054</b>	<b>21,722</b>	<b>31,600</b>	<b>13,664</b>	<b>124,040</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.7 Commitments

##### (b) Operating lease receivables

###### *Operating lease receivables*

Council has entered into commercial property leases. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 50 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals under non-cancellable operating leases are as follows:

	2022	2021
	\$'000	\$'000
Not later than one year	3,054	2,224
Later than one year and not later than five years	9,359	4,712
Later than five years	12,179	2,508
	<b>24,593</b>	<b>9,444</b>

**The significant increase from the previous year is from entering into new lease agreements, as well as from extending current agreements into longer term.**

#### 5.8 Leases

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

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

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

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

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

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

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.8 Leases (cont'd)

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

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

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

<b>Right-of-Use Assets</b>	<b>Property \$'000</b>	<b>Vehicles \$'000</b>	<b>Waste \$'000</b>	<b>Equipment \$'000</b>	<b>Total \$'000</b>
Balance as at 1 July 2021	864	1,554	7,758	2	<b>10,178</b>
Additions		261		16	<b>277</b>
Fair value adjustment	114	(166)		146	<b>94</b>
Amortisation charge	(131)	(511)	(449)	(83)	<b>(1,174)</b>
Balance as at 30 June 2022	<b>847</b>	<b>1,138</b>	<b>7,309</b>	<b>81</b>	<b>9,375</b>
	<b>2022 \$'000</b>	<b>2021 \$'000</b>			
<b>Lease Liabilities</b>					
Maturity analysis – contractual undiscounted cash flows					
Less than one year	1,375	1,380			
One to five years	3,785	4,071			
More than five years	8,618	9,414			
<b>Total undiscounted lease liabilities as at 30 June</b>	<b>13,778</b>	<b>14,865</b>			
Lease liabilities included in the Balance Sheet at 30 June:					
Current	951	922			
Non-current	8,966	9,634			
<b>Total lease liabilities</b>	<b>9,917</b>	<b>10,556</b>			

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 5 Our financial position (cont'd)

#### 5.8 Leases (cont'd)

##### Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of AUD\$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2022 \$'000	2021 \$'000
<b>Expenses relating to:</b>		
Short-term leases	-	-
Leases of low value assets	81	81
<b>Total</b>	<b>81</b>	<b>81</b>
Variable lease payments (not included in measurement of lease liabilities)		-

##### Non-cancellable lease commitments – Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows: Payable:

Within one year	76	89
Later than one year but not later than five years		-
<b>Total lease commitments</b>	<b>76</b>	<b>89</b>

### Note 6 Assets we manage

#### 6.1 Non-current assets classified as held for sale

	2022 \$'000	2021 \$'000
Cost of acquisition	1,199	960
<b>Total non-current assets classified as held for sale</b>	<b>1,199</b>	<b>960</b>

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

Non-current assets classified as held for sale in 2021/22 includes land and building at 6 Lochiel Avenue Edithvale.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment

##### 6.2 Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2021	Acquisitions	Contributions & Found Assets	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,997,749	21,985	5,096	151,583	(8,328)	-	(58,595)	2,109,489
Plant and equipment	9,580	2,697	-	16	(3,016)	(400)	(0)	8,879
Infrastructure	769,743	19,885	940	12,185	(22,249)	-	58,595	839,100
Works in progress	8,499	21,071	-	-	-	-	(1,214)	28,357
	<b>2,785,571</b>	<b>65,639</b>	<b>6,036</b>	<b>163,784</b>	<b>(33,593)</b>	<b>(400)</b>	<b>(1,214)</b>	<b>2,985,825</b>

##### Summary of works in progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Property	8,395	18,668	(1,214)	25,849
Plant and equipment	-	-	-	-
Infrastructure	104	90	-	194
Parks, Open Space & Streetscapes	-	309	-	309
Recreation, Leisure, & Comm Fac	-	2,004	-	2,004
	<b>8,499</b>	<b>21,071</b>	<b>(1,214)</b>	<b>28,357</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

a) Property	Land Under Roads \$'000	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total Land & Land Improvements \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Building improvements \$'000	Leasehold improvements \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2021	699,954	655,745	289,365	71,624	1,716,688	37,651	497,238	12,435	1,867	549,191	8,395	2,274,274
Accumulated depreciation at 1 July 2021	-	-	-	(13,029)	(13,029)	(23,703)	(226,698)	(3,091)	(1,608)	(255,101)	-	(268,129)
	699,954	655,745	289,365	58,595	1,703,659	13,948	270,540	9,344	258	294,090	8,395	2,006,144
<b>Movements in fair value</b>												
Additions	-	-	16,111	-	16,111	-	5,874	-	-	5,874	18,668	40,653
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Found Assets	-	-	-	-	-	-	8,154	-	-	8,154	-	8,154
Revaluation	20,289	85,070	37,611	-	142,970	1,347	11,946	-	-	13,293	-	156,263
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	(71,624)	(71,624)	-	-	-	-	-	(1,214)	(72,838)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
	20,289	85,070	53,722	(71,624)	87,457	1,347	25,974	-	-	27,321	17,454	132,232
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	-	-	-	-	-	-	(7,701)	(546)	(81)	(8,328)	-	(8,328)
Accumulated depreciation of revaluations	-	-	-	-	-	(847)	(3,833)	-	-	(4,680)	-	(4,680)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation of found assets	-	-	-	-	-	-	(3,058)	-	-	(3,058)	-	(3,058)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	13,029	13,029	-	-	-	-	-	-	13,029
	-	-	-	13,029	13,029	(847)	(14,591)	(546)	(81)	(16,066)	-	(3,037)
At fair value 30 June 2022	720,242	740,815	343,087	-	1,804,145	38,998	523,212	12,435	1,867	576,512	25,849	2,406,506
Accumulated depreciation at 30 June 2022	-	-	-	-	-	(24,550)	(241,289)	(3,637)	(1,690)	(271,167)	-	(271,167)
Carrying amount	720,242	740,815	343,087	-	1,804,145	14,448	281,922	8,798	177	305,345	25,849	2,135,339

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

(b) Plant and Equipment	Heritage plant and equipment	Plant machinery	Equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	1,855	3,531	27,465	-	-	21,139	53,991
Accumulated depreciation at 1 July 2021	(587)	(2,536)	(22,684)	-	-	(18,604)	(44,411)
	1,268	995	4,782	-	-	2,535	9,580
<b>Movements in fair value</b>							
Additions	-	142	-	955	492	1,108	2,697
Contributions	-	-	-	-	-	-	-
Found Assets	-	-	-	-	-	-	-
Revaluation	16	-	-	-	-	-	16
Disposal	-	(400)	-	-	-	-	(400)
Write-off	-	-	-	-	-	-	-
Transfers	-	-	(27,465)	19,465	8,000	-	(0)
Impairment losses recognised in operating result	-	-	-	-	-	-	-
	16	(257)	(27,465)	20,420	8,492	1,108	2,314
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	(27)	(277)	-	(1,604)	(575)	(916)	(3,400)
Accumulated depreciation of disposals	-	384	-	-	-	-	384
Impairment losses recognised in operating result	-	-	-	-	-	-	-
Transfers	-	-	22,684	(15,418)	(7,265)	-	0
	(27)	107	22,684	(17,022)	(7,841)	(916)	(3,016)
At fair value 30 June 2022	1,871	3,274	-	20,420	8,492	22,248	56,305
Accumulated depreciation at 30 June 2022	(614)	(2,429)	-	(17,022)	(7,841)	(19,521)	(47,427)
Carrying amount	1,257	845	-	3,398	652	2,727	8,879

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Other Infrastructure	Drainage	Recreational, leisure and community facilities	Parks open space and streetscapes	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	814,081	10,694	135,667	13,468	446,366	-	-	104	1,420,380
Accumulated depreciation at 1 July 2021	(302,244)	(8,748)	(91,401)	(13,468)	(234,674)	-	-	-	(650,534)
	511,837	1,946	44,266	-	211,694	-	-	104	769,847
<b>Movements in fair value</b>									
Additions	6,244	-	2,601	-	3,001	4,957	3,082	2,404	22,289
Contributions	-	-	-	-	-	-	-	-	-
Found Assets	6	-	98	-	905	-	-	-	1,009
Revaluation	7,415	-	(1,282)	-	20,570	-	-	-	26,703
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	39,523	32,101	-	71,624
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	13,665	-	1,417	-	24,476	44,480	35,183	2,404	121,625
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	(12,543)	(107)	(2,263)	-	(4,948)	(1,317)	(1,070)	-	(22,249)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-
Accumulated depreciation of revaluations	(4,320)	-	868	-	(11,066)	-	-	-	(14,518)
Accumulated depreciation of found assets	(3)	-	(66)	-	-	-	-	-	(69)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(6,192)	(6,837)	-	(13,029)
	(16,866)	(107)	(1,460)	-	(16,015)	(7,509)	(7,907)	-	(49,865)
At fair value 30 June 2022	827,746	10,694	137,084	13,468	470,842	44,480	35,183	2,508	1,542,005
Accumulated depreciation at 30 June 2022	(319,110)	(8,855)	(92,861)	(13,468)	(250,689)	(7,509)	(7,907)	-	(700,399)
<b>Carrying amount</b>	<b>508,636</b>	<b>1,839</b>	<b>44,223</b>	<b>-</b>	<b>220,154</b>	<b>36,971</b>	<b>27,276</b>	<b>2,508</b>	<b>841,606</b>



## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

##### Acquisition

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

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

In accordance with Council's policy, the threshold limits detailed previously in this note have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

##### Asset recognition thresholds and depreciation periods:

	Depreciation Period Years	Purchase/ Construction \$'000	Asset Improvement \$'000
<b>Property</b>			
Land	N/A	-	N/A
Land under roads	N/A	10	N/A
Land improvements	10-50	N/A	20
Buildings	20-150	-	20
Leasehold improvements	10	-	20
<b>Plant and equipment</b>			
Plant, machinery and equipment	3-10	5	N/A
Library Books	5	-	N/A
<i>Other plant and equipment</i>			
Heritage plant and equipment	10-20	5	N/A
Fixtures, fittings and furniture	3-10	2	N/A
Computers and telecommunications	3-5	2	N/A
<b>Infrastructure</b>			
Roads	25-100	-	50
Bridges	100	-	50
Footpaths and cycleways	60	-	50
Drainage	100	-	25
<i>Other Infrastructure</i>			
Recreational, leisure and community facilities	20-150	-	20
Parks, open space and streetscapes	10-50	N/A	20
Off street car parks	25-100	-	50
Other	25-100	-	50

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

##### *Land under roads*

Council recognises land under roads it controls at fair value.

##### *Depreciation and amortisation*

Buildings, parks, open space and streetscapes, recreation, leisure and community facilities, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to 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.

##### *Repairs and maintenance*

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

##### *Leasehold improvements*

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

##### **Valuation of land and buildings**

A full valuation of land and buildings was undertaken by a qualified independent valuer Opteon Solutions in June 2022.

The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

For 30 June 2022, land assets were valued utilising an indexation method. Land assets were assessed based on valuation movements on a municipal-wide basis by analysing sales of properties in the municipality that have transacted more than once in the past several years and considered the percentage difference in the sales prices.

For 30 June 2022, building assets were assessed by Opteon using the Depreciated Replacement Cost approach, determined to be the most appropriate method to assess the Fair Value of the improvements and existing assets.

Specialised land (land under roads) was also valued by Opteon Solutions in June 2022 and is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interest 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.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

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 (refer note 8.4).

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.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land under roads	-	-	720,242	June 2022
Land - specialised	-	-	740,815	June 2022
Land - non-specialised	30,922	312,165	-	June 2022
Land improvements	-	-	-	June 2022
Heritage buildings	-	-	14,448	June 2022
Buildings - specialised	-	-	281,922	June 2022
Building improvements	-	-	8,798	June 2022
Leasehold improvements	-	-	177	June 2022
<b>Total</b>	<b>30,922</b>	<b>312,165</b>	<b>1,766,402</b>	

#### Valuation of infrastructure

Valuation of infrastructure assets was performed by qualified engineers at Council.

The date of the current valuation is detailed in the following table. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	508,636	June 2022
Bridges	-	-	1,839	June 2022
Footpaths and cycleways	-	-	44,223	June 2022
Drainage	-	-	220,154	June 2022
Recreational, leisure and community facilities	-	-	36,971	June 2022
Parks open space and streetscapes	-	-	27,276	June 2022
<b>Total</b>	<b>-</b>	<b>-</b>	<b>839,099</b>	

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.2 Property, infrastructure, plant and equipment (cont'd)

##### *Description of significant unobservable inputs into level 3 valuations*

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Current land values range from \$7.00 to \$6,762 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis ranging from \$270 to \$37,745. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 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 buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 100 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.

	2022	2021
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land under roads	720,242	699,953
Parks and reserves	740,815	655,745
<b>Total specialised land</b>	<b>1,461,057</b>	<b>1,355,698</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 6 Assets we manage (cont'd)

#### 6.3 Investment property

	2022	2021
	\$'000	\$'000
Balance at beginning of financial year	3,900	3,750
Revaluation of existing investment property	138	150
Transfers to property, infrastructure, plant and equipment	-	-
Balance at the end of financial year	<b>4,038</b>	<b>3,900</b>

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Investment Property consists of a building at Peter Scullin Reserve, Mordialloc that is leased by a third party to operate a commercial restaurant.

#### *Valuation of investment property*

Valuation of investment property has been determined in accordance with an independent valuation by Opteon Solutions who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. The latest full valuation of investment property is as at 30 June 2022.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 7 People and relationships

#### 7.1 Council and key management remuneration

##### (a) Related Parties

Kingston Council is a stand-alone entity.

##### (b) Key Management Personnel

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

<b>Councillors</b>	Councillor S Staikos	(Mayor: 1st July 2021 - 30th June 2022)
	Councillor T Bearsley	(1st July 2021 - 30th June 2022)
	Councillor T Cochrane	(1st July 2021 - 30th June 2022)
	Councillor J Davey-Burns	(1st July 2021 - 30th June 2022)
	Councillor T Davies	(1st July 2021 - 30th June 2022)
	Councillor D Eden	(1st July 2021 - 30th June 2022)
	Councillor C Hill	(1st July 2021 - 30th June 2022)
	Councillor C Howe	(1st July 2021 - 30th June 2022)
	Councillor G Hua	(1st July 2021 - 30th June 2022)
	Councillor G Oxley	(1st July 2021 - 30th June 2022)
Councillor H Saab	(1st July 2021 - 30th June 2022)	
<b>CEO</b>	Mr Tim Tamlin (Interim)	1st July 2021 - 31st October 2021
	Mr Peter Bean	1st November - 30th June 2022
<b>General Managers</b>	Mr Tony Ljaskevic	General Manager Corporate Services (until 17th June 2022)
	Mr Mauro Bolin	General Manager Community Sustainability (until 22nd October 2021)
	Mr Mark Patterson	General Manager Community Sustainability (from 18th October 2021 to 24th June 2022)
	Mr Jonathan Guttmann	General Manager Planning & Development
	Ms Samantha Krull	General Manager City Assets & Environment
	Mr Daniel Hogan	General Manager Customer & Corporate Support (from 20th June 2022)
	Ms Sally Jones	General Manager Community Strengthening (from 27th June 2022)
Mr Bernard Rohan	Chief Finance Officer (from 13th June 2022)	

	2022 No.	2021 No.
Total Number of Councillors	11	15
Chief Executive Officer and other Key Management Personnel	10	7
<b>Total Key Management Personnel</b>	<b>21</b>	<b>22</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 7 People and relationships (cont'd)

#### 7.1 Council and key management remuneration (cont'd)

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

Total remuneration of key management personnel was as follows:

	2022 \$'000	2021 \$'000
Short-term benefits	1,864	1,797
Post-employment benefits (including super)	151	150
Termination benefits	0	-
<b>Total</b>	<b>2,015</b>	<b>1,947</b>

Total remuneration includes total salary package and superannuation but excludes accrued leave.

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

Income Range	2022 No.	2021 No.
\$ 1,000-\$ 9,999	3	-
\$ 10,000-\$ 19,999	-	4
\$ 20,000-\$ 29,999	-	6
\$ 30,000-\$ 39,999	10	4
\$ 50,000-\$ 59,999	-	1
\$ 80,000-\$ 89,999	-	1
\$ 90,000-\$ 99,999	-	1
\$ 100,000-\$ 109,999	1	-
\$ 130,000-\$ 139,999	2	-
\$ 180,000-\$ 189,999	1	-
\$ 230,000-\$ 239,999	1	1
\$ 260,000-\$ 269,999	1	-
\$ 270,000-\$ 279,999	-	1
\$ 280,000-\$ 289,999	2	1
\$ 290,000-\$ 299,999	-	1
\$ 300,000-\$ 309,999	-	1
	<b>21</b>	<b>22</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 Officer; or
- (b) whose total annual remuneration exceeds \$151,000.

The number of Senior Officers are shown below in the relevant income bands.

Income Range	2022 No.	2021 No.
\$151,000-\$159,999	-	-
\$160,000-\$169,999	-	2
\$170,000-\$179,999	3	3
\$180,000-\$189,999	7	4
\$190,000-\$199,999	3	5
\$200,000-\$209,999	1	2
\$210,000-\$219,999	2	2
\$220,000-\$229,999	-	-
	<b>16</b>	<b>18</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting year of Senior Officers included above amounted to:	<b>3,080</b>	<b>3,414</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### **Note 7 People and relationships (cont'd)**

#### 7.2 Related party disclosure

##### **(a) Transactions with related parties**

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

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

No balances are outstanding at the end of the reporting period in relation to transactions with related parties.

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

No loans were made to/from related parties of Council during the financial year.

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

No commitments were made to/from related parties of Council during the financial year.



## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 8 Managing uncertainties

#### 8.1 Contingent assets and liabilities

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

##### (a) Contingent assets

###### Operating lease receivables

Council has entered into commercial property leases. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 50 years. All leases include a CPI based revision of the rental charge annually.

Future minimum rentals under non-cancellable operating leases are as follows:

	2022 \$'000	2021 \$'000
Not later than one year	3,054	2,224
Later than one year and not later than five years	9,359	4,712
Later than five years	12,179	2,508
	<b>24,593</b>	<b>9,444</b>

**The significant increase from the previous year is from entering into new lease agreements, as well as from extending current agreements into longer term.**

##### (b) Contingent liabilities

Contingent liabilities are:

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

###### Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme; matters relating to this potential obligation are outlined below and in Note 9.3. As a result of the volatility in financial markets, the likelihood of making such contributions in future periods exists.

###### Future superannuation contributions

In addition to the disclosed contributions, Council has not paid any unfunded liability payments to Vision Super. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 are \$0.3 million. At this point in time it is not known if additional contributions will be required, their timing or potential amount. 14 Council staff (2021: 19) are members of Vision Super's multi-employer defined benefits fund. Council established a Defined Benefit Call Reserve in 2014 to help provide for possible future calls on any unfunded liability of the fund. This reserve currently has a balance of \$1 million (2021: \$1 million).

###### Contingent liabilities arising from public liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, Council is regularly met with claims and demands allegedly arising from incidents which occur on land belonging to Council. There are a number of outstanding claims against Council in this regard. Council is currently a member of the MAV's Liability Mutual Insurance Scheme which provides \$600 million of public liability insurance and the maximum liability of the Council in any single claim is the extent of its excess. There are no claims, that Council is aware of, which would fall outside the terms of Council's policy.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### ***Contingent liability arising from professional indemnity***

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, Council is met with claims and demands for damages allegedly arising from the actions of Council or its officers. Council is currently a member of the MAV's Liability Mutual Insurance Scheme which provides \$50 million of professional indemnity insurance and the maximum liability of Council in any single claim is the extent of its excess. There are no instances or claims, that Council is aware of, which would fall outside the terms of Council's policy.

### ***Other Contingent Liabilities***

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 statements.

### ***Insurance claims***

Council has no major insurance claims that could have a material impact on future operations. Maximum liability per claim is \$20,000 excess. Public Liability coverage of \$120 million is maintained. Various under excess claims are also under consideration, for which an annual budgetary provision is approved.

### ***Legal matters***

Council has no major legal matters that could have a material impact on future operations.

### ***Building cladding***

Council has no potential contingent liabilities in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council. However, rate relief has been provided to ratepayers adversely impacted by cladding issues.

### ***Liability Mutual Insurance***

Council was a participant of the MAV Liability Mutual Insurance (LMI) Scheme up until 2014. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

### ***(c) Guarantees for loans to other entities***

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. There are no financial guarantees that have been granted by Council.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 8 Managing uncertainties (cont'd)

#### 8.2 Change in accounting standards

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

#### 8.3 Financial instruments

##### (a) Objectives and policies

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

##### (b) Market risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

There has been no significant change in 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 Council's year end result.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 8 Managing uncertainties (cont'd)

#### 8.3 Financial instruments (cont'd)

##### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as receivables from sporting clubs and associations. To help manage this risk:

- council has a policy for establishing credit limits for the entities council deals with;
- council may require collateral where appropriate; and
- council only invests surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provides a guarantee for another party. Council has no guarantees to other parties. Details of our contingent liabilities are disclosed in note 8.1 (b).

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

##### (d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 8 Managing uncertainties (cont'd)

#### 8.3 Financial instruments (cont'd)

##### (e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets (and particularly the impact of COVID19), Council believes there will be minimal movement over the next 12 months from the already low base cash rate of 0.25% (Base rates are sourced from Reserve Bank of Australia).

Thus, there will be minimal impact on the valuation of Council's financial assets and liabilities, and no material impact on the results of Council's operations.

#### 8.4 Fair value measurement

##### *Fair value hierarchy*

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

##### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 6.2 Property, Infrastructure, Plant and Equipment. In addition, Council usually undertakes a formal valuation of land, buildings and infrastructure assets on a regular basis ranging from 1 to 2 years. The valuation is performed either by experienced council officers or independent experts.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 8 Managing uncertainties (cont'd)

#### 8.4 Fair value measurement (cont'd)

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

#### *Impairment of assets*

At each reporting date, 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 income statement unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

#### 8.5 Events Occurring After Balance Date

There are no other matters that have occurred after balance date which require disclosure in the financial report.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 9 Other matters

#### 9.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>(a) Asset revaluation reserve</b>			
<b>2022</b>			
<b>Property (i):</b>			
- Land (incl held for sale)	335,727	122,879	458,604
- Land under roads	298,823	20,289	319,112
- Buildings (incl held for sale)	110,877	8,654	119,533
	<b>745,427</b>	<b>151,821</b>	<b>897,249</b>
<b>Infrastructure (ii):</b>			
- Transport	457,896	2,682	460,576
- Drainage	181,209	9,504	190,712
	<b>639,105</b>	<b>12,185</b>	<b>651,288</b>
<b>Other:</b>			
- Heritage and culture	1,327	7	1,333
- Other	3,966	-	3,966
	<b>5,293</b>	<b>7</b>	<b>5,293</b>
<b>Total Asset revaluation reserve</b>	<b>1,389,825</b>	<b>164,013</b>	<b>1,553,838</b>
<b>2021</b>			
<b>Property:</b>			
- Land	212,978	122,749	335,727
- Land under roads	207,525	91,298	298,823
- Buildings	103,468	7,409	110,877
	<b>523,971</b>	<b>221,456</b>	<b>745,427</b>
<b>Infrastructure:</b>			
- Transport	422,471	35,425	457,896
- Drainage	169,589	11,620	181,209
	<b>592,060</b>	<b>47,045</b>	<b>639,105</b>
<b>Other:</b>			
- Heritage and culture	1,319	8	1,327
- Other	3,966	-	3,966
	<b>5,285</b>	<b>8</b>	<b>5,293</b>
<b>Total Asset revaluation reserve</b>	<b>1,121,316</b>	<b>268,509</b>	<b>1,389,825</b>

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

- (i) Valuation of property was performed by qualified independent valuers. Land and buildings and land under roads were valued by Opteon Solutions as at June 2022.
- (ii) Valuation of Infrastructure assets was performed by qualified engineers at Council. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. Valuation levels can fluctuate depending on contract rates incurred by Council during each year.

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 9 Other matters (cont'd)

#### 9.1 Reserves (cont'd)

	Balance at beginning of reporting period \$'000	Transfer from Accumulated Surplus \$'000	Transfer to Accumulated Surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2022</b>				
Asset replacement reserve	332	-	(34)	299
Asset development reserve	16,832	6,952	(2,026)	21,758
Aged care	8,698	-	-	8,698
Foreshore	1,761	2,885	(2,639)	2,007
Green wedge	3,803	2,200	(125)	5,878
Defined benefit call	1,000	-	-	1,000
Stormwater Quality reserve	2,045	892	(2)	2,936
Other	379	-	(19)	360
<b>Total Other reserves</b>	<b>34,850</b>	<b>12,930</b>	<b>(4,844)</b>	<b>42,936</b>
<b>2021</b>				
Asset replacement reserve	368	-	(36)	332
Asset development reserve	15,327	6,149	(4,644)	16,832
Aged care	5,542	3,156	-	8,698
Foreshore	2,180	-	(419)	1,761
Green wedge	7,114	-	(3,311)	3,803
Defined benefit call	1,000	-	-	1,000
Stormwater Quality reserve	1,182	869	(6)	2,045
Other	348	59	(28)	379
<b>Total Other reserves</b>	<b>33,061</b>	<b>10,233</b>	<b>(8,444)</b>	<b>34,850</b>

The Asset replacement reserve is an appropriation to partially fund future costs associated with Council's buildings.

The Asset development reserve recognises the cash contributions made by developers, pursuant to the requirements of the Subdivision of Land Act. Total open space cash contributions of \$6.952 million were received in 2021/22 (2019/20: \$6.1m). Council has elected to utilise these contributions for open space purchase and development.

Aged care reserves include funds for home care clients that have not fully spent their Linkages packages.

The Foreshore and Green Wedge reserves were reserves created in 2011 via a Council resolution which are used to accelerate the renewal and improvement to Council's foreshore and non-urban green wedge area.

The Defined benefit call reserve was established in 2014 to provide for possible future calls on any unfunded liability of the Defined benefit superannuation fund. Council ceased making contributions into this reserve in 2014/15.

The Stormwater Quality reserve was first established in 2017/18 to help fund various stormwater improvement projects throughout Council.

Other reserves represent appropriations provided by the community to be used for specific purposes, including reserves created in 2012 for Sundowner Neighbourhood House and Chelsea Senior Citizens Centre due to Council taking over the operation of these facilities plus reserves for special rates.



## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 9 Other matters (cont'd)

#### 9.2 Reconciliation of cash flows from operating activities to surplus

	2022	2021
	\$'000	\$'000
Surplus for the year	32,238	18,919
Depreciation of property, infrastructure, plant and equipment	33,491	32,080
Amortisation of intangible assets	277	286
Amortisation of right of use assets	1,174	1,518
Loss/(gain) on sale of property, infrastructure, plant & equipment	(146)	1,018
Found assets / other (note 3.7)	(5,560)	(2,885)
Fair value adjustment for investment property	(138)	(150)
Finance costs - leases	455	493
Borrowing costs (included in profit but not operating cash flow)	9	42
Contributions – non-monetary assets	0	(46)
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,376)	(3,397)
(Increase)/decrease in prepayments	56	(395)
(Increase)/decrease in accrued income	(273)	713
Increase/(decrease) in trade and other payables	16,665	(3,985)
Increase/(decrease) in other liabilities	(519)	(26)
Increase/(decrease) in provisions	(737)	2,172
Increase/(decrease) in unearned income	1,941	8,535
Increase/(decrease) in trust funds and deposits	8,556	5,092
<b>Net cash provided by operating activities</b>	<b>84,113</b>	<b>59,985</b>

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 9 Other matters (cont'd)

#### 9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefits, 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 ending 30 June 2022, this was 10% as required under Superannuation Guarantee legislation (2021: 9.5%).

##### **Defined Benefit**

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of 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 Employee Benefits.

##### **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's Actuary.

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

- Net investment returns 4.75% pa
- Salary information 2.75% pa
- Price inflation (CPI) 2.25% pa.

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

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

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

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years

##### **Employer contributions**

###### **(a) Regular contributions**

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 9 Other matters (cont'd)

#### 9.3 Superannuation (cont'd)

##### (b) 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.

##### **The 2021 interim actuarial investigation surplus amounts**

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

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

## Notes to the Financial Report

For the Year Ended 30 June 2022

### Note 9 Other matters (cont'd)

#### 9.3 Superannuation (cont'd)

##### **The 2022 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

##### **Superannuation contributions**

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

			2022	2021
Scheme	Type of Scheme	Rate	\$'000	\$'000
Vision Super	Defined benefit	10.0%	268	369
Vision Super	Accumulation fund	10.0%	4,280	5,053
Other funds	Accumulation fund	10.0%	3,765	2,093

Council has not paid any unfunded liability payments to Vision Super during 2022 (2021: Nil).

There were \$0.8 million contributions outstanding as at 30 June 2022 (2021: \$0.7 million).

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$0.3 million.

### Note 10 Change in accounting policy

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

There are no pending accounting standards that are likely to have a material impact on Council.



# Performance Statement

For the Year Ended 30 June 2022

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## Certification of the Performance Statement

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

Principal Accounting Officer  
**Bernard Rohan FCPA, BBus(Acc)** \_\_\_\_\_

Dated: \_\_\_\_\_

In our opinion, the accompanying performance statement of the Kingston City Council for the year ended 30 June 2022 presents fairly the results of Council's performance in accordance with the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.

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

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

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

Mayor  
**Cr Steve Staikos** \_\_\_\_\_

Dated: \_\_\_\_\_

Councillor  
**Cr Georgina Oxley** \_\_\_\_\_

Dated: \_\_\_\_\_

Chief Executive Officer  
**Peter Bean** \_\_\_\_\_

Dated: \_\_\_\_\_

## Victorian Auditor-General's Report

2 Pages reserved for VAGO report – to be inserted when available.





## Performance Statement

For the year ended 30 June 2022

### Basis of preparation

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. It has been prepared to meet the requirements of the *Local Government Act 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

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

The forecast figures included in the performance statement are those adopted by Council in its Financial Plan on 25 June 2022. The Financial 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 Annual Financial Report which includes the Financial Statements. The Financial Plan can be obtained by contacting Council.

### Our City

The City of Kingston is located in the middle southern suburbs of Melbourne, approximately 20km south of the Melbourne CBD and covers an area of 91 square kilometres. Every suburb in Kingston offers something different, from diverse businesses, housing, shops and restaurants, to beaches, bushland, parks and playgrounds. Kingston is also home to over 115 parks and playgrounds; including the magnificent award winning Bicentennial Park in Chelsea, Kingston Heath in Cheltenham and the UFO Park at Grange Reserve in Clayton South.

Kingston is one of the state's main employment centres, having one of the largest and most concentrated industrial sectors in Victoria. There are over 17,000 businesses with over 93,000 people employed throughout the City of Kingston.

Community and business networks play an important role in linking and supporting local businesses. Almost 30% of the community work locally and are able to enjoy shorter travel times and an improved work-life balance.

Kingston's shopping amenities range from local neighbourhood shops and friendly village strips, to Southland Shopping Centre, DFO Moorabbin and major activity centres in Moorabbin, Cheltenham, Mentone, Mordialloc and Chelsea.

### Our suburbs

Kingston's suburbs include Aspendale, Aspendale Gardens, Bonbeach, Braeside, Carrum, Chelsea, Chelsea Heights, Cheltenham, Clarinda, Clayton South, Dingley Village, Edithvale, Heatherton, Highett,

Mentone, Moorabbin, Moorabbin Airport, Mordialloc, Oakleigh South, Parkdale, Patterson Lakes and Waterways.

### **Population**

Kingston is a diverse community with a current estimated resident population of 159,567 spanning a wide range of ages, household types and cultures. Our community is constantly growing; by 2036 Kingston's population is expected to reach 190,890, making up an anticipated 79,632 dwellings.

Consistent with national trends, Kingston's oldest residents comprise the fastest growing population group in the municipality. Future planning will explore how services will cope with the greater demand caused by this increase.

Kingston is a culturally diverse city with residents from 106 countries and more than 84 languages spoken. About 32% of Kingston's population was born overseas, with 30% from non-English speaking backgrounds including Greek, Chinese, Russian, Italian, Vietnamese and Indian societies.

### **Overview of 2021-22**

During the first half of 2021-22, the City of Kingston continued to be impacted by the COVID-19 pandemic with continued restrictions and extended closures to libraries and swimming pools, in addition to other council services throughout much of the year.

This continued to have an impact on Council's revenue, through loss of fees and charges, as well as through the continuation of Council's community and business support package which offered waiving of unpaid rates interest, and reduced health registrations and footpath trading fees.

It also impacted Council's expenditure, through additional cleaning and personal protective equipment costs.

## Sustainable Capacity Indicators

For the year ended 30 June 2022

Indicator/measure [formula]	Results				Material Variations and Comments
	2019	2020	2021	2022	
<b>Population</b>					
<i>Expenses per head of municipal population</i>  [Total expenses / Municipal population]	\$1,146.86	\$1,250.51	\$1,249.04	\$1,388.42	This result is consistent with budget expectations. It is forecast to increase in future years, in line with increased service delivery costs post-pandemic.
<i>Infrastructure per head of municipal population</i>  [Value of infrastructure / Municipal population]	\$5,567.22	\$6,170.08	\$6,467.16	\$7,558.91	The result is consistent with budget expectations and has risen from the previous year due to Council's increased investment in its strong capital works program and the effect of the revaluation of infrastructure assets.
<i>Population density per length of road</i>  [Municipal population / Kilometres of local roads]	264.72	268.53	277.16	258.12	The result demonstrates a consistent population density as Kingston's population increases when compared to an already established road network.
<b>Own-source revenue</b>					
<i>Own-source revenue per head of municipal population</i>  [Own-source revenue / Municipal population]	\$1,080.61	\$1,066.44	\$1,008.54	\$1,177.91	Council's own source revenue is continuing to recover from the COVID-19 pandemic, and the trend indicates this will continue.
<b>Recurrent grants</b>					
<i>Recurrent grants per head of municipal population</i>  [Recurrent grants / Municipal population]	\$230.91	\$234.67	\$261.69	\$282.60	The result is in line with expectations and reflects a continued strong level of operating grants being received by Council particularly in aged care and child care.

Indicator/measure [formula]	Results				Material Variations and Comments
	2019	2020	2021	2022	
<b>Disadvantage</b>					
Relative Socio-Economic Disadvantage  [Index of Relative Socio- Economic Disadvantage by decile]	9	9	9	9	The result reflects a relatively low level of socio-economic disadvantage within Kingston's diverse communities.
<b>Workforce turnover</b>					
Percentage of staff turnover  [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	13.71%	9.70%	9.96%	16.51%	The result highlights an increase in staff turnover levels following the COVID-19 period in line with broader labour market conditions.

*Note: definitions are at the end of this document.*

## Service Performance Indicators

For the year ended 30 June 2022

Service/indicator/measure [formula]	Results				Material Variations and Comments
	2019	2020	2021	2022	
<b>Aquatic Facilities</b>					
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i>  [Number of visits to aquatic facilities / Municipal population]	5.47	3.92	1.73	2.60	As a result of the Victorian Government's COVID-19 restrictions, Kingston saw a significant reduction in the utilisation of Waves Leisure Centre during 2021-22. The ongoing lockdowns resulted in Waves being closed for approximately five months. When the Centre was able to reopen to the public, there was a return to normal attendance at the facility. The 2021-22 result has improved compared to the previous year.
<b>Animal Management</b>					
<b>Health and safety</b>					
<i>Animal management prosecutions</i>  [Number of successful animal management prosecutions / Total number of animal management prosecutions] x 100	New in 2020	100.00%	100.00%	100.00%	Council successfully resolved all animal management prosecutions that were considered during 2021-22.

Service/indicator/measure [formula]	Results				Material Variations and Comments
	2019	2020	2021	2022	
<b>Food Safety</b>					
<b>Health and safety</b>					
<p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100</p>	100.00%	98.60%	100.00%	94.22%	During the 2021 calendar year, a number of critical or major non-compliance premises were closed for part or most of the year due to COVID-19 restrictions. Environmental Health Officers ensured that any high-risk issues identified during an assessment were attended to immediately, and action taken to remove or reduce the risk.
<b>Governance</b>					
<b>Satisfaction</b>					
<p><i>Satisfaction with council decisions</i></p> <p>[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	56	55	65	61	This rating is sourced from the annual Local Government Community Satisfaction Survey, conducted by an independent research company.
<b>Libraries</b>					
<b>Participation</b>					
<p><i>Active library borrowers in municipality</i></p> <p>[Number of active library borrowers in the last three years / The sum of the population for the last three years] x 100</p>	16.61%	16.05%	14.27%	13.28%	The number of active members was affected by the COVID-19 pandemic and the resulting closure of libraries during lockdowns, building capacity restrictions and vaccination status restrictions. Kingston is actively promoting our libraries as part of the 'Libraries Change Lives, Return Yourself to the Library' state-wide campaign.

Service/indicator/measure [formula]	Results				Material Variations and Comments
	2019	2020	2021	2022	
<b>Maternal and Child Health (MCH)</b>					
<b>Participation</b>					
<i>Participation in the MCH service</i>  [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x 100	73.97%	76.74%	74.31%	74.54%	Under COVID-19 pandemic health orders from the Department of Health, the MCH service was directed to prioritise babies under four months old and vulnerable babies and toddlers. There was a COVID-19-related reduction in both enrolments and general attendance of children. However, because both reduced at a similar rate, the participation rate remained stable compared to previous years.
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>  [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x 100	63.72%	77.67%	84.85%	72.92%	During the COVID-19 pandemic, some families were not comfortable coming to the MCH centres. With COVID-19-related staffing restrictions, it was sometimes very difficult to offer outreach visits.
<b>Roads</b>					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i>  [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	69	65	67	65	This rating is sourced from the annual Local Government Community Satisfaction Survey, conducted by an independent research company.



Service/indicator/measure [formula]	Results				Material Variations and Comments
	2019	2020	2021	2022	
<b>Statutory Planning</b>					
<b>Decision making</b>					
<p><i>Council planning decisions upheld at VCAT</i></p> <p>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x 100</p>	41.18%	44.44%	47.37%	48.00%	<p>Only a small percentage (3.1%) of Council's planning decisions were referred to VCAT in 2021-22. A number of these were resolved at VCAT through consent or at mediation. Although these are still reflected as decisions 'not upheld', Council considers this a good outcome as agreement was reached by all parties through mediation.</p>
<b>Waste Collection</b>					
<b>Waste diversion</b>					
<p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x 100</p>	49.53%	52.83%	56.53%	55.28%	<p>The percentage of kerbside collection waste diverted from landfill has decreased slightly, with a drop in recycling tonnages from household recycling bins. This is likely due to COVID-19 lockdowns finishing and residents no longer ordering as many products for home delivery. There has not been a shift across bins, i.e. the decrease didn't come out of household recycling bins and move to waste bins.</p>

*Note: definitions are at the end of this document.*

## Financial Performance Indicators

For the year ended 30 June 2022

Forecasts are based on the Financial Plan adopted by Council in June 2022 as part of the Adopted Budget.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2019	2020	2021	2022	2023	2024	2025	2026	
<b>Efficiency</b> <b>Expenditure level</b> <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,496.74	\$2,764.16	\$2,753.62	\$2,900.54	\$3,142.18	\$3,198.61	\$3,262.29	\$3,311.06	As services gradually increased this year following the COVID-19 pandemic, combined with an increase in property assessments, there was an increase in expenditure compared to 2020-21. Council expects this indicator to continue to increase in future years, as services return to normal delivery.
<b>Revenue level</b> <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	New in 2020	\$1,741.24	\$1,767.84	\$1,796.98	\$1,815.39	\$1,841.82	\$1,868.50	\$1,895.19	This indicator was new in 2019-20 and has remained consistent over the 3-year period. The forecast trend is for this indicator to remain around the same level with a slight increase each year. Kingston is compliant with the State Government's Rate Cap each year.
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x 100	351.16%	260.46%	238.03%	195.22%	200.56%	191.75%	245.70%	225.79%	This indicator has reduced due to an increase in current liabilities, specifically, a large increase in unearned income (grants received in advance). Council anticipates this indicator will continue to reduce as it utilises its cash holdings to fund its capital works program.
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x 100	326.63%	224.43%	195.50%	151.53%	142.13%	122.51%	172.65%	146.70%	This indicator has reduced slightly due to an increase in current liabilities in trust funds and deposits. The unrestricted cash reduces for a short period of time in future years as Council utilises its cash reserves to fund its extensive capital works program.

Performance Statement for the year ended 30 June 2022

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2019	2020	2021	2022	2023	2024	2025	2026	
<b>Obligations</b> <b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x 100	3.61%	1.43%	0.48%	0.00%	0.00%	0.00%	28.43%	26.45%	The indicator is in line with budget expectations as Kingston has focused on reducing debt. Further borrowing is anticipated in 2024-25, to fund the planned new Aquatic Facility.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2019	2020	2021	2022	2023	2024	2025	2026	
<b>Loans and borrowings repayments compared to rates</b> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x 100	5.76%	2.17%	1.00%	0.45%	0.00%	0.00%	1.79%	1.74%	The indicator is in line with budget expectations as Kingston has focused on reducing debt. Further borrowing is anticipated in 2024-25, to fund the planned new Aquatic Facility.
<b>Indebtedness</b> Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x 100	1.78%	6.77%	6.85%	5.76%	5.79%	5.42%	27.80%	25.88%	This indicator has decreased slightly this year as Council's Non-Current Liabilities have reduced with the full repayment of loan borrowings. A large increase is forecast in 2024-25 when Council plans to increase its borrowings to fund the new Aquatic Facility.
<b>Asset renewal and upgrade</b> Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade Expenditure / Asset depreciation] x 100	New in 2020	158.49%	101.21%	114.91%	137.56%	103.54%	81.77%	78.09%	Whilst Council's indicator has increased this year, due to additional capital works, at this stage future years are anticipated to drop. Council is working hard on its asset management data and information, and this will inform future capital works programs to ensure the right balance between new and renewal projects.
<b>Operating position</b> <b>Adjusted underlying result</b> Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100	16.44%	6.78%	6.10%	9.12%	-0.30%	-0.48%	-0.48%	-1.68%	The result has increased this year as Council's revenue recovers from the COVID-19 pandemic. The forecast trend going forward is that the underlying result is a slight deficit, reflecting growth in expenses above the level of growth in revenue from rates, user fees, statutory fees and fines and operating grants. These parameters are being reviewed by Council as part of the forthcoming 2023-24 budget process.
<b>Stability</b> <b>Rates concentration</b> Rates compared to adjusted underlying revenue	63.23%	65.25%	64.32%	63.75%	66.07%	66.16%	66.00%	66.95%	The indicator has decreased slightly this year due to the COVID-19 pandemic still impacting on revenue for some services in this financial

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2019	2020	2021	2022	2023	2024	2025	2026	
[Rate revenue / Adjusted underlying revenue] x 100									year. The forecast trend is for this indicator to remain relatively consistent.
<b>Rates effort</b> <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x 100	0.21%	0.23%	0.22%	0.23%	0.24%	0.24%	0.25%	0.25%	This indicator is consistent with the forecast. The forecast trend moving forward is for this indicator to gradually increase, as both rate revenue and the CIV gradually increase over time.

*Note: definitions are at the end of this document.*

## Retired Indicators

Service/indicator/measure	Results 2019	Comments
<b>Animal Management</b>		
<b>Health and safety</b>		
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	7	This measure was replaced by <i>Animal management prosecutions (%)</i> from 1 July 2019.
<b>Efficiency</b>		
<b>Revenue level</b>		
<i>Average residential rate per property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,840.48	This measure was replaced by <i>Average rate per property assessment</i> from 1 July 2019.
<b>Obligations</b>		
<b>Asset renewal</b>		
<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x 100	117.11%	This measure was replaced by <i>Asset renewal and upgrade compared to depreciation</i> from 1 July 2019.

**Definitions**

Aboriginal child	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the <i>Aboriginal Heritage Act 2006</i>
active library borrower	means a member of a library who has borrowed a book from the library
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
annual report	means an annual report prepared by a council under section 98 of the Act
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
Australian Accounting Standards (AAS)	means the accounting standards published by the Australian Accounting Standards Board
class 1 food premises	means food premises, within the meaning of the <i>Food Act 1984</i> , 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 <i>Food Act 1984</i> , that have been declared as class 2 food premises under section 19C of that Act
critical non-compliance outcome notification	means a notification received by council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health
current assets	has the same meaning as in the AAS
current liabilities	has the same meaning as in the AAS
food premises	has the same meaning as in the <i>Food Act 1984</i>
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 <i>Road Management Act 2004</i>
local road	means a sealed or unsealed road for which the council is the responsible road authority under the <i>Road Management Act 2004</i>
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
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
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
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
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
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



**Governance and Management Checklist 2021-22**

<b>Governance and Management Items</b>	<b>Assessment</b>
<b>1 Community engagement policy</b> (policy under section 55 of the Act outlining Council's commitment to engaging with the community on matters of public interest)	Adopted in accordance with section 55 of the Act Date of adoption: 22/02/2021 ✓
<b>2 Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Date of commencement of current guidelines: 12/10/2017 ✓
<b>3 Financial Plan</b> (plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years)	Adopted in accordance with section 91 of the Act Date of adoption: 25/10/2021 ✓
<b>4 Asset Plan</b> (plan under section 92 of the Act setting out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Adopted in accordance with section 92 of the Act Date of adoption: 27/06/2022 ✓
<b>5 Revenue and Rating Plan</b> (plan under section 93 of the Act setting out the rating structure of Council to levy rates and charges)	Adopted in accordance with section 93 of the Act Date of adoption: 28/06/2022 ✓
<b>6 Annual budget</b> (plan under section 94 of the Act setting out the services to be provided and initiatives to be undertaken during the budget year and the funding and other resources required)	Adopted in accordance with section 94 of the Act Date of adoption: 28/06/2022 ✓
<b>7 Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Date of commencement of current policy: 10/04/2019 ✓
<b>8 Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud)	Date of commencement of current policy: 09/07/2019 ✓
<b>9 Municipal emergency management plan</b> (plan under section 20 of the Emergency Management Act 1986 for emergency mitigation, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986 Date of preparation: 06/07/2021 ✓
<b>10 Procurement Policy</b> (policy under section 108 of the Act outlining the principles, processes and procedures that will apply to the purchase of goods and services by the Council)	Adopted in accordance with section 108 of the Act Date of adoption: 22/11/2021 ✓

11 <b>Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Date of commencement of current plan: 12/07/2021	✓
12 <b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Date of commencement of current plan: 12/07/2021 (Incorporated into the Business Continuity Plan)	✓
13 <b>Risk management framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	Date of commencement of current framework: <ul style="list-style-type: none"> <li>• Risk Management Policy, June 2019</li> <li>• Risk Management Procedure, May 2019</li> <li>• Risk Management Tables and Matrix, March 2021</li> </ul>	✓
14 <b>Audit and Risk Committee</b> (see sections 53 and 54 of the Act)	Established in accordance with section 53 of the Act Date of establishment: 26/04/2021	✓
15 <b>Internal audit</b> (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Date of engagement of current provider: 01/07/2013	✓
16 <b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Act)	Date of adoption of current framework: June 2014	✓
17 <b>Council Plan report</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first 6 months of the financial year)	Date of report: 28/02/2022	✓
18 <b>Quarterly budget reports</b> (quarterly reports to the Council under section 97 of the Act, comparing actual and budgeted results and an explanation of any material variations)	Reports presented to the Council in accordance with section 97(1) of the Act Dates reports presented: <ul style="list-style-type: none"> <li>• 23/08/2021</li> <li>• 21/11/2021</li> <li>• 28/02/2022</li> <li>• 23/05/2022</li> </ul>	✓
19 <b>Risk reports</b> (6-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Dates of reports: <ul style="list-style-type: none"> <li>• December 2021</li> <li>• June 2022</li> </ul>	✓

20 <b>Performance reports</b> (6-monthly reports of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 98 of the Act)	Dates of reports: <span style="float: right;">✓</span> <ul style="list-style-type: none"> <li>• Kingston Performance Report: 28/02/2022</li> <li>• LGPRF half year update: 8/03/2022</li> <li>• Annual Report 2021-22: estimated 24/10/2022</li> </ul>
21 <b>Annual report</b> (annual report under sections 98 and 99 of the Act containing a report of operations and audited financial and performance statements)	Presented at a meeting of the Council in accordance with section 100 of the Act <span style="float: right;">✓</span> Date of presentation: 25/10/2021
22 <b>Councillor Code of Conduct</b> (Code under section 139 of the Act setting out the standards of conduct to be followed by Councillors and other matters)	Reviewed and adopted in accordance with section 139 of the Act <span style="float: right;">✓</span> Date reviewed and adopted: 22/02/2021
23 <b>Delegations</b> (documents setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff, in accordance with sections 11 and 47 of the Act)	Reviewed in accordance with section 11(7) of the Act and a register kept in accordance with sections 11(8) and 47(7) of the Act <span style="float: right;">✓</span> Date of review under section 11(7): <ul style="list-style-type: none"> <li>• CEO to staff: 14/10/2021</li> <li>• Council to CEO: 23/08/2021</li> <li>• Council to staff: 23/08/2021</li> </ul>
24 <b>Meeting procedures</b> (Governance Rules under section 60 of the Act governing the conduct of meetings of Council and delegated committees)	Governance Rules adopted in accordance with section 60 of the Act <span style="float: right;">✓</span> Date Governance Rules adopted: 24/08/2020

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

Peter Bean  
Chief Executive Officer

Date:

Cr Steve Staikos  
Mayor

Date: