

6.4 Financial Reports

6.4.1 Financial report and Performance statement 2020-21

Responsible GM: Jenny Scicluna
Author: Scott Moore

Recommendation(s)

That Council:

1. Pursuant to Section 132(2) of the *Local Government Act 1989*, Council gives its approval in principle to the financial statements and performance statement for the year ended 30 June 2021, subject to any changes recommended or agreed to by the auditor;
2. Pursuant to Section 132(5) of the *Local Government Act 1989*, Council authorises Cr. Jack Kowarzik and Cr. Brett Owen to certify the financial statements and performance statement for the year ended 30 June 2021, in their final form after any changes recommended or agreed by the auditor have been made, in accordance with the *Local Government (Planning and Reporting) Regulations 2014*; and
3. Scott Moore, Chief Finance Officer, is appointed as the Principal Accounting Officer for the purposes of Section 132(5b) of the *Local Government Act 1989*.

Attachments

1. 2020-21 Financial Statements [6.4.1.1 - 48 pages]
2. 2020-21 Performance Statement [6.4.1.2 - 18 pages]
3. 2020-21 COVI D-19 Financial Summary [6.4.1.3 - 3 pages]

Executive Summary

This report seeks Council to approve the Financial Statements and Performance Statement for the year ended 30 June 2021 and authorise Cr. Jack Kowarzik and Cr. Brett Owen as the Audit and Risk Committee representatives to sign the documents in their final form after any changes recommended or agreed to by the auditors have been made.

Background

Council is required to prepare an Annual Report in respect to the financial year ended 30 June 2021. The *Local Government Act 1989* prescribes the information that must appear in the Annual Report, the process that the Council must undertake to prepare the report, the audit requirements and the process to be undertaken to adopt the report.

Council is required to authorise two councillors to approve the annual Financial Statements and Performance Statement in their final form after any changes recommended, or agreed to, by the Auditor have been made. It is recommended that the Audit and Risk Committee members Cr. Jack Kowarzik and Cr. Brett Owen be the councillors authorised to sign these documents.

The documents were considered by the by the Audit and Risk Committee at its meeting on 27 August 2021.

The documents, as part of the Council's Annual Report, will be lodged with the Minister for Local Government by 30 September 2021 as required by Section 133(1) of the *Local Government Act 1989*.

Section 133(2) of the *Local Government Act 1989* stipulates that after the annual report has been submitted to the Minister Council must give public notice that the annual report has been prepared and is available for inspection.

In addition, Section 134 of the *Local Government Act 1989* stipulates that Council must consider the annual report at a meeting that must be held as soon as practicable after the Council has sent the annual report to the Minister and must be advertised for at least 14 days before the meeting is held.

It is proposed to consider the annual report at the Council Meeting to be held on 18 October 2021 and appropriate public notification will be given.

Discussion

Annual Financial Report

The Financial Statements are prepared in accordance with Australian Accounting Standards, the *Local Government Act 1989*, *Local Government (Planning and Reporting) Regulations 2014* and the Local Government Model Financial Report (LGMFR) published by Local Government Victoria as required by the Regulations.

The Financial Statements are a general purpose financial report comprising a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and accompanying notes.

Comprehensive Income Statement

Council achieved a Surplus for the year of \$68.33m before Net asset revaluation increment, compared to a budget of \$92.07m and last year's surplus of \$72.77m.

This surplus is due to \$69.41m of income 'tied' and unavailable for general operational use. This 'tied' income includes non-cash contributions of \$36.33m for the value of roads, drains, bridges, land and land under roads contributed by developers undertaking residential developments within the Urban Growth Corridor and \$19.25m of cash Development levies, Community infrastructure levies and Public open space contributions.

Also included in this income are non-recurrent capital grants of \$13.54m and capital cash contributions of \$0.29m, which do not cover operating expenses but relate to capital expenditure for non-current assets summarised in the Statement of Capital Works.

The adjusted underlying result, which is a key financial sustainability indicator that excludes these capital and abnormal items, is a deficit of \$1.08m for the year.

The material factors that contributed to the surplus for the year 2020-21 included the following:

- Rates and charges income exceeded budget by \$0.27m due to: lower than expected rate rebate applications from residents, which absorbed budgeted revenue loss from interest waivers on outstanding rates; an increase in general and supplementary rates income \$0.31m; lower than expected garbage charges.
- Statutory fees and fines income was \$0.22m below budget mainly due to lower than expected planning application fees \$0.12m, landscape design checking fees \$0.17m, and development fees for engineering supervision and plan checking fees \$0.14m.

These were subsidised by unbudgeted income of \$0.12m for election fines and additional income for land tax certificates.

- User fees income was \$0.32m lower than budget mainly due to rent and lease income budgeted under user fees for which the actual income is reported in Other income in line with the better practice guidelines.
- Operating grant income was \$6.36m higher than budget mainly due to: Grants received in excess of budget for the Victoria Grants Commission general purpose grant \$0.46m, Enhanced Maternal & Child Health \$0.15m, and Community Recovery Fund \$0.10m.
Unbudgeted grants have also been recognised, mainly for Working for Victoria (WV) \$2.74m (to fund unbudgeted WV staffing costs) and the Bunyip State Park bushfire claim for prior year spend \$0.46m. There were also grants of \$1.28m budgeted as capital but recognised as operating due to required accounting treatment. Council also received grants for various programs such as Community Resilience, Safer Together, and the Weed Management program to fund expenditure and resources as required. The value of operating grant income has been reduced by \$1.2m due to grants received in advance being recognised in the Balance sheet as per the new accounting standard.
- Capital grant income is \$17.72m less than budget primarily due to the timing of the receipt of budgeted grants, including Sealing the Hills, Toomuc Reserve north and south pavilion upgrades, Rix Road and Timbertop integrated children's facilities, My Place, Gembrook Reserve, Officer District Park, and Officer intersection projects. These have been partly offset by unbudgeted capital grants recognised mainly for Princes Highway shared pathway and Comely Banks Recreation Reserve sports fields and car park projects.
The value of capital grant income has been reduced by \$5.18m for LRCI Round 2 funds and GSF funding being recognised in the Balance sheet as grants received in advance.
- Contributions (monetary) income exceeds budget by \$0.18m mainly due to an increase in native vegetation developer contributions.
- Capital contributions (monetary) income exceeds budget by \$0.29m mainly due to unbudgeted contributions received for public toilet and unsealed roads projects, with equivalent unbudgeted expenditure as well.
- Development levies (monetary) income exceeds budget by \$3.19m, representing higher than expected Public Open Space and Community Infrastructure levies received.
- Capital contributions (non-monetary) income is \$8.67m less than budget due to lower developer contributions of roads, footpaths, drains, bridges, land and land under roads received during the year.
- Share of net profit of associated was the unbudgeted share of surplus and distributions received from Casey Cardinia Library Corporation of \$0.11m.
- Other income exceeds budget by \$0.48m primarily due to rent and lease income received being budgeted in User Fees, as explained in the User fees income note above, and due to greater cost recovery income received. These have been partly offset by reduced interest earned on investments due to lower interest rates.
- Employee costs were \$0.30m lower than budget mainly due to position vacancies and hiring delays during COVID related facility closures.
- Materials and services expenditure exceed budget by \$7.25m mainly due to funded capital works, including community capital works and priority works, being expensed after not meeting the financial criteria to be recognised as assets. This included \$4.7m worth of expenditure on non-council assets, main assets, such as Koo Wee Rup

pavilion upgrades and Beaconsfield Reserve.

Expenditure worth \$4.93m did not meet the capitalisation thresholds, including expenditure on road resheeting, footpath programs and unsealed road works.

Contracts are under budget mainly in waste, parks & gardens as a result of COVID-19 impact.

Other significant areas under budget include recreation reserve committee grants, rates debt collection costs, organisational training and street lighting.

- Amortisation – right of use assets exceeds budget due to greater than expected 2019-20 and 2020-21 additions of right of use assets in the waste and parks & gardens areas. This was partly subsidised by savings in contract costs.
- Net loss on disposal of assets of \$1.74m for roads, buildings, bridges, drains and footpaths resulting from capital works undertaken during the year was unbudgeted.
- Other expenses less than budget by \$1.06m primarily due COVID related reductions in garbage collections and internal audit program.

Balance Sheet

Net assets of \$2.08b at 30 June 2021 exceeded budget by \$0.20m (\$0.25m higher than 2019-20) to maintain Council's strong financial position.

Total Cash and cash equivalents \$33.57m exceeded budget by \$3.97m (\$58.18m lower than 2019-20), mainly due to a higher level of investment held in term deposits with longer maturities to yield a better interest income. Other financials assets (term deposits with a maturity over 3 months) \$73.0m exceeded budget by \$11.0m (\$61.0m higher than 2019-20) mainly due to a change in investment strategy and reduction in payments for property, infrastructure, plant and equipment.

Council's cash and cash equivalents are subject to external restrictions of \$60.98m (Trust funds and deposits and Developer contribution levy) and \$35.14m of intended allocations (discretionary reserves, including capital carried forward, unspent grants and Asset Committee accounts). Together with Other financial assets, the Council has sufficient funds to cover these requirements and it is highly unlikely that settlement of all restricted funds and intended allocations will be required within the next twelve months.

Council performed an indexed based revaluation of Council's land and land under roads, while a condition-based assessment of building assets was performed as part of a complete revaluation. Land assets will undergo a complete revaluation in 2021-22 in line with council 2-year revaluation cycle. Internal council valuers performed a full revaluation of Council's Bridges in 2020-21 (full revaluation occurs every 4 years as per the revaluation cycle for infrastructure assets required in council's revaluation program) and an annual indexation review of fair values of infrastructure is performed every year. Council reviews the carrying value of individual asset classes measured at fair value to ensure 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. As land values experienced a substantial increase in 2020-21, the land assets were decided to be indexed as per the movement in land values within the shire.

The land valuation resulted in land assets increasing by \$166.95m, consistent with the average movement in market values of properties by suburb by observing sales prices in the shire since the last valuation.

Buildings experienced a revaluation increment of \$8.46m due to changes in unit rates and condition-based assessment.

Council's bridge assets register experienced a revaluation increment of \$5.86m due to changes in unit rates and amending of asset sizes following recent inspections along with an internal review against newly available dimensions in the GIS drawn from aerial photography.

The overall increase in revaluation reserve amounted to \$181.28m.

Statement of Capital Works

Expenditure on capital works of \$51.99m (excluding outstanding commitments of \$23.33m) for the year was \$33.94m below budget (\$18.76m lower than 2019-20), mainly due to timing of expenditure recognition for land assets. Two of the property settlements at McMullen Road and Hickson Road that were planned over three years were recognised as expenditure in 2019-20, including the bringing forward of \$17.1m of expenditure, because council gained control of the assets. This is despite the payments being made in 2020-21 and the final payment being due in September 2021.

Works already underway totaling \$23.33m carried over to 2021-22 for completion include: Toomuc Reserve North and South Pavilion upgrades, Koo Wee Rup High School sports facilities upgrade, Worrell Reserve Recreation Pavilion, Timbertop Integrated Children's Facility, Cora Lynn Reserve Pavilion, Gembrook Reserve Pavilion, Sealing the Hills program, Intersection upgrades, My Place, Comely Banks and Emerald Netball Intersection works. Most of these projects have commenced and commitments raised as the projects are delivered over multiple years and community consultation, timing of tenders and other external factors like COVID delays and materials shortages have impacted the delivery of the program.

Statement of Cash Flows

Council's cash and investments with maturities of 3 months or less were \$33.57m at 30 June 2021, compared to \$91.75m in the prior year, which is a decrease of \$58.18m. One of the main contributors to this change has been council's shift of investment practices to increase term deposits from a maximum of 3 months to 12 months to avail better investment rate opportunities in a challenging market.

Council's cash needs to be considered together with term deposits with maturity over 3 months, which have increased by \$61.0m since 2019-20 due to change of investment practices. Together with Other financial assets, Council has more than sufficient funds to cover external restrictions and intended allocations.

It should also be noted that it is highly unlikely that settlement of all restricted funds and intended allocations will be required within the next twelve months.

Some of the other impacts to the cash flow are noted below:

- Decreased net cash from operating activities \$2.64m mainly through the increase in Material and services costs, which was primarily due to expensing of amounts spent relating to works done on assets not owned by Council;
- Decreased net cash used in investing activities \$98.12m mainly due to payments for investments which was offset by lower payments for Property, infrastructure, plant and equipment; and
- Higher cash balance at the start of the year \$42.46m.

Loan borrowings were \$28.24m on 30 June 2021, after \$12.32m scheduled principal repayments were made during the year, partly offset by proceeds from rolled over loans of \$8.0m.

Impact of COVID-19

The financial statements include the financial impact of the COVID-19 pandemic on Council's operations and the emergency response, relief, recovery and mitigation measures taken. These include revenue reduction and deferral from rates revenue and interest free period concessions,

rates rebates granted, council facility closures, commercial tenant rental deferrals or waivers, and

statutory fee and fines rebates and deferrals.

Increased expenditure was incurred related to extraordinary service provider contract costs resulting from council leisure facilities closure, additional community grants paid, special COVID-19 staff leave and additional Business Continuity Planning staff costs.

The net total of such costs and loss of income is approximately \$3.4m at 30 June 2021, compared to a budget of \$1.6m. A detailed breakdown of the impact is included in Attachment 3.

Performance Statement

The Local Government Performance Reporting Framework (LGPRF) is a mandatory reporting requirement under the *Local Government (Planning and Reporting) Regulations 2014*. The framework includes:

- Report of Operations: All service indicator results.
- The Performance Statement: A selection of service indicators and all financial and sustainability indicators. The Performance Statement is audited and is certified by two Councillors, the CEO and Principal Accounting Officer.
- Governance and Management Checklist: A list of 24 policies, plans, strategies and guidelines.

All performance results are reported in Council's Annual Report 2020-21 and published on the 'KnowYourCouncil' website.

Eight performance indicators recorded materially unfavourable variations (10% materiality threshold):

Financial performance indicators	2018	2019	2020	2021	Comment to be published in Annual Report
Working capital	350.97%	247.49%	215.85%	189.21%	Decrease in 2020-21 is due to a reduction in current assets, particularly conditional grants that were included in cash but were unspent and non-current assets held for sale, and a significant increase in current liabilities, mainly trade payables, capital grants received in advance and developer levies raised in advance.
Unrestricted cash compared to current liabilities	-8.79%	-50.41%	-23.22%	-86.00%	increase in 2020-21 is due to an increase in negative Unrestricted Cash caused mainly by a significantly lower cash and cash equivalent amount, as short-term investments were transferred to longer term investments during the year, together with a decrease in conditional grants unspent. This combined with an increase in Current Liabilities, primarily trade payables and unearned income, to increase the negative indicator result.
Loans and borrowings repayments compared to rates	10.13%	7.82%	6.71%	14.03%	Increase in 2020-21 is due to an increase in the amount of loans and borrowings repaid. Over the forecast period, repayments of loans and borrowings decreases as the total loans balances decrease and Total Rate Revenue increases due to rates increases and growth.
Utilisation of aquatic facilities	7.06	6.93	4.78	2.46	Cardinia's only indoor facility was closed for over 3 months during the year, and when opened, operated under restrictions capping the number of attendees. Restrictions covered every area of operation - including swimming lessons, lap swimming, health club use, group fitness classes and stadium use.
Active library borrowers in municipality	11.34%	10.39%	10.14%	8.67%	COVID-19 affected active borrowers significantly. Libraries started to reopen in limited capacity from 9 November 2020. There were also further lockdowns in Quarter 3 and 4.
Participation in the MCH service	76.14%	76.70%	76.80%	68.73%	In response to pandemic arrangements the MCH Service was prioritised for children in the younger age groups which saw a reduction in attendance of 2 year and 3.5 year olds.
Participation in the MCH service by Aboriginal children	69.38%	79.71%	84.98%	73.26%	In response to pandemic arrangements the MCH Service was prioritised for children in the younger age groups which saw a reduction in attendance of 2 year and 3.5 year olds. This includes the cohort of aboriginal children. Also due to the Pandemic, the MCH service has been unable to follow up families and go to the home without an appointment (which we did in the past in an attempt to 'cold call' without an appointment to try and engage the hard-to-reach families).
Council planning decisions upheld at VCAT	33.33%	100.00%	0.00%	40.00%	The trends for this indicator vary significantly, but the total number of decisions in any given year is a very small sample size (single figures). The circumstances of each instance, and the VCAT decision are highly fact-specific and variable. In 2019-20, VCAT was not required to make any decisions during this year, as all filed review applications were resolved by consent, or withdrawn prior to determination.

Four performance indicators recorded materially favourable variations (10% materiality threshold):

Financial performance indicators	2018	2019	2020	2021	Comment to be published in Annual Report
Loans and borrowings compared to rates	49.51%	40.88%	33.95%	28.15%	Decrease in 2020-21 is due to a decrease in Interest Bearing Loans & Borrowings balance from the repayment of loans as due and nil drawdown of any new loans, combined with an increase in Total Rate Revenue through adoption of the approved rate cap increase and growth.
Non-current liabilities compared to own source revenue	49.21%	32.56%	39.44%	31.11%	Decrease in 2020-21 is due to a decrease in Non-Current Liabilities while Own Source Revenue has remained stable across the two years. Decreasing trend in forecast period is due to Non-Current Liabilities decreasing and Own Sources Revenue increasing over the four years.
Adjusted underlying surplus	7.94%	4.76%	-2.54%	-0.80%	Decrease in 2020-21 is due to the Adjusted Underlying Income increasing more than Total Expenses. Total expenditure increased due to increases in materials & services expenditure and net loss on sale of assets. The increase in Adjusted Underlying Income was adversely impacted by the decrease in Other Income, mainly in cost recovery and interest income due to COVID-19. The improvement in the first year of the forecast period is due to a higher Adjusted Underlying Surplus driven by forecast increases in rates and charges and proportionately greater forecast reductions mainly in materials and services expenditure. The trend over the remainder of the forecast period is favourable due to increased surpluses.
Kerbside collection waste diverted from landfill	47.62%	42.14%	43.55%	48.67%	2019 and 2020 were impacted by recycling industry shutdowns which resulted in more material going to landfill. They recovered in 2020-21 and hence an increase in waste diverted from landfill. Also, an exceptional growth year for green waste resulted in higher tonnages of green waste diverted to recovery lifting the overall percentage of diversion.

The remaining measures within the Performance Statement are all within materiality thresholds, with minor improvements or declines.

Conclusion

It is recommended that Council approve the Financial Statements and Performance Statement and authorise Cr. Jack Kowarzik and Cr. Brett Owen to sign the documents in their final form.

**CARDINIA SHIRE COUNCIL
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2021

CARDINIA SHIRE COUNCIL
Financial Report
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CARDINIA SHIRE COUNCIL
2020/21 Financial Report

Certification of the Financial Statements

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

Scott Moore
Chief Finance Officer

Date : 20 September 2021
20 Siding Avenue, Officer

In our opinion the accompanying financial statements present fairly the financial transactions of Cardinia Shire Council for the year ended 30 June 2021 and the financial position of the Council as at that date.

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

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

Jack Kowarzik
Councillor

Date : 20 September 2021
20 Siding Avenue, Officer

Brett Owen
Councillor

Date : 20 September 2021
20 Siding Avenue, Officer

Carol Jeffs
Chief Executive Officer

Date : 20 September 2021
20 Siding Avenue, Officer

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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CARDINIA SHIRE COUNCIL
2020/21 Financial Report

Comprehensive Income Statement
For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Rates and charges	3.1	100,309	95,907
Statutory fees and fines	3.2	4,283	4,064
User fees	3.3	2,333	2,506
Grants - operating	3.4 (a)	20,949	16,579
Grants - capital	3.4 (b)	16,029	20,225
Contributions - monetary	3.5	20,062	18,346
Contributions - non-monetary	3.5	36,329	40,133
Net gain on asset revaluation	3.7	-	782
Share of net profits of associates	6.3	114	35
Other income	3.8	3,444	5,868
Total income		203,852	204,445
Expenses			
Employee costs	4.1 (a)	41,625	41,013
Materials and services	4.2	61,712	60,971
Depreciation	4.3	26,299	24,680
Amortisation - intangible assets	4.4	135	205
Amortisation - right of use assets	4.5	486	71
Bad and doubtful debts	4.6	204	333
Borrowing costs	4.7	1,756	2,135
Finance costs - leases	4.8	145	23
Net loss on disposal of property, infrastructure, plant and equipment	3.6	1,740	898
Other expenses	4.9	1,422	1,345
Total expenses		135,524	131,674
Surplus for the year		68,328	72,771
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1 (a)	181,276	37,257
Total comprehensive result		249,604	110,028

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

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

Balance Sheet
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	33,572	91,748
Trade and other receivables	5.1 (c)	23,638	23,951
Other financial assets	5.1 (b)	73,000	12,000
Inventories	5.2 (a)	8	11
Non-current assets classified as held for sale	6.1	500	3,019
Other assets	5.2 (b)	4,871	2,875
Total current assets		135,589	133,604
Non-current assets			
Trade and other receivables	5.1 (c)	15,785	12,658
Investments in associates	6.3	1,480	1,366
Property, infrastructure, plant and equipment	6.2	2,029,347	1,782,661
Right-of-use assets	5.8	5,422	1,967
Intangible assets	5.2 (c)	297	377
Total non-current assets		2,052,331	1,799,029
Total assets		2,187,920	1,932,633
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	24,438	20,941
Trust funds and deposits	5.3 (b)	10,164	11,175
Provisions	5.5	8,765	8,376
Interest-bearing liabilities	5.4	11,350	12,317
Lease liabilities	5.8	520	154
Unearned Income	5.3 (c)	16,422	8,933
Total current liabilities		71,659	61,896
Non-current liabilities			
Trade and other payables	5.3 (a)	11,457	19,812
Provisions	5.5	1,045	1,179
Interest-bearing liabilities	5.4	16,889	20,242
Lease liabilities	5.8	4,981	1,824
Total non-current liabilities		34,372	43,057
Total liabilities		106,031	104,953
Net assets		2,081,889	1,827,680
Equity			
Accumulated surplus		1,157,224	1,086,072
Reserves	9.1	924,665	741,608
Total Equity		2,081,889	1,827,680

The above balance sheet should be read in conjunction with the accompanying notes.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021					
Balance at beginning of the financial year		1,827,680	1,086,072	672,382	69,226
Other adjustments to opening balances	9.1 (c)	4,605	4,605	-	-
Surplus for the year		68,328	68,328	-	-
Net asset revaluation increment	9.1 (a)	181,276	-	181,276	-
Transfers to other reserves	9.1 (b)	-	(21,513)	-	21,513
Transfers from other reserves	9.1 (b)	-	19,732	-	(19,732)
Balance at end of the financial year		2,081,889	1,157,224	853,658	71,007

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		1,714,801	1,018,960	635,125	60,716
Other adjustments to opening balances	9.1 (c)	2,851	2,851	-	-
Surplus for the year		72,771	72,771	-	-
Net asset revaluation increment	9.1 (a)	37,257	-	37,257	-
Transfers to other reserves	9.1 (b)	-	(17,230)	-	17,230
Transfers from other reserves	9.1 (b)	-	8,720	-	(8,720)
Balance at end of the financial year		1,827,680	1,086,072	672,382	69,226

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		100,183	92,057
Statutory fees and fines		4,677	4,427
User fees		2,445	2,635
Grants - operating		20,355	18,347
Grants - capital		20,928	20,974
Contributions - monetary		18,951	8,471
Interest received		471	1,605
Trust funds and deposits taken		26,806	25,057
Other receipts		1,590	4,676
Net GST refund/(payment)		10,883	10,852
Employee costs		(41,552)	(39,591)
Materials and services		(77,177)	(60,000)
Short-term, low value and variable lease payments		(233)	(304)
Trust funds and deposits repaid		(27,918)	(26,162)
Net cash provided by operating activities	9.2	60,409	63,044
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(51,770)	(64,186)
Proceeds from sale of property, infrastructure, plant and equipment		824	360
Net Proceeds from sale of/(payments to) investments		(61,000)	50,000
Net cash used in investing activities		(111,946)	(13,826)
Cash flows from financing activities			
Finance costs		(1,756)	(1,831)
Proceeds from borrowings		8,000	8,925
Repayment of borrowings		(12,317)	(13,530)
Interest paid - lease liability		(145)	(23)
Repayment of lease liabilities		(421)	(304)
Net cash used in financing activities		(6,639)	(6,763)
Net increase (decrease) in cash and cash equivalents		(58,176)	42,455
Cash and cash equivalents at the beginning of the financial year		91,748	49,293
Cash and cash equivalents at the end of the financial year	5.1 (a)	33,572	91,748
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

CARDINIA SHIRE COUNCIL
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Statement of Capital Works
For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Property			
Land		5,739	22,121
Total land		5,739	22,121
 Buildings		 11,352	 21,810
Heritage buildings		10	-
Building improvements		80	388
Leasehold improvements		-	26
Total buildings		11,442	22,224
Total property	6.2 (a)	17,181	44,345
 Plant and equipment			
Plant, machinery and equipment	6.2 (b)	2,308	1,253
Fixtures, fittings and furniture	6.2 (b)	181	168
Computers and telecommunications	6.2 (b)	51	16
Intangible assets	5.2 (c)	55	124
Total plant and equipment		2,595	1,561
 Infrastructure			
Roads		20,707	9,488
Bridges		224	908
Footpaths and cycleways		1,108	1,685
Drainage		1,055	3,095
Recreational, leisure and community facilities		8,851	7,533
Off street car parks		258	1,002
Other infrastructure		8	1,127
Total infrastructure	6.2 (c)	32,211	24,838
Total capital works expenditure		51,987	70,744
 Represented by:			
New asset expenditure		23,075	40,110
Asset renewal expenditure		10,199	17,250
Asset expansion expenditure		1,011	11,001
Asset upgrade expenditure		17,702	2,383
Total capital works expenditure		51,987	70,744

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

OVERVIEW**Introduction**

The Cardinia Shire Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 20 Siding Avenue, Officer.

Statement of compliance

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

Significant accounting policies**(a) Basis of accounting**

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 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 whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable (refer to Note 8.2)
- other areas requiring judgements

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

(b) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

(c) Impact of Covid-19

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

- Additional revenue of \$2.7 million from the Working for Victoria scheme by the Victorian Government to fund additional jobs.
- Reduction in rates revenue of \$52k due to rates rebates and \$630k due to extension of interest free period on unpaid rates.
- Reduction in user fees revenue of \$462k due to loss of event revenue and \$121k reduction in statutory fees due to waiver of registration fees. In addition, other revenue reduced by \$91k due to the waiver of rental and tenancy fees.
- COVID-19 pandemic restrictions forced the closure of service provider operated council leisure facilities during the year. These closures resulted in the service provider incurring loss of income, resulting in a \$1.1 million minimum guaranteed payment by Council under the requirements of the service contract.
- Additional expenditure relating to employee benefits of \$502k due to additional positions and COVID-19 leave.
- Additional expenditure due to Community grants of \$178k paid during the financial year.
- Additional expenditure due to COVID cleaning of \$253k paid during the financial year.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10% percent or \$500K where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 15 June 2020. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
Income					
Rates and charges	100,041	100,309	268	0%	
Statutory fees and fines	4,504	4,283	(221)	(5%)	
User fees	2,653	2,333	(320)	(12%)	1
Grants - operating	14,593	20,949	6,356	44%	2
Grants - capital	33,745	16,029	(17,716)	(52%)	3
Contributions - monetary	342	520	178	52%	4
Capital contributions - monetary	3	288	285	9500%	5
Development levies - monetary	16,063	19,254	3,191	20%	6
Contributions - non-monetary	45,000	36,329	(8,671)	(19%)	7
Share of net profit of associates	-	114	114	100%	8
Other income	2,964	3,444	480	16%	9
Total income	219,908	203,852	(16,056)	(7%)	
Expenses					
Employee costs	41,921	41,625	296	1%	
Materials and services	54,461	61,712	(7,251)	(13%)	10
Depreciation	26,746	26,299	447	2%	
Amortisation - intangible assets	255	135	120	47%	11
Amortisation - right of use assets	37	486	(449)	(1214%)	12
Bad and doubtful debts	201	204	(3)	(1%)	
Borrowing costs	1,740	1,756	(16)	(1%)	
Net loss on disposal of property, infrastructure, plant and equipment	-	1,740	(1,740)	(100%)	13
Finance costs - leases	5	145	(140)	(2800%)	14
Other expenses	2,477	1,422	1,055	43%	15
Total expenses	127,843	135,524	(7,681)	(6%)	
Surplus for the year	92,065	68,328	(23,737)	(26%)	
Less: Capital income and other abnormals	(94,812)	(71,900)	22,912	(24%)	
Add: Recurrent capital grants	2,161	2,493	332	15%	
Adjusted underlying result	(585)	(1,079)	(494)	84%	

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

1.1 Income and expenditure (Cont'd)
(i) Explanation of material variations

1	User fees	Rent and lease income was budgeted under user fees but the actuals are in the other income category in line with the better practice guidelines.
2	Grants - operating	Grants received in excess of budget in relation to the Victoria Grants Commission (VGC) general purpose grant, Enhanced Maternal & Child Health, and Community Recovery Fund. Unbudgeted grants have also been recognised, mainly for Working for Victoria and the Bunyip State Park bushfire in March 2019. The amount of operating grant income recognised has been reduced due to grants received in advance (refer to Note 5.3 (c)).
3	Grants - capital	Grant income is less than budget primarily due to the timing of the receipt of budgeted grants, including Sealing the Hills, Toomuc Reserve north and south pavilion upgrades, Rix Road and Timbertop integrated children's facilities, Officer District Park, and Officer intersection projects. These have been partly offset by unbudgeted capital grants recognised mainly for Princes Highway shared pathway and Comely Banks Recreation Reserve sports fields and car park projects. The amount of capital grant income recognised has been reduced due to grants received in advance (refer to Note 5.3 (c)).
4	Contributions - monetary	Monetary contributions exceed budget mainly due to an increase in native vegetation developer contributions.
5	Capital contributions - monetary	Capital monetary contributions exceed budget mainly due to unbudgeted contributions received for public toilet and unsealed roads projects.
6	Development levies - monetary	Public Open Space and Community Infrastructure levies exceed budget, but have been partly offset by Developer levies received under budget.
7	Contributions - non-monetary	Non-monetary contributions are under budget due to lower developer contributions. This includes developer contributions of roads, footpaths, drains, bridges, land and land under roads.
8	Share of net profit of associates	Share of surplus and distribution received from Casey Cardinia Library Corporation, which was unbudgeted (refer to Note 6.3).
9	Other income	Other income exceeds budget primarily due to rent and lease income received being budgeted in User Fees, as explained in note 1 above, and due to greater cost recovery income. These have been partly offset by reduced interest earned on investments due to lower interest rates.
10	Materials and services	Materials and services are over budget due to funded capital works, including community capital works and priority works, being expensed after not meeting the financial criteria to be recognised as assets. Contracts are under budget mainly in waste, parks & gardens as a result of COVID-19 impact. Other significant areas under budget include recreation reserve committee grants, COVID-19 grants, rates debt collection costs, organisational training and street lighting.
11	Amortisation - intangible assets	Lower amortisation expense in 2020-21 is due to disposal of intangible assets during 2019-20.
12	Amortisation - right of use assets	Higher amortisation expense in 2020-21 is due to both 2019-20 and 2020-21 additions of right of use assets in the waste and parks & gardens areas.
13	Net loss on disposal of property, infrastructure, plant and equipment	This item exceeds budget mainly due to the disposal of old infrastructure assets, such as roads, buildings, bridges, drains and footpaths, resulting from capital works undertaken during the year.
14	Finance costs - leases	This expense was budgeted in borrowing costs. As a requirement of the change in accounting standards it is disclosed separately.
15	Other expenses	The favourable variance is mainly due to expenses such as garbage program, internal audit and lease agreement been postponed due to COVID.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

1.2 Capital works

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
Property					
Land	14,383	5,739	8,644	60%	1
Total land	14,383	5,739	8,644	60%	
Buildings	32,870	11,352	21,518	65%	
Heritage buildings	-	10	(10)	-	
Building improvements	-	80	(80)	(100%)	
Total buildings	32,870	11,442	21,428	65%	2
Total property	47,253	17,181	30,072	64%	
Plant and equipment					
Plant, machinery and equipment	222	2,308	(2,086)	(940%)	3
Fixtures, fittings and furniture	35	181	(146)	(417%)	4
Computers and telecommunications	500	51	449	90%	5
Intangible assets	-	55	(55)	(100%)	6
Total plant and equipment	757	2,595	(1,838)	(243%)	
Infrastructure					
Roads	28,055	20,707	7,348	26%	7
Bridges	463	224	239	52%	8
Footpaths and cycleways	1,432	1,108	324	23%	9
Drainage	450	1,055	(605)	(134%)	10
Recreational, leisure and community facilities	4,444	8,851	(4,407)	(99%)	11
Parks, open space and streetscapes	1,085	-	1,085	100%	12
Off street car parks	849	258	591	70%	13
Other infrastructure	1,135	8	1,127	99%	14
Total infrastructure	37,913	32,211	5,702	15%	
Total capital works expenditure	85,923	51,987	33,936	39%	
Represented by:					
New asset expenditure	37,540	23,075	14,465	39%	15
Asset renewal expenditure	13,614	10,199	3,415	25%	16
Asset expansion expenditure	29,963	1,011	28,952	97%	17
Asset upgrade expenditure	4,806	17,702	(12,896)	(268%)	18
Total capital works expenditure	85,923	51,987	33,936	39%	

Budget amount includes capital budget for the year and any carried forward capital works that were deferred to 2020-21.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

1.2 Capital works (Cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Expenditure worth \$6.6m for McMullen road was phased in 2020-21 as a part of payment over three financial years, this was recognised as asset cost in 2019-20 as a part of settlement process, hence the favourable balance in current financial year.
2	Buildings	Council completed various significant projects such as Comely Banks Recreation reserve, Emerald Netball pavilion, universal facility upgrades at Beaconsfield and Officer, Koo Wee Rup netball pavilion upgrades. Council had to transfer expenditure worth \$4.4m to operating as the assets are not controlled by council. In addition, expenditure worth \$2.07m was transferred to operating expenditure as it didn't meet the asset capitalisation threshold. Council is expected to carryover \$15.45m worth of funds to 2021-22 to complete various building projects, which are underway such as Toomuc Reserve south and north oval, new Youth facility, Cora Lynn, Integrated Children's facility at Timbertop and Rix Rd.
3	Plant, machinery and equipment	Delivery for heavy fleet was delayed in 2019/20, resulting in carryover of budget, which was not captured at budget stage resulting in unfavourable variance. Funds allowed to carryover at end of financial year to allow to meet the purchasing obligations for the heavy fleet in 2020/21.
4	Fixtures, fittings and furniture	Part of the funds budgeted as a part of Furniture renewal program were realised as savings as the projects didn't proceed and some expenses were recognised as an operating expense.
5	Computers and telecommunications	Major item budgeted in this category did not meet the capitalisation criteria, thus resulting in being expensed to Comprehensive Income Statement for 2020-21.
6	Intangible assets	Software purchases were budgeted in computer and telecommunications.
7	Roads	Council delivered various road projects, with some of the project such as Kenilworth Avenue resulting in some savings. Some of the expenditure for road resealing, resheeting and renewals didn't meet the capitalisation threshold. Expenditure worth \$1.0m resulted in being transferred to operating expense. Works continue on sealing program and intersection upgrades, funds worth \$6.05m are expected to carryover to 2021-22 to deliver the ongoing commitments for these projects.
8	Bridges	Actual expenditure includes Tonimbuk Road and other bridge upgrades as per the Asset management plan. Remaining funds to be carryover to 2021-22.
9	Footpaths and cycleways	Item budgeted in this category did not meet the capitalisation criteria, thus resulting in being expensed to Comprehensive Income Statement.
10	Drainage	Actual expenditure includes works as part of Kenilworth Avenue worth \$0.42m was budgeted as Roads. Expenditure worth \$0.1m for Comely Banks Rec reserve was budgeted under buildings.
11	Recreational, leisure and community facilities	Expenditure for Comely Banks Reserve sports fields ahead of the budget phasing, this resulted in the funds utilising the budget allocation in 2021-22. Project will have a negative carryover of expenditure in 2020-21 to reflect the usage of funds from future year. In addition works budgeted as Parks, open space and streetscapes have been capitalised as Recreational assets.
12	Parks, open space and streetscapes	Capital works budgeted as Parks, open space and streetscapes were capitalised as Recreational, leisure and community facilities.
13	Off street car parks	Worrell Reserve car park delayed, to be delivered in 2021-22 resulting in carryover of funds from current year.
14	Other infrastructure	Cochrane Park station platform works recognised as expenditure in Recreational asset class in line with expenditure type.
15	New asset expenditure	Land purchase payment for McMullen road recognised as expenditure in 2019-20, expenditure delay for new Integrated children facilities at Timbertop and Rix Road further added to the favourable variance. This was subsidised by works for Comely Road sports field brought ahead of schedule.
16	Asset renewal expenditure	Part of the building renewal program for works at Cora Lynn, Beaconsfield reserve, Pakenham Tennis Club and Cockatoo cottages will be carryover to 2021-22. Expenditure for road renewal and building renewals, which did not meet the capitalisation threshold was charged as expenditure to Comprehensive Income Statement.
17	Asset expansion expenditure	Building upgrade works for Toomuc North and South will be carryover to 2021-22.
18	Asset upgrade expenditure	Some of the major projects such as Toomuc reserve, works at Koo Wee Rup pavilion budget will be carried over. Expenditure for road sealing program, off street car park, intersections upgrade will be carried over to 2021-22 as well.

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Chief Executive Officer

This group is responsible for leading the organisation and includes Cardinia's corporate management expenses including salaries, corporate memberships and corporate legal and consultancy fees. Income and expenditure related to the Bunyip Bushfires were captured within this group to accurately account for the additional out of budget expenses of this emergency event.

Infrastructure and Environment

The Infrastructure and Environment Group is dedicated to making Cardinia Shire a sustainable, safe and enjoyable place to live both now and in the future. The group is responsible for the management and construction of new infrastructure and the maintenance of existing assets, engineering services, waste and development services areas. It focuses on the shire's heritage, natural environment, energy and climate change, sustainable waste services, and development. The Operations Service Team within the Group ensures a continued management and maintenance focus on the shire's extensive roads, drainage, trees and parks and gardens assets.

Liveable Communities

The Liveable Communities Group comprises the four business units of Planning & Design, Community & Family Services, Active & Connected Communities and Future Communities. The group seeks to create sustainable and liveable communities for current and future residents of the shire. It works proactively and collaboratively with the community, external agencies and stakeholders to be key change agents, whilst empowering the community and balancing competing objectives of all stakeholders to achieve a common goal.

Governance, Facilities and Economy

The Governance, Economy and Facilities Group contains the functions of Governance, Arts, Economy & Advocacy, Buildings & Facilities, Regulatory Services & Emergency Management and Risk & Safety. The group is focussed on delivering strong governance throughout our organisation, delivering prosperous economies, sustainable job growth and a vibrant arts culture. It focuses on building community resilience, ensuring a safe environment for our staff and our community and the creation of high quality liveable spaces and places for the community of Cardinia Shire.

Customer, People & Performance

The Customer, People and Performance Group aspires to support effective and innovative service outcomes to the Cardinia community through several internal operational support and service functions. People and Culture supports the culture, learning and development of the organisation and people resources. Customer and Service Improvement is the face of interaction with the community, and focus on improving, enhancing and reporting service delivery. Finance supports the long term financial sustainability of Council through the development of financial and rating plans, ensures adherence to procurement policies and legislative financial reporting requirements, and is responsible for the administration of Council Rates. Information Services provides the technology and knowledge management tools to meet the functional, security and legislated requirements to deliver these services, whilst Communications focuses on effectively informing, celebrating and promoting the work of Council so that our community is able to access the information it needs.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

2 (b) 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
2021					
Chief Executive Officer	-	519	(519)	-	-
Infrastructure & Environment	38,562	68,674	(30,112)	19,661	805,674
Liveable Communities	29,320	22,593	6,727	3,819	56,558
Governance, Facilities and Economy	4,369	25,721	(21,352)	963	1,222,702
Customer, People & Performance	131,601	18,017	113,584	12,535	102,986
	203,852	135,524	68,328	36,978	2,187,920

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Chief Executive Officer	2,545	3,575	(1,030)	2,544	-
Infrastructure & Environment	67,828	84,968	(17,140)	23,452	1,002,278
Liveable Communities	4,958	22,235	(17,277)	1,624	50,561
Office of the CEO	128,867	10,552	118,315	9,120	879,794
Customer, People & Performance	247	10,344	(10,097)	64	-
	204,445	131,674	72,771	36,804	1,932,633

There was a change in the organisational structure effective 28 June 2021. Some of the major changes are as listed below:

- Office of the CEO Group is renamed Governance, Facilities & Economy Group.
- Finance business unit, including the rates function, was moved from Governance, Facilities and Economy (previously Office of the CEO) to the Customer, People & Performance Group.
- Building & Facilities business unit was moved from Infrastructure & Environment to Governance, Facilities & Economy Group.

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

Note 3 Funding for the delivery of our services	2021	2020
3.1 Rates and charges	\$'000	\$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the market value as determined by the Municipal Valuer as at 1 January 2020.

The valuation base used to calculate general rates for 2020/21 was \$27,480 million (2019/20 was \$26,430 million). The 2020/21 rate in the CIV dollar was 00.002812 (2019/20 was 0.002777).

General rates	82,761	79,743
Waste management charge	16,085	15,040
Supplementary rates and rate adjustments	1,358	613
Interest on rates and charges	24	433
Cultural and recreational	81	78
Total rates and charges	100,309	95,907

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation was first applied in the rating year commencing 1 July 2020.

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

3.2 Statutory fees and fines

Infringements and costs	311	435
Statutory registration fees	1,144	1,204
Court recoveries	54	55
Town planning fees	1,186	895
Land information certificates	182	145
Permits	1,406	1,330
Total statutory fees and fines	4,283	4,064

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.

3.3 User fees

Leisure centre and recreation	975	1,001
Child care/children's programs	248	561
Parking	38	29
Registration and other permits	770	639
Building services	256	221
Other fees and charges	46	55
Total user fees	2,333	2,506
User fees by timing of revenue recognition		
User fees recognised at a point in time	2,333	2,506
Total user fees	2,333	2,506

User fees are recognised as revenue at a point in time.

3.4 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	23,430	18,783
State funded grants	13,548	18,021
Total grants received	36,978	36,804

CARDINIA SHIRE COUNCIL
2020/21 Financial ReportNotes to the Financial Report
For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
3.4 Funding from other levels of government (Cont'd)		
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	11,665	11,017
Community health	37	38
<i>Recurrent - State Government</i>		
School crossing supervisors	447	432
Maternal and child health	1,884	1,181
Recreation	80	54
Community safety	192	-
Best start	131	69
Community health	187	71
Disability	12	61
Emergency management	173	60
Environment and heritage	396	749
Family and children	304	195
Local infrastructure	85	-
Total recurrent operating grants	15,593	13,927
<i>Non-recurrent - Commonwealth Government</i>		
Local infrastructure	741	-
<i>Non-recurrent - State Government</i>		
Local infrastructure	1,839	2,652
Community Health	11	-
Environment & Heritage	65	-
Working for Victoria	2,700	-
Total non-recurrent operating grants	5,356	2,652
Total operating grants	20,949	16,579
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grant	802	814
Roads to recovery	1,691	1,691
Total recurrent capital grants	2,493	2,505
<i>Non-recurrent - Commonwealth Government</i>		
Local infrastructure	7,491	2,983
Recreation	1,003	2,240
<i>Non-recurrent - State Government</i>		
Local infrastructure	3,392	10,202
Recreation	1,650	2,295
Total non-recurrent capital grants	13,536	17,720
Total capital grants	16,029	20,225
Total operating and capital grants	36,978	36,804
(c) Unspent grants received on condition that they be spent in a specific manner		
<i>Operating</i>		
Balance at start of year	5,752	2,114
Received during the financial year and remained unspent at balance date	1,285	5,752
Received in prior years and spent during the financial year	(5,703)	(2,114)
Balance at year end	1,334	5,752
<i>Capital</i>		
Balance at start of year	12,064	7,524
Received during the financial year and remained unspent at balance date	2,198	12,064
Received in prior years and spent during the financial year	(4,704)	(7,524)
Balance at year end	9,558	12,064
Total Unspent grants at year end	10,892	17,816

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

CARDINIA SHIRE COUNCIL
2020/21 Financial Report

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

	2021 \$'000	2020 \$'000
3.5 Contributions		
Monetary	20,062	18,346
Non-monetary	36,329	40,133
Total contributions	56,391	58,479
<i>Contributions of non-monetary assets were received in relation to the following asset classes.</i>		
Land	9,705	7,596
Buildings	595	3,376
Roads	11,313	9,551
Other infrastructure	16,542	18,404
Other	10	8
Total non-monetary contributions	38,165	38,935

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

3.6 Net loss on disposal of property, infrastructure, plant and equipment

(a) Assets held for sale

Proceeds from sale of assets held for sale	525	-
Written down value of assets held for sale	(509)	-
Total net profit on disposal of assets held for sale	16	-

(b) Property, infrastructure and plant and equipment

Proceeds of sale	299	360
Written down value of assets disposed	(2,055)	(1,258)
Total net loss on disposal of property, infrastructure, plant and equipment	(1,756)	(898)

Total net loss on disposal of assets held for sale and property, infrastructure, plant and equipment

(1,740) (898)

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

3.7 Net gain on asset revaluation

Off street car parks	-	782
Total net gain on asset revaluation	-	782

Net gain on asset revaluation recognised in profit and loss to reverse prior year losses, in line with AASB 116.

3.8 Other income

Interest	471	1,387
Cost recoveries	1,890	3,507
Other rent	475	529
Net assets impairment reversal	30	55
Other	578	390
Total other income	3,444	5,868

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.

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	37,029	36,604
WorkCover	681	716
Superannuation	3,540	3,273
Fringe benefits tax	354	380
Other	21	40
Total employee costs	41,625	41,013

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	2021 \$'000	2020 \$'000
4.1 (b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	135	146
	<u>135</u>	<u>146</u>
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,405	3,127
	<u>3,405</u>	<u>3,127</u>
Employer contributions payable at reporting date.	-	165
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
4.2 Materials and services		
Contract payments		
- Waste and garbage contracts	14,614	13,811
- Parks and gardens contracts	4,256	4,750
- Library contract	2,227	2,165
- Other contracts	7,215	6,426
Building maintenance	243	216
General maintenance	5,345	4,083
Utilities	2,462	2,681
Office administration	130	122
Information technology	2,011	1,941
Insurance	980	942
Consultants	1,524	1,361
Materials and services	18,414	18,612
Contractors & temp staff	988	2,307
Volunteer services	265	910
Legal	975	642
Cost recoveries	63	2
Total materials and services	<u>61,712</u>	<u>60,971</u>
4.3 Depreciation		
Property	6,187	5,863
Plant and equipment	1,955	1,811
Infrastructure	18,157	17,006
Total depreciation	<u>26,299</u>	<u>24,680</u>
4.4 Amortisation - Intangible assets		
Software	135	205
Total Amortisation - Intangible assets	<u>135</u>	<u>205</u>
4.5 Amortisation - Right of use assets		
Property	486	71
Total Amortisation - Right of use assets	<u>486</u>	<u>71</u>

Refer to note 5.2 (c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

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	2021 \$'000	2020 \$'000
4.6 Bad and doubtful debts		
Local law debtors	103	192
Other debtors	101	141
Total bad and doubtful debts	204	333

Movement in provisions for doubtful debts

Balance at the beginning of the year	(272)	(138)
New provisions recognised during the year	(106)	(163)
Amounts already provided for and written off as uncollectible	84	2
Amounts provided for but recovered during the year	83	27
Balance at end of year	(211)	(272)

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.

4.7 Borrowing costs

Interest - Borrowings	1,548	1,933
Bank charges	208	202
Total borrowing costs	1,756	2,135

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

Interest - Lease Liabilities	145	23
Total finance costs	145	23

4.9 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	73	72
Auditors' remuneration - Internal	26	119
Councillors' allowances	296	318
Other	1,027	836
Total other expenses	1,422	1,345

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	1	1
Cash at bank	20,071	15,247
Term deposits - Council	-	43,500
Term deposits - Developer contribution plans	13,500	33,000
Total cash and cash equivalents	33,572	91,748

(b) Other financial assets

Term deposits - Council	49,500	2,000
Term deposits - Developer contribution plans	23,500	10,000
Total other financial assets	73,000	12,000
Total financial assets *	106,572	103,748

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5.1 Financial assets (Cont'd)	2021 \$'000	2020 \$'000
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 5.3 (b))	10,164	11,175
- Developer contribution levy (Note 9.1 (b))	50,812	52,105
Total restricted funds *	<u>60,976</u>	<u>63,280</u>
Total unrestricted cash and cash equivalents	<u>(27,404)</u>	<u>28,468</u>

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- Cash held to fund carried forward capital works	23,334	25,025
- Unspent grants (Note 3.4 (c))	10,892	17,816
- Other allocations not subject to external restrictions	918	964
Total funds subject to intended allocations *	<u>35,144</u>	<u>43,805</u>

* Total financial assets of \$107 million is sufficient to cover the restricted funds of \$61 million and the intended allocations of \$35 million. Some funds are held in term deposits greater than 3 months as it is highly unlikely that settlement of all restricted funds and intended allocations will be required within the next twelve months.

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 3 months or less, net of outstanding bank overdrafts.

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

(c) Trade and other receivables**Current***Statutory receivables*

Rates debtors	14,410	14,284
Infringement debtors	171	140
Net GST receivable	1,834	1,739
Provision for doubtful debts - infringements	(72)	(20)
Developer contribution plan debtors	3,946	5,106

Non statutory receivables

Other debtors	3,488	2,954
Provision for doubtful debts - other debtors	(139)	(252)

Total current trade and other receivables

23,638	23,951
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Non-current*Statutory receivables*

Special rate scheme	4,012	4,771
Developer contribution plan debtors	11,665	7,796

Non statutory receivables

Bonds	108	91
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Total non-current trade and other receivables

15,785	12,658
---------------	---------------

Total trade and other receivables

39,423	36,609
---------------	---------------

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.

(d) Ageing of Receivables

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

Current (not yet due)	1,536	1,094
Past due by up to 30 days	170	206
Past due between 31 and 180 days	1,027	1,207
Past due between 181 and 365 days	666	381
Past due by more than 1 year	89	66
Total trade and other receivables	3,488	2,954

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

	2021 \$'000	2020 \$'000
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5.1 Trade and other receivables (Cont'd)

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$211,318 (2020: \$272,291) were impaired. The amount of the provision raised against these debtors was \$211,318 (2020: \$272,291). 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:

Past due by up to 30 days	4	7
Past due between 31 and 180 days	47	19
Past due between 181 and 365 days	19	180
Past due by more than 1 year	141	66
Total trade & other receivables	211	272

5.2 Non-financial assets

(a) Inventories

Inventories held for distribution	8	11
Total inventories	8	11

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

(b) Other assets

Prepayments	1,123	1,184
Accrued income	2,129	310
Deposits on asset purchases	1,619	1,381
Total other assets	4,871	2,875

(c) Intangible assets

Software	297	377
Total intangible assets	297	377

Software
\$'000

Gross carrying amount

Balance at 1 July 2020	2,188
Additions from internal developments	-
Other additions	-
Disposals	-
Balance at 30 June 2021	2,188

Accumulated amortisation and impairment

Balance at 1 July 2020	1,891
Amortisation expense	135
Disposals	-
Balance at 30 June 2021	2,026

Work in progress at 30 June 2020	80
Work in progress at 30 June 2021	135

Net book value at 30 June 2020	377
Net book value at 30 June 2021	297

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.

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	2021 \$'000	2020 \$'000
5.3 Payables		
(a) Trade and other payables		
Trade payables	11,135	6,359
Accrued expenses	3,245	6,024
Other payables - purchase of land	10,058	8,558
Total current trade and other payables	24,438	20,941
Non-Current		
Trade payables	10,403	11,254
Other payables - purchase of land	1,054	8,558
Total non-current trade and other payables	11,457	19,812
Total trade and other payables	35,895	40,753
(b) Trust funds and deposits		
Refundable deposits	9,729	10,314
Fire services levy	117	504
Retention	-	18
Sustainable Australia Fund	59	80
Other refundable deposits	259	259
Total trust funds and deposits	10,164	11,175
(c) Unearned income		
Grants received in advance - operating	1,206	1,332
Grants received in advance - capital	5,182	878
Developer levies raised in advance	8,349	5,365
Other	1,685	1,358
Total unearned income	16,422	8,933

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

Unclaimed bonds are forwarded to the State Revenue Office as unclaimed monies when Council cannot identify or make contact with the owner.

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 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.

5.4 Interest-bearing liabilities

Current		
Borrowings - secured	11,350	12,317
	11,350	12,317
Non-current		
Borrowings - secured	16,889	20,242
	16,889	20,242
Total	28,239	32,559

Borrowings are secured by Deed of Charge over general rates.

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

Not later than one year	11,350	12,317
Later than one year and not later than five years	10,463	11,098
Later than five years	6,426	9,144
	28,239	32,559

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Notes to the Financial Report
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5.4 Interest-bearing liabilities (Cont'd)

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 the 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. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

	2021 \$ '000	2020 \$ '000
5.5 Provisions		
Balance at beginning of the financial year	9,555	8,351
Additional provisions	3,852	4,286
Amounts used	(3,559)	(3,377)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(38)	295
Balance at the end of the financial year	9,810	9,555
Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	3,794	3,501
Long service leave	1,082	1,027
Sick leave bonus/gratuity	42	49
	4,918	4,577
Current provisions expected to be wholly settled after 12 months		
Long service leave	3,847	3,799
	3,847	3,799
Total current employee provisions	8,765	8,376
Non-current		
Long service leave	1,045	1,179
Total non-current employee provisions	1,045	1,179
Aggregate carrying amount of employee provisions:		
Current	8,765	8,376
Non-current	1,045	1,179
Total aggregate carrying amount of employee	9,810	9,555

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

Wages and salaries and annual leave

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

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

Long service leave

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

Key assumptions:

- discount rate *	1.49%	0.87%
- wage inflation rate*	2.95%	4.25%

* Source: Department of Treasury and Finance (issued 1 July 2021).

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	2021	2020
	\$'000	\$'000
5.6 Financing arrangements		
The Council has the following funding arrangements in place as at 30 June 2021.		
Bank overdraft	2,000	2,000
Transaction negotiation authority	1,000	1,000
Credit card facilities	400	400
Lease facilities	5,501	1,978
Bank loan facilities	28,239	32,556
Total facilities	37,140	37,934
Used facilities	33,779	34,554
Unused facilities	3,361	3,380

5.7 Commitments

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

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2021	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	3,165	2,252	2,571	1,363	9,351
Garbage collection	13,575	14,658	30,907	9,030	68,170
Open space management	5,311	5,736	12,886	-	23,933
Consultancies	1,597	-	-	-	1,597
Cleaning contracts for council buildings	73	-	-	-	73
Casey Cardinia Library funding	2,276	-	-	-	2,276
Facilities management	236	-	-	-	236
Maintenance	1,916	141	-	-	2,057
Health	1,681	-	-	-	1,681
Utility	590	-	-	-	590
Other	1,616	1,103	-	-	2,719
Total	32,036	23,890	46,364	10,393	112,683
Capital					
Buildings	13,635	-	-	-	13,635
Roads	5,190	-	-	-	5,190
Drainage	1,683	6,045	-	-	7,728
Land	5,365	-	-	-	5,365
Total	25,873	6,045	-	-	31,918

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5.7 Commitments (Cont'd)

2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	6,815	4,221	9,311	13,149	33,496
Garbage collection	9,132	8,411	10,445	14,272	42,260
Open space management	7,243	7,767	17,109	-	32,119
Consultancies	1,975	549	1,131	583	4,238
Cleaning contracts for council buildings	901	910	1,847	937	4,595
Casey Cardinia Library funding	2,414	-	-	-	2,414
Facilities management	429	423	874	-	1,726
Maintenance	1,551	-	-	-	1,551
Health	1,923	1,945	137	-	4,005
Utility	1,400	-	-	-	1,400
Other	3,259	935	1,577	141	5,912
Total	37,042	25,161	42,431	29,082	133,716
Capital					
Buildings	8,385	-	-	-	8,385
Roads	3,453	-	-	-	3,453
Drainage	1,603	6,005	-	-	7,608
Land	239	-	-	-	239
Total	13,680	6,005	-	-	19,685

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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 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.

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

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

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

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

Right-of-Use Assets	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 July 2020	64	1,903	1,967
Additions	-	3,941	3,941
Amortisation charge	(17)	(469)	(486)
Balance at 30 June 2021	47	5,375	5,422
Balance at 1 July 2019	59	-	59
Additions	22	1,957	1,979
Amortisation charge	(17)	(54)	(71)
Balance at 30 June 2020	64	1,903	1,967
Lease Liabilities		2021	2020
Maturity analysis - contractual undiscounted cash flows		\$'000	\$'000
Less than one year		676	213
One to five years		2,659	825
More than five years		3,001	1,306
Total undiscounted lease liabilities as at 30 June:		6,336	2,344
Lease liabilities included in the Balance Sheet at 30 June:			
Current		520	154
Non-current		4,981	1,824
Total lease liabilities		5,501	1,978

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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.

	2021 \$'000	2020 \$'000
Expenses relating to:		
Short-term leases	52	116
Leases of low value assets	181	189
Total	233	305
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	239	286
Later than one year but not later than five years	335	434
Total lease commitments	574	720

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Held at carrying value	500	3,019
Total non current assets classified as held for sale	500	3,019

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.

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6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020	Prior year adjustments	Additions	Contributions	Revaluation	Depreciation	Disposal	Impairment	Write-off	Transfers from held for sale	Transfers	At Fair Value 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'001	\$'000	\$'000	\$'000	\$'000
Property	1,008,154	-	9,711	10,300	175,412	(6,187)	(864)	18	-	2,010	6,844	1,205,398
Plant and equipment	7,685	-	2,540	10	-	(1,955)	(22)	-	-	-	-	8,258
Infrastructure	734,255	4,605	9,360	23,595	5,864	(18,157)	(1,169)	12	-	-	14,629	772,994
Work in progress	32,567	-	30,321	4,260	-	-	-	-	(2,978)	-	(21,473)	42,697
	1,782,661	4,605	51,932	38,165	181,276	(26,299)	(2,055)	30	(2,978)	2,010	-	2,029,347

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Contributions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	9,565	7,470	-	(917)	(6,526)	9,592
Infrastructure	23,002	22,851	4,260	(2,061)	(14,947)	33,105
Total	32,567	30,321	4,260	(2,978)	(21,473)	42,697

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6.2 Property, infrastructure, plant and equipment (Cont'd)

(a) Property

	Land - specialised	Land - non specialised	Total Land and Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Building improvements	Leasehold improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	450,034	331,312	781,346	7,519	283,547	20,474	27,182	3,933	342,655	9,565	1,133,566
Accumulated depreciation at 1 July 2020	-	-	-	(5,813)	(94,479)	(8,335)	(7,140)	(80)	(115,847)	-	(115,847)
	450,034	331,312	781,346	1,706	189,068	12,139	20,042	3,853	226,808	9,565	1,017,719
Movements in fair value											
Additions	4,932	807	5,739	10	3,776	106	80	-	3,972	7,470	17,181
Contributions	9,455	250	9,705	-	584	-	11	-	595	-	10,300
Revaluation	154,192	12,759	166,951	196	8,810	297	1,106	85	10,494	-	177,445
Disposal	-	-	-	-	(2,368)	-	-	-	(2,368)	-	(2,368)
Write-off	-	-	-	-	-	-	-	-	-	(917)	(917)
Transfers from assets held for sale	-	2,010	2,010	-	-	-	-	-	-	-	2,010
Transfers	273,392	(273,332)	60	4	5,754	1,018	8	-	6,784	(6,526)	318
Impairment losses recognised in operating result	-	-	-	-	18	-	-	-	18	-	18
	441,971	(257,506)	184,465	210	16,574	1,421	1,205	85	19,495	27	203,987
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	(96)	(4,310)	(340)	(1,384)	(57)	(6,187)	-	(6,187)
Revaluation	-	-	-	211	(2,158)	(49)	(39)	2	(2,033)	-	(2,033)
Accumulated depreciation of disposals	-	-	-	-	1,504	-	-	-	1,504	-	1,504
Transfers	-	-	-	-	1,654	(1,654)	-	-	-	-	-
	-	-	-	115	(3,310)	(2,043)	(1,423)	(55)	(6,716)	-	(6,716)
At fair value 30 June 2021	892,005	73,806	965,811	7,729	300,121	21,895	28,387	4,018	362,150	9,592	1,337,553
Accumulated depreciation at 30 June 2021	-	-	-	(5,698)	(97,789)	(10,378)	(8,563)	(135)	(122,563)	-	(122,563)
	892,005	73,806	965,811	2,031	202,332	11,517	19,824	3,883	239,587	9,592	1,214,990

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For the Year Ended 30 June 2021

6.2 Property, infrastructure, plant and equipment (Cont'd)

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	12,958	2,926	1,984	-	17,868
Accumulated depreciation at 1 July 2020	(6,969)	(1,915)	(1,299)	-	(10,183)
	5,989	1,011	685	-	7,685
Movements in fair value					
Additions	2,308	181	51	-	2,540
Contributions	10	-	-	-	10
Disposal	(805)	-	-	-	(805)
	1,513	181	51	-	1,745
Movements in accumulated depreciation					
Depreciation and amortisation	(1,608)	(143)	(204)	-	(1,955)
Accumulated depreciation of disposals	783	-	-	-	783
	(825)	(143)	(204)	-	(1,172)
At fair value 30 June 2021	14,471	3,107	2,035	-	19,613
Accumulated depreciation at 30 June 2021	(7,794)	(2,058)	(1,503)	-	(11,355)
	6,677	1,049	532	-	8,258

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Notes to the Financial Report
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6.2 Property, infrastructure, plant and equipment (Cont'd)

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	414,155	93,632	106,198	275,569	64,035	14,616	1,706	23,002	992,913
Accumulated depreciation at 1 July 2020	(115,923)	(31,350)	(21,975)	(40,869)	(21,771)	(3,358)	(410)	-	(235,656)
	298,232	62,282	84,223	234,700	42,264	11,258	1,296	23,002	757,257
Movements in fair value									
Additions	7,398	121	504	747	533	57	-	22,851	32,211
Prior year adjustment	48	98	358	5,106	559	-	-	-	6,169
Contributions	11,313	-	2,875	9,359	48	-	-	4,260	27,855
Revaluation	-	9,400	-	-	-	-	-	-	9,400
Disposal	(3,028)	(106)	(69)	(128)	(253)	-	-	-	(3,584)
Write-off	-	-	-	-	-	-	-	(2,061)	(2,061)
Transfers	5,416	630	2,179	2,789	2,890	462	263	(14,947)	(318)
Impairment losses recognised in operating result	-	-	-	-	12	-	-	-	12
	21,147	10,143	5,847	17,873	3,789	519	263	10,103	69,684
Movements in accumulated depreciation									
Depreciation and amortisation	(9,843)	(1,048)	(2,134)	(2,966)	(1,795)	(313)	(58)	-	(18,157)
Prior year adjustment	(11)	(19)	(129)	(1,229)	(176)	-	-	-	(1,564)
Revaluation	-	(3,536)	-	-	-	-	-	-	(3,536)
Accumulated depreciation of disposals	2,135	57	26	24	173	-	-	-	2,415
	(7,719)	(4,546)	(2,237)	(4,171)	(1,798)	(313)	(58)	-	(20,842)
At fair value 30 June 2021	435,302	103,775	112,045	293,442	67,824	15,135	1,969	33,105	1,062,597
Accumulated depreciation at 30 June 2021	(123,642)	(35,896)	(24,212)	(45,040)	(23,569)	(3,671)	(468)	-	(256,498)
	311,660	67,879	87,833	248,402	44,255	11,464	1,501	33,105	806,099

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

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 have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	-
land improvements	-	10
Buildings		
buildings	10 - 200 years	10
building and leasehold improvements	10 - 100 years	10
Plant and Equipment		
plant, machinery and equipment	5 - 15 years	5
others	3 - 15 years	5
Infrastructure		
roads - pavements and substructure	10 - 70 years	10
roads - kerb, channel and minor culverts and other	10 - 70 years	10
roads - formation and earthworks	-	10
footpaths	10 - 50 years	10
bridges - deck and substructure	20 - 100 years	10
drainage	25 - 100 years	10
others	5 - 100 years	10
Intangible assets	5 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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. At balance date, leasehold improvements are amortised over a 30 year period.

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2021

6.2 Property, infrastructure, plant and equipment (Cont'd)

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Jesse Andrewartha AAPI, Certified Practising Valuer 108176 from Westlink Consulting. 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.

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

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

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted for land in the current year, with valuation being based on an average increase of 20.9% in value of land in the Cardinia Shire. A full revaluation of these assets will be conducted in 2021/22.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land - specialised	-	-	892,005	Jun 2021
Land - non specialised	-	73,806	-	Jun 2021
Heritage buildings	-	-	2,031	Feb 2021
Buildings - non specialised	-	-	202,332	Feb 2021
Buildings - specialised	-	-	11,517	Feb 2021
Building improvements	-	-	19,824	Feb 2021
Leasehold improvements	-	-	3,883	Feb 2021
Total	-	73,806	1,131,592	

Valuation of infrastructure

Valuation of infrastructure assets has been performed by Council's Strategic Asset Management Officer who has a Bachelor of Engineering (BEng (hons)) with over 10 years of local government engineering experience including managing asset data, asset management systems and undertaking valuations/revaluations of non-current assets. It has also been reviewed by Council's Asset Management Coordinator who is a qualified Civil Engineer (Pr. Eng) and qualified Accountant (CPA) with more than 20 years of combined experience in infrastructure construction, estimating, engineering designs, tendering, contract management, asset valuations and financial and management reporting.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	311,660	April 2020
Bridges	-	-	67,879	April 2021
Footpaths and cycleways	-	-	87,833	April 2020
Drainage	-	-	248,402	April 2019
Recreational, leisure and community facilities	-	-	44,255	April 2019
Off street car parks	-	-	11,464	April 2020
Total	-	-	771,493	

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 20% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$13,057 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 and ranges from \$375 to \$5,884 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 65 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 1 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.

	2021	2020
Reconciliation of specialised land	\$'000	\$'000
Land under roads	252,098	204,344
Parks and reserves	639,907	245,690
Total specialised land	892,005	450,034

CARDINIA SHIRE COUNCIL
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	2021 \$'000	2020 \$'000
6.3 Investments in associates, joint arrangements and subsidiaries		
Investments in associates		
Casey Cardinia Library Corporation	1,480	1,366
	1,480	1,366
Casey Cardinia Library Corporation		
<i>Background</i>		
Library service run by City of Casey and Cardinia Shire Council. Cardinia Shire has equity in the library. The equity for 2020/21 (based on the unaudited library statements) is 25.77% (2019/20 was 25.88%).	1,480	1,366
Fair value of Council's investment in Casey Cardinia Library Corporation	1,480	1,366
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	829	794
Reported surplus(deficit) for year	71	51
Distributions for the year	43	(16)
Council's share of accumulated surplus at end of year	943	829
Council's share of reserves		
Council's share of reserves at start of year	537	537
Council's share of reserves at end of year	537	537
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,366	1,331
Share of surplus(deficit) for year	71	51
Distributions received	43	(16)
Carrying value of investment at end of year	1,480	1,366
Council's share of expenditure commitments		
Operating commitments	50	49
Council's share of expenditure commitments	50	49

Significant restrictions

The Casey Cardinia Library Corporation (CCLC) operated under a Regional Library Agreement that has been prepared in accordance with s.196 of the *Local Government Act 1989*, approved by the Minister for Local Government, and executed by the Casey and Cardinia Councils. The CCLC exists as an independent Local Government entity, subject to most of the same requirements of a Council under the *Local Government Act 1989*. The CCLC is governed by a Board of Councillors and Officers from the member councils, and is managed by a board appointed Chief Executive Officer.

The Regional Library Agreement does not allow for the payment of dividends to the Member Councils, and only considers the transfers of assets (and liabilities) in the case of the dissolution of the agreement or the exit of one of the parties.

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
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Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Cardinia Shire Council

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

(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:

Councillors

Cr Brett Owen	(Mayor from 23 November 2020)
Cr Jeff Springfield	(Deputy Mayor from 23 November 2020, Mayor until 24 October 2020)
Cr Graeme Moore	(Deputy Mayor until 24 October 2020)
Cr Ray Brown	(Deceased 16 April 2021)
Cr Leticia Wilmot	(Councillor until 24 October 2020)
Cr Jodie Owen	(Councillor until 24 October 2020)
Cr Michael Schilling	(Councillor until 24 October 2020)
Cr Stephanie Davies	(Councillor from 19 November 2020)
Cr Jack Kowarzik	(Councillor from 19 November 2020)
Cr Tammy Radford	(Councillor from 19 November 2020)
Cr Collin Ross	
Cr Carol Ryan	

Chief Executive Officer and General Managers

Carol Jeffs	(Chief Executive Officer)
Jenny Scicluna	(General Manager - Customer, People and Performance)
Peter Benazic	(General Manager - Infrastructure and Environment)
Tracey Parker	(General Manager - Liveable Communities to 29 November 2020)
Nigel Higgins	(General Manager - Liveable Communities from 30 November 2020 to 21 May 2021)
Tom McQualter	(Executive Manager - Office of the CEO to 21 December 2020)

Managers acted as General Managers during position vacancy and backfill periods

Debbie Tyson	(Acting Executive Manager - Office of the CEO from 4 January 2021 to 27 June 2021)
Debbie Tyson	(General Manager - Governance, Facilities and Economy from 28 June 2021)
Luke Connell	(Acting General Manager - Liveable Communities from 31 May 2021)

	2021	2020
	No.	No.
Total Number of Councillors	12	9
Total of Chief Executive Officer and other Key Management Personnel	8	5
Total Number of Key Management Personnel	20	14

Total number of Key Management Personnel include all personnel in the roles during the financial year. Since 2021 was an election year, there were three new councillors who were elected and three vacant General Manager positions which were filled by managers which resulted in an increase in the number.

(c) Remuneration of Key Management Personnel	2021	2020
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,539	1,640
Long-term benefits	151	31
Post employment benefits	110	116
Termination benefits	5	-
Total	1,805	1,787

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Notes to the Financial Report
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Note 7 People and relationships (Cont'd)

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

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

	2021	2020
	No.	No.
\$0 - \$9,999	3	-
\$10,000 - \$19,999	4	-
\$20,000 - \$29,999	4	7
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	1
\$90,000 - \$99,999	1	-
\$110,000 - \$119,999	2	-
\$210,000 - \$219,999	-	1
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	2	2
\$320,000 - \$329,999	-	1
\$360,000 - \$369,999	1	-
\$370,000 - \$379,999	-	1
	20	14

(d) Senior Officer Remuneration

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

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

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

	2021	2020
	No.	No.
Income Range:		
< \$151,000 *	2	-
\$151,000 - \$159,999	10	2
\$160,000 - \$169,999	6	11
\$170,000 - \$179,999	4	3
\$180,000 - \$189,999	6	5
\$190,000 - \$199,999	-	6
\$200,000 - \$209,999	2	1
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999*	-	1
	30	30

	2021	2020
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	5,031	5,389

* During 2020-21, several managers acted as General Managers when General Manager positions were vacant. Therefore, their acting period remuneration is displayed under Key Management Personnel section.

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties.

Provision of Library Services by the Casey Cardinia Library Corporation, in accordance with the Regional Library Agreement	2,227	2,165
Provision of a Mobile Library bus to the Casey Cardinia Library Corporation	36	35
	2,263	2,200

(b) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to Casey Cardinia Library Corporation (refer Note 5.7)

	2,276	2,414
	2,276	2,414

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
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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

The Council has entered into commercial property leases on its property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

	2021	2020
	\$'000	\$'000
Not later than one year	573	524
Later than one year and not later than five years	657	1,065
Later than five years	2,692	2,596
	3,922	4,185

(b) Contingent liabilities

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Cardinia Shire Council has not paid unfunded liability payments to Vision Super during 2020/21. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021. At this point in time it is not known if additional contributions will be required, their timing or potential amount. Details of the circumstances which may result in the need to make additional contributions are explained in Note 9.3.

Landfill

Council carries out site rehabilitation works on an EPA licensed landfill site, the Nar Nar Goon landfill (570 Bald Hill Road, Pakenham VIC 3810), that was closed on 5 July 2001. At balance date Council has assessed that the provision required for ongoing site rehabilitation, monitoring and aftercare costs are not material.

Building cladding

Council is aware of buildings that contain cladding. Assessments have been performed and not considered as high risk. Further review of buildings would occur only as directed by the Victorian Building Authority.

Liability Mutual Insurance

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

MAV Workcare

In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year self-insurance licence allowing it to provide workers' compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV.

In accordance with the Authority's decision not to renew the MAV's self-insurance licence, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority.

Council was a participant of the MAV WorkCare Scheme.

The MAV WorkCare Scheme participation agreement stated that each participant would 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 would continue whether or not the participant remained a participant in future insurance years.

The net financial impact on Council as a result of the cessation of the MAV WorkCare Scheme for the 2020-21 financial year is yet to be determined. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the MAV WorkCare Scheme.

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six-year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by the Authority.

Note 8 Managing uncertainties (Cont'd)**8.2 Change in accounting standards (AASs)**

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

8.3 Financial instruments**(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), 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. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. 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. 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 1989*. 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 the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council have 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 loans and receivables from sporting clubs and associations. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest 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 the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

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

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

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

8.3 Financial instruments (Cont'd)**(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:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and 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.

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +0.75% and -0.75% in market interest rates (AUD) from year-end rates of 0.15% and 0.80%.

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

8.4 Fair value measurement*Fair value hierarchy*

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, Land and Building and major Infrastructure assets, 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. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 years. The valuation is performed either by experienced council officers or independent experts.

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.

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8.4 Fair value measurement (Cont'd)

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 of disposal 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

State of Emergency was extended until 23 September 2021. Impact of these restrictions post balance sheet date can not be estimated due to uncertainty and ongoing nature of COVID 19.

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

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2021			
Property			
Land and land improvements	409,549	166,951	576,500
Buildings	85,493	8,461	93,954
	495,042	175,412	670,454
Infrastructure			
Roads	26,491	-	26,491
Bridges	28,982	5,864	34,846
Drainage	97,671	-	97,671
Footpaths and cycleways	20,509	-	20,509
Recreational, leisure and community facilities	3,687	-	3,687
	177,340	5,864	183,204
Total asset revaluation reserves	672,382	181,276	853,658
2020			
Property			
Land and land improvements	393,535	16,014	409,549
Buildings	78,140	7,353	85,493
	471,675	23,367	495,042
Infrastructure			
Roads	14,891	11,600	26,491
Bridges	28,982	-	28,982
Drainage	97,672	(1)	97,671
Footpaths and cycleways	18,218	2,291	20,509
Recreational, leisure and community facilities	3,687	-	3,687
	163,450	13,890	177,340
Total asset revaluation reserves	635,125	37,257	672,382

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

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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) Other reserves					
2021					Ref
Developer contribution levy	52,105	13,699	(14,992)	50,812	1
Community Facilities levy	3,171	1,295	(3,524)	942	2
Public Open Space levy	12,309	4,550	(928)	15,931	3
Native vegetation	597	179	(71)	705	4
Decorative Light Poles	788	186	(72)	902	5
Landscapes	252	99	(145)	206	6
Replacement Planting Scheme	4	5	-	9	
Future Emergency Recovery Reserve	-	500	-	500	7
Future Environment Sustainability Reserve	-	500	-	500	7
Future Defined Benefit Super Shortfall Reserve	-	500	-	500	7
Total other reserves	69,226	21,513	(19,732)	71,007	
2020					
Developer contribution levy	46,033	14,027	(7,955)	52,105	
Community Facilities levy	3,061	110	-	3,171	
Public Open Space levy	9,849	2,960	(500)	12,309	
Native vegetation	648	17	(68)	597	
Decorative Light Poles	864	18	(94)	788	
Landscapes	261	94	(103)	252	
Replacement Planting Scheme	-	4	-	4	
Total other reserves	60,716	17,230	(8,720)	69,226	
			2021	2020	
			\$'000	\$'000	
Asset revaluation reserves			853,658	672,382	
Other reserves			71,007	69,226	
Total reserves			924,665	741,608	
Ref	Item	Description			
1	Developer contribution levy	This reserve is the balance of the cash levies paid to Council and is to be used to cover the cost of any of the Developer Contribution Plans (DCP) infrastructure assets that are to be purchased or constructed by Council. These funds are restricted and required to be held in a separate bank account.			
2	Community Facilities levy	This reserve is the balance of the cash levies paid to Council and is to be used to cover the cost of the remaining community facilities to be provided under the DCP area. There is no legal requirement to restrict these funds or hold them in a separate bank account.			
3	Public Open Space levy	It is a requirement under the Planning Scheme and Precinct Structure Plans (PSPs) that a minimum percentage of the developed land be provided for public open space. If the minimum amount is unable to be provided, a cash contribution is required. For the Officer DCP area, the contributions are to be used to compensate developers who provide more than the minimum 5.5%. For the Cardinia Rd DCP area, contributions are to be used to offset the provision of land for open space on a parcel of land being subdivided where the amount of open space to be provided exceeds the 8% public open space contribution.			
4	Native vegetation	Developers have a statutory responsibility under the planning scheme to provide revegetation to offset the vegetation removed as part of the development. Those who are unable to provide the revegetation required under the planning scheme are required to pay a cash contribution to Council. These contributions are then used to do revegetation in other areas on council land.			
5	Decorative Light Poles	Existing subdivisions where decorative light poles are already installed are to be offered the option to install the same decorative light poles in future stages. Income raised from the pole fee is to be maintained in a Reserve fund and used to offset future costs of replacing decorative poles and retrofitting energy efficient lamps on existing decorative poles.			
6	Landscape	Developers are required to provide landscaping in new estates which is inspected upon completion and a Practical Completion certificate issued. A landscape maintenance bond is then required to be paid to ensure they are accountable for the maintenance of this landscaping for a two year period. After this time, if rectification works are required and not completed by the developer, Council retains funds from their landscape bond to cover the future cost of these works.			
7	Future Reserves	These reserves are to be used for any emergency recovery, environment sustainability or super shortfall that may arise in the future.			

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	Note	2021 \$'000	2020 \$'000
9.1 Reserves (Cont'd)			
(c) Adjustments directly to equity			
Correction of prior year error in Property, infrastructure, plant and equipment *		4,605	2,851
Total adjustments directly to equity		4,605	2,851
* A detailed breakdown is provided in note 6.2			
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)			
Surplus for the year		68,328	72,771
Depreciation/amortisation		26,920	24,956
Proceeds from sale of assets - investing activity, not operating activity	3.6	(824)	(360)
Written down book value (WDBV) of assets sold - non-cash	3.6	2,564	1,258
Opening work in progress write off	6.2	2,978	1,228
Contributions - non-monetary	3.5	(36,329)	(40,133)
Volunteer services	4.2	265	910
Interest costs - financing, not operating activity		1,901	2,158
Share of net (gain)/loss of associates - non-cash		(114)	(35)
Impairment (gain)/loss - non-cash	3.8	(30)	(55)
Net asset revaluation (increment)/decrement	3.7	-	(782)
<i>Change in assets and liabilities:</i>			
(Increase)/decrease in trade and other receivables		(1,164)	(9,934)
(Increase)/decrease in prepayments		(177)	(447)
(Increase)/decrease in accrued income		(1,819)	41
Increase/(decrease) in trade and other payables		(5,842)	9,051
Increase/(decrease) in other liabilities		(1,011)	(1,003)
(Increase)/decrease in inventories		3	4
Increase/(decrease) in provisions		255	1,204
Increase/(decrease) in income in advance		4,505	2,212
Net cash provided by operating activities		60,409	63,044

9.3 Superannuation

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

Accumulation

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

Defined Benefit

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

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

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.6% pa
Salary information	2.5% pa for two years and 2.75% pa thereafter
Price inflation (CPI)	2.0% pa.

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

Vision Super has advised that the estimated VBI at 30 June 2021 was 109.7%. The financial assumptions used to calculate this VBI were:

Net investment returns	4.8% pa
Salary information	2.75% pa
Price inflation (CPI)	2.25% pa.

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9.3 Superannuation (Cont'd)

Funding arrangements (Cont'd)

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

Employer contributions

Regular contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

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

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

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

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

The 2020 triennial actuarial investigation surplus amounts

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

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

	2020	2019
	(Triennial)	(Interim)
	\$m	\$m
- A VBI Surplus	100.0	151.3
- A total service liability surplus	200.0	233.4
- A discounted accrued benefits surplus	217.8	256.7

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

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

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

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021. Council was notified of the June 2021 VBI during August 2021 (2020: August 2020).

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2021 are detailed below:

Scheme	Type of Scheme	Rate	2021	2020
			\$'000	\$'000
Vision super	Defined benefit	9.50%	135	146
Vision super	Accumulation fund	9.50%	3,405	3,127

Cardinia Shire Council has no unfunded liability payments to Vision Super during both the 2020/21 and 2019/20 years.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$3.95 million.

10 Change in accounting policy

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

Council has adopted AASB 1059 Service Concession Arrangements: Grantors , from 1 July 2020..

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

Council has adopted AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

Council has adopted AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework from 1 July 2020.

It is not expected that these standards will have any significant impact on council.

2020–21 Performance statement



Description of municipality

Cardinia Shire is one of the fastest growing local government areas in Victoria with an average of three families moving into the area every day. As of 2021, Cardinia Shire's estimated population is 126,184 and is expected to increase by approximately 53,491 over the next 10 years.

Located 55 kilometres south-east of Melbourne's central business district, Cardinia Shire is one of 10 'interface councils' around the perimeter of metropolitan Melbourne, where urban and rural areas meet. The Victorian Government has nominated the Casey-Cardinia Region as one of five regions around the fringe of metropolitan Melbourne where new housing and population growth is to be concentrated. The main areas of growth in Cardinia Shire are Beaconsfield, Officer and Pakenham. Outside this growth area, Cardinia Shire's large rural population resides in 27 townships.

Cardinia Shire covers an area of 1,280km² and has a rich diversity of both natural and cultural sites, from the waters of Western Port Bay to the foothills of the Dandenong Ranges, comprising places of local and state significance. These heritage places reflect the different periods and people who have shaped the shire's landscape, from Aboriginal Australians, the first people to use the rugged landscape, to the logging and gold mining of the foothills, the draining of the former Koo Wee Rup Swamp, and pastoral settlement. The landscape is again under a period of change as new development and new people move into the area every week.

Impact of COVID-19

Council continued to support the community throughout 2020-21 in what was a challenging and uncertain year as a result of the COVID-19 pandemic.

Supporting the community through the initial phases of the pandemic was an exceptional challenge; we had to act quickly to ensure we were able to continue to deliver essential services and provide a range of extra supports.

Council implemented a 4-phase COVID-19 Relief and Recovery Package to support community, local businesses, relief providers and local agencies, sporting clubs as well as the local arts sector.

As part of our initial response phase, we identified that the key impacts and challenges of COVID-19 included mental health and wellbeing, family violence, economic recovery and public safety.

Council quickly rolled out dedicated supports and actions including:

- COVID-19 Online Help Hub
- the Community Activation and Social Isolation (CASI) initiative, providing access to social, emotional and practical support
- a Buy Local campaign to support local businesses
- financial support for local community groups, organisations and clubs
- rate relief, including hardship provisions, payment plans and extension of interest-free period on unpaid rates
- waiving of tenancy and hire fees for Council facilities
- directories to help our community get in touch with support services
- a dedicated multicultural support officer

Council also awarded more than \$80,000 in grants to local community groups and organisations to provide vital support during the pandemic. Grants were provided for:

- **Relief Provider Support Grants** were provided to not-for-profit organisations and locally based groups to meet the emergency relief needs of residents, including food relief, financial support, employment advice, family violence support, homelessness advice, home schooling support, mental health support, substance abuse support, social isolation and community connection.
- **Community Connections Grants** were provided to community groups, services and not-for-profit organisations to deliver projects, programs or services to increase social connection and reduce social isolation, promote healthy relationships and improve social, physical and mental health.
- **COVID-19 community arts grants** supported creative connection across the shire.

We also created a survey to better understand local community needs during the pandemic so we could continue to support residents and businesses.

A COVID-19 Community Recovery Committee was appointed to work together to address mental health and social isolation issues as well as employment and financial insecurity as a result of the pandemic. A series of free community recovery events were planned to help build community connections.

Sustainable capacity indicators

	Indicator	2018	2019	2020	2021	Material variation
Population	<i>Expenses per head of municipal population</i> [Total expenses/ Municipal population]	\$1,037.72	\$1,113.36	\$1,174.00	\$1,166.37	
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure/ Municipal population]	\$7,933.85	\$8,614.11	\$8,927.64	\$9,153.18	
	<i>Population density per length of road</i> [Municipal population/kilometres of local roads]	66.05	68.10	70.63	72.48	
Own-source revenue	<i>Own-source revenue per head of municipal population</i> [Own-source revenue/Municipal population]	\$959.62	\$996.32	\$973.28	\$950.86	Decrease in 2020-21 was due to the increase in population being at a greater rate than the increase in own source revenue, which was impacted by reductions in investment interest income and user fees.
Recurrent grants	<i>Recurrent grants per head of municipal population</i> [Recurrent grants/Municipal population]	\$163.54	\$165.49	\$146.51	\$155.65	

	Indicator	2018	2019	2020	2021	Material variation
Disadvantage	<i>Relative socio-economic disadvantage</i> [Index of relative socio-economic disadvantage by decile]	8.00	8.00	8.00	8.00	
Workforce turnover	<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100	13.25%	10.01%	12.75%	13.38%	

Definitions

- “adjusted underlying revenue” means total income other than—
 - a. non-recurrent grants used to fund capital expenditure; and
 - b. non-monetary asset contributions; and
 - c. contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b).
- “infrastructure” means non-current property, plant and equipment excluding land.
- “local road” means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).
- “relative socio-economic disadvantage”, in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile of 1 to 10 for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA.
- “SEIFA” means the Socio-Economic Indexes for Areas published from time-to-time by the Australian Bureau of Statistics on its website.

Service performance indicators

Service	Indicator	2018	2019	2020	2021	Material variation
Aquatic facilities	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/Municipal population]	7.06	6.93	4.78	2.46	Cardinia's only indoor facility was closed for over 3 months during the year, and when opened, operated under restrictions capping the number of attendees. Restrictions covered every area of operation - including swimming lessons, lap swimming, health club use, group fitness classes and stadium use.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	26	14	Retired Indicator	Retired Indicator	Indicator was retired in 2020. Refer to replacement indicator below.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions/Total number of animal management prosecutions] x100	New in 2020	New in 2020	100%	100%	

Service	Indicator	2018	2019	2020	2021	Material variation
Food safety	Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed up/Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises] x100	100%	100%	100%	100%	
Governance	Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]	53	54	51	55	
Libraries	Participation <i>Active library borrowers in the municipality</i> [The sum of the number of active library borrowers in the last 3 financial years/The sum of the municipal population in the last 3 financial years] x100	11.34%	10.39%	10.14%	8.67%	COVID-19 affected active borrowers significantly. Libraries started to reopen in limited capacity from 9 November 2020. There were also further lockdowns in Quarter 3 and 4.

Service	Indicator	2018	2019	2020	2021	Material variation
Maternal and Child Health (MCH)	Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in a year)/Number of children enrolled in the MCH service] x100	76.14%	76.70%	76.80%	68.73%	In response to pandemic arrangements the MCH Service was prioritised for children in the younger age groups which saw a reduction in attendance of 2 year and 3.5 year olds.
Maternal and Child Health (MCH)	Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in a year)/Number of Aboriginal children enrolled in the MCH service] x100	69.38%	79.71%	84.98%	73.26%	<p>In response to pandemic arrangements the MCH Service was prioritised for children in the younger age groups which saw a reduction in attendance of 2 year and 3.5 year olds. This includes the cohort of aboriginal children.</p> <p>Also due to the Pandemic, the MCH service has been unable to follow up families and go to the home without an appointment (which we did in the past in an attempt to 'cold call' without an appointment to try and engage the hard-to-reach families).</p>
Roads	Satisfaction <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]	55	58	52	56	

Service	Indicator	2018	2019	2020	2021	Material variation
Statutory planning	Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application/Number of VCAT decisions in relation to planning applications] x100	33.33%	100%	0%	40%	<p>The trends for this indicator vary significantly, but the total number of decisions in any given year is a very small sample size (single figures). The circumstances of each instance, and the VCAT decision are highly fact-specific and variable.</p> <p>In 2019-20, VCAT was not required to make any decisions during this year, as all filed review applications were resolved by consent, or withdrawn prior to determination.</p>
Waste collection	Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins] x100	47.62%	42.14%	43.55%	48.67%	<p>2019 and 2020 were impacted by recycling industry shutdowns which resulted in more material going to landfill. They recovered in 2020-21 and hence an increase in waste diverted from landfill. Also, an exceptional growth year for green waste resulted in higher tonnages of green waste diverted to recovery lifting the overall percentage of diversion.</p>

Definitions

- “Aboriginal child” means a child who is an Aboriginal person.
- “Aboriginal person” has the same meaning as in the *Aboriginal Heritage Act 2006*.
- “active library borrower” means a member of a library who has borrowed a book from the library.
- “annual report” means an annual report prepared by a council under sections 131, 132 and 133 of the *Local Government Act 1989*.
- “class 1 food premises” means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act.
- “class 2 food premises” means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act.
- “critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health.
- “food premises” has the same meaning as in the *Food Act 1984*.
- “local road” means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.
- “major non-compliance outcome notification” means a notification received by a council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an 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.
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.

Financial performance indicators

Indicator	Result				Forecasts				Material variation
	2018	2019	2020	2021	2022	2023	2024	2025	
Efficiency									
Expenditure level Expenses per property assessment [Total expenses/Number of property assessments]	\$2,457.96	\$2,625.62	\$2,800.87	\$2,793.73	\$2,701.41	\$2,675.85	\$2,676.60	\$2,695.73	Decrease from 2020-21 actual to 2021-22 forecast is due to a decrease in expenses, mainly in materials & services and net loss on disposal of property, infrastructure, plant & equipment, partly offset by increases in employee benefits and depreciation. Trend in forecast years indicates total expenses are growing at a faster rate than total assessments.
Revenue level Average residential rate per residential property assessment [Residential rate revenue/Number of residential property assessments]	\$1,835.05	\$1,785.02	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Indicator was retired in 2020. Refer to replacement indicator below.
Revenue level Average rate per property assessment [General rates and Municipal charges /Number of property assessments]	New in 2020	New in 2020	\$1,710.92	\$1,734.05	\$1,747.05	\$1,768.94	\$1,795.18	\$1,825.87	Trend in forecast years indicates future rates revenue is in line with the forecast rate cap.

Indicator	Result				Forecasts				Material variation
	2018	2019	2020	2021	2022	2023	2024	2025	
Liquidity									
Working capital <i>Current assets compared to current liabilities</i> [Current assets/Current liabilities] x100	350.97%	247.49%	215.85%	189.21%	215.42%	220.39%	210.78%	239.46%	<p>Decrease in 2020-21 is due to a reduction in current assets, particularly conditional grants that were included in cash but were unspent and non-current assets held for sale, and a significant increase in current liabilities, mainly trade payables, capital grants received in advance and developer levies raised in advance.</p> <p>The forecast trend indicates relatively stable current assets over the four year period, whilst current liabilities are trending lower mainly due to reducing unearned income, resulting in higher indicators over the period.</p>
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash/Current liabilities] x100	-8.79%	-50.41%	-23.22%	-86.00%	19.79%	-0.01%	-6.37%	-4.03%	<p>Increase in 2020-21 is due to an increase in negative Unrestricted Cash caused mainly by a significantly lower cash and cash equivalent amount, as short term investments were transferred to longer term investments during the year, together with a decrease in conditional grants unspent. This combined with an increase in Current Liabilities, primarily trade payables and unearned income, to increase the negative indicator result.</p> <p>Trend over the forecast period is deteriorating due to unrestricted</p>

Indicator	Result				Forecasts				Material variation
	2018	2019	2020	2021	2022	2023	2024	2025	
									cash moving from positive to negative over the period mainly due to an increase in Statutory Reserves, with Current Liabilities also decreasing.
Obligations									
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings/Rate revenue] x100	49.51%	40.88%	33.95%	28.15%	37.68%	33.63%	29.70%	25.90%	Decrease in 2020-21 is due to a decrease in Interest Bearing Loans & Borrowings balance from the repayment of loans as due and nil drawdown of any new loans, combined with an increase in Total Rate Revenue through adoption of the approved rate cap increase and growth. In the forecast period, a new loan is forecast to be drawn down in the first year. Thereafter, the balance of Loans and Borrowings decreases as Total Rates Revenue increases.
Loans and borrowings <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings/Rate revenue] x100	10.13%	7.82%	6.71%	14.03%	12.05%	11.21%	10.78%	10.35%	From 2020-21 the loan facility has been grossed up instead of netting them off. Over the forecast period, repayments of loans and borrowings decreases as the total loans balances decrease and Total Rate Revenue increases due to rates increases and growth.

Indicator	Result				Forecasts				Material variation
	2018	2019	2020	2021	2022	2023	2024	2025	
Indebtedness <i>Non-current liabilities compared to own-source revenue</i> [Non-current liabilities/Own-source revenue] x100	49.21%	32.56%	39.44%	31.11%	50.57%	46.80%	42.52%	38.36%	Decrease in 2020-21 is due to a decrease in Non Current Liabilities while Own Source Revenue has remained stable across the two years. Council is proposing to borrow new loans for 2021/22 to fund capital works. Decreasing trend in forecast period is due to Non Current Liabilities decreasing and Own Sources Revenue increasing over the four years.
Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense/Asset depreciation] x100	47.58%	40.95%	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Indicator was retired in 2020. Refer to replacement indicator below
Asset renewal and upgrade <i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense/Asset depreciation] x100	New in 2020	New in 2020	79.55%	106.09%	158.58%	161.46%	169.72%	144.98%	Increase in 2020-21 is due to an increase in Renewal and Upgrade capital works expenditure at a greater rate than the increase in Depreciation expense. This is expected to continue to 2023-24, after which a downward trend is forecast due to Renewal and Upgrade expenditure stabilising while Depreciation expense continues to increase.

Indicator	Result				Forecasts				Material variation
	2018	2019	2020	2021	2022	2023	2024	2025	
Operating position									
Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100	7.94%	4.76%	-2.54%	-0.80%	-0.19%	0.40%	1.02%	1.21%	Decrease in 2020-21 is due to the Adjusted Underlying Income increasing more than Total Expenses. Total expenditure increased due to increases in materials & services expenditure and net loss on sale of assets. The increase in Adjusted Underlying Income was adversely impacted by the decrease in Other Income, mainly in cost recovery and interest income due to COVID-19. The improvement in the first year of the forecast period is due to a higher Adjusted Underlying Surplus driven by forecast increases in rates and charges and proportionately greater forecast reductions mainly in materials and services expenditure. The trend over the remainder of the forecast period is favourable due to increased surpluses.
Stability									
Rates concentration Rates compared to adjusted underlying revenue [Rate revenue/Adjusted underlying revenue] x100	72.85%	72.59%	74.69%	74.61%	78.54%	79.46%	79.79%	80.11%	Trend in forecast years indicates higher reliance on rate revenue as the major source of income.

Indicator	Result				Forecasts				Material variation
	2018	2019	2020	2021	2022	2023	2024	2025	
Rates effort <i>Rates compared to property values</i> [Rate revenue/Capital improved value of rateable properties in the municipality] x100	0.43%	0.35%	0.35%	0.36%	0.35%	0.34%	0.34%	0.34%	Trend in forecast years remains relatively stable.

Definitions

- “adjusted underlying revenue” means total income other than:
 - a. non-recurrent grants used to fund capital expenditure; and
 - b. non-monetary asset contributions; and
 - c. contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b).
- “adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure.
- “asset renewal expense” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability.
- “current assets” has the same meaning as in the Australian Accounting Standard (AAS).
- “current liabilities” has the same meaning as in the AAS.
- “non-current assets” means all assets other than current assets.
- “non-current liabilities” means all liabilities other than current liabilities.
- “non-recurrent grant” means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's financial plan.
- “own-source revenue” means adjusted underlying revenue other than revenue that is not under the control of council (including government grants).
- “municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website.
- “rate revenue” means revenue from general rates, municipal charges, service rates and service charges.
- “recurrent grant” means a grant other than a non-recurrent grant.
- “residential rates” means revenue from general rates, municipal charges, service rates and service charges levied on residential properties.
- “restricted cash” means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year.
- “unrestricted cash” means all cash and cash equivalents other than restricted cash.

Other information

For the year ended 30 June 2021.

Basis of preparation

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

Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council's information systems or from third parties.

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

The forecast figures included in the performance statement are those adopted by Council in its financial plan on 21 June 2021. 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. The financial plan can be obtained by contacting Council on 1300 787 624 or mail@cardinia.vic.gov.au

Certification of the performance statement

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

Scott Moore
Chief Finance Officer
Dated: 20 September 2021

In our opinion, the accompanying performance statement of the Cardinia Shire Council for the year ended 30 June 2021 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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

Jack Kowarzik
Councillor
Dated: 20 September 2021

Brett Owen
Councillor
Dated: 20 September 2021

Carol Jeffs
Chief Executive Officer
Dated: 20 September 2021

COVID-19 FY 2020-21 Financial Summary

The outbreak of Coronavirus disease 2019 (COVID-19) has created a global health crisis that has significantly impacted Cardinia Shire's local community groups and businesses. Unlike more common disasters COVID-19 impacts are hidden and play out in the psychosocial and economic domains.

Anticipating these impacts, Cardinia Shire Council reached out to residents who needed extra support during this challenging time and undertook a range of activities and measures to support local communities and groups. Measures implemented included financial relief for sporting clubs, extensions to community grants, rate reductions, deferrals or waivers of council charges (e.g. animal registration, health registration for businesses) and activation of a revised Financial Hardship Policy to assist residents with the payment of rates.

As a part of the support packages, Council launched a 4-phase package. Three phases were actioned from April to May 2020 and the fourth phase launched in August 2020.

The extent of the larger economic crisis brought about by COVID-19 is broad and deep and unlikely to ease in the short-term. This global health crisis and measures taken to alleviate it has impacted Cardinia Shire Council operations in the following areas for the financial year ended 30 June 2021:

Impact	Description	Est'd Financial impact \$
Ratepayers	Extension of interest free period on unpaid rates payments from July 1, 2020 to June 30, 2021. Resulting in loss of revenue for the organisation.	630,000
Ratepayers	Rate rebates – ongoing.	51,875
Eligible commercial tenants	<p>In accordance with the COVID-19 Omnibus Regulations</p> <ul style="list-style-type: none"> 100% rental waiver for 29 March to 30 June 2020 period 50% rental waiver for 1 July to 29 September 2020 period. <p>Subsequent rental and utilities waivers for Emerald Lake Park (per SLT Report 23 June 2021):</p> <ul style="list-style-type: none"> Café rental - 100% for October 2020 and 50% for November 2020 Café utilities – 100% April to October 2020 Model Railway - 100% for October 2020 and 50% for November 2020 Paddle Boats - 100% for October 2020. <p>Subsequent rental relief for Khans Catering of 50% for October to December 2020 and June 2021 (per SLT Report 23 June 2021).</p>	61,389
Eligible commercial tenants	Surrender of lease and bad debt write-off of outstanding rental.	7,500
Sporting Clubs	Waiver of tenancy fees for the winter season for all Council owned and managed sporting facilities (1 April to 30 September 2020).	21,994

Impact	Description	Est'd Financial impact \$
Eligible businesses	Provision of a full refund of all 2020-21 street trading permit fees, where outdoor dining is no longer allowed.	29,443
User Fees	Closure of Emerald Park Lake resulted in loss of income from bookings and car park income. \$40k loss of income.	61,048
	Beaconsfield Community centre was not able to be hired out due to lockdowns and resulted in estimated loss of \$21k for 2020/21.	
User Fees	Impact to Cardinia Culture Centre - bookings and events revenue loss due to cancellation of shows and events due to COVID.	399,527
Eligible businesses	Refund of Statutory Fees due to COVID for food premise, Food Act and Public Health and Wellbeing Act registration fees, for businesses impacted by mandatory closures of premises, or mandatory changes to the operations of their businesses.	92,104
Total Loss of Revenue		1,354,880
Employee benefits	COVID leave impact - Council's commitment to staff included COVID special leave for staff for up to 10 days.	203,853
Employee benefits	COVID related unbudgeted positions - BCP team and Emergency team continued to work, but as they were budgeted positions, costs were absorbed within the allocations. Additional costs incurred to backfill OH&S role, manager role and two additional roles approved for Communications officer and Recovery officer.	298,641
Materials & Services	Donations/Grants - As a part of Phase 4 response, Council approved various supports to sporting facilities, committees, neighbourhood houses, tenants and provided assistance to clubs with utility bills and cleaning expenses.	177,788
Materials & Services	COVID Cleaning costs - Additional cleaning costs due to COVID cleaning requirements. Purchase of various items such as sanitisers, cleaning items, vehicle hire, masks, etc.	253,407
Materials & Services	Contracts - Aligned Leisure support package.	1,077,428
Total Additional Expenditure		2,011,117
Total Financial Impact from COVID 19 for 2020/21		3,365,997

Notes

- Financial impact of \$630k to date due to further extension to the interest free period on unpaid rates payments and deferral of debt collection/legal action in relation to rates matters until 30 June 2021.
- Eligible commercial tenants were provided with offer a 100% rental waiver for the 29 March to 30 June 2020 period, followed by a 50% rental waiver for the 1 July to 29 September 2020 period. Further approvals were done for tenants with additional support due to COVID restrictions, the rental waivers and support for utility bills for these tenants costed the council \$61k.
- Surrender of lease and Write off of outstanding rental resulting in Bad Debt of \$8k.
- All Council owned and managed sporting facilities received a waiver of tenancy fees for the winter season for (1 April – 30 September 2020) of \$22k.
- Eligible businesses were provided with a Provision for \$29k for a full refund of all 2020-21 street trading permit fees, where outdoor dining is no longer allowed and a further refund of Statutory fees of \$92k for food premises.
- Restrictions affected the loss of income due to closure of council facilities, mainly in loss of hire income from council facilities mainly the culture centre of \$399k.
- Council as a part of commitment to its workforce offered staff up-to 10 days of COVID leave, which costed the organisation \$203k and a further \$299k for COVID related unbudgeted positions and management costs in 2020/21
- Materials & Services costs such as Donations, Grants & Cleaning costs related to COVID was estimated at \$431k.
- Various provisions costing \$21k approved under Stage 4 to support sporting clubs, neighbourhood houses and S-86 committees. This cost is expected to assist them with the operations and getting the clubs back running.
- In response to the restrictions during the COVID-19 lockdown, council leisure facilities were closed, which are run by an external provider. To minimise council's exposure to pandemic closures, council entered into an agreement with the service provider for a minimum guaranteed income contract, which result in additional payment of \$1.077 million to the service provider.