

6.4.3 Financial Report and Performance Statement 2021-22

Responsible GM: Jenny Scicluna
Author: Scott Moore

Recommendation(s)

That Council:

1. Pursuant to Section 99(2) of the Local Government Act 2020, Council gives its approval in principle to the financial statements and performance statement for the year ended 30 June 2022, subject to any changes recommended or agreed to by the auditor;
2. Pursuant to Section 99(3) of the Local Government Act 2020, Council authorises Cr. Jack Kowarzik and Cr. Tammy Radford to certify the financial statements and performance statement for the year ended 30 June 2022, 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 2020; and
3. Scott Moore, Chief Finance Officer, is appointed as the Principal Accounting Officer for the purposes of Section 99(3b) of the Local Government Act 2020.

Attachments

1. 2021 2022 Financial statements [6.4.3.1 - 49 pages]
2. 2021 2022 Performance Statement [6.4.3.2 - 20 pages]

Executive Summary

This report seeks Council to approve the financial statements and performance statement for the year ended 30 June 2022 and authorise Cr. Jack Kowarzik and Cr. Tammy Radford 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 2022. The *Local Government Act 2020* 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. Section 98(2) requires the inclusion of the annual financial statements and performance statement in the Annual 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. Tammy Radford be the councillors authorised to sign these documents.

The documents were considered by the by the Audit and Risk Committee at its meeting on 26 August 2022.

Section 100 of the *Local Government Act 2020* stipulates that the Mayor must present the Annual Report at a Council meeting open to the public within 4 months of the end of the financial year. It is proposed to consider the Annual Report at the Council Meeting to be held on 17 October 2022.

Discussion

Annual Financial Report

The financial statements are prepared in accordance with Australian Accounting Standards, the *Local Government Act 2020*, *Local Government (Planning and Reporting) Regulations 2020* 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 \$61.49m before net asset revaluation increment, compared to a budget of \$89.39m and last year's surplus of \$68.33m.

This surplus is due to \$62.24m of income 'tied' and unavailable for general operational use. This 'tied' income includes non-cash contributions of \$26.86m for the value of roads, drains, bridges, land and land under roads contributed by developers undertaking residential developments within the Urban Growth Corridor and \$19.88m of cash Development levies, Community infrastructure levies and Public open space contributions.

Also included in this income are non-recurrent capital grants of \$15.32m and capital cash contributions of \$0.18m, 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 \$0.57m for the year.

The factors that contributed to the surplus for the year 2021-22 included the following:

- Rates and charges income exceeded budget by \$0.07m due to higher than expected interest income of \$0.29m less a reduction in garbage income \$0.22m.
- Statutory fees and fines income was \$0.82m below budget mainly due to lower than expected development fees of \$0.86m and landscape development fees of \$0.3m resulting from the combination of weather, lockdowns, timing of Pakenham East development and other developer agreements. These were partly offset by unbudgeted election fines income of \$0.11m.
- User fees income was \$0.42m lower than budget mainly due to lower than budgeted income from: Community asset committees by \$0.14m; Cardinia Cultural Centre event income by \$0.07m and room hire revenue resulting from lower bookings due to COVID-19; and reduced user fee income due to COVID-19 related temporary closures of other Council facilities.

- Operating grant income was \$10.74m higher than budget mainly due to:
 - recognition this year of \$1.2m grant income received in advance last year;
 - unbudgeted grants of \$7.0m, including \$4.5m for capital works projects of Officer intersections, Koo Wee Rup football/cricket pavilion upgrades, and Avon Road blackspot (where expenditure has been classified as operating), \$426k for Local Partnerships, \$250k for COVID-Safe Outdoor Activation Funding, \$231k for South East Victorian Fires Recovery Support, and \$324k for Storm and Flood Event Staffing; and
 - VLGGC grant being \$3.4m better than budget due to advance payment of part of the 2022-23 annual grant.
- Capital grant income was \$11.0m less than budget primarily due to:
 - recognition of budgeted Officer intersections capital project grant of \$3.0m as an operating grant;
 - \$6.0m received for intersection project recognised in the balance sheet as income in advance in 2021-22;
 - \$3.35m current year budgeted grant for My Place youth facility was recognised as income in previous years;
 - unfavourable timing in the receipt of budgeted grants totaling \$3.3m, including Brunt Rd Child Care Centre \$1.4m, Soldiers Road widening \$800k, Kenilworth Avenue footpath \$225k and Toomuc Valley Road footpath \$200k.

Partly offsetting the above was the receipt of:

- unbudgeted grants totalling \$5.46m, including Toomuc Res south oval pavilion upgrade \$2.25m, Timbertop integrated children's facility \$800k, Toomuc Res north oval pavilion upgrade \$770k and Gembrook Reserve \$500k;
- grants above budget totalling \$1.39m, including Sealing the Hills \$791k and Rix Road integrated children's facility \$600k; and
- grants in advance last year but recognised this year.
- Contributions (monetary) income lower than budget by \$0.16m mainly due to a decrease in decorative light poles developer contributions received.
- Development levies (monetary) income exceeded budget by \$2.2m, representing higher than expected Public Open Space and Community Infrastructure levies received for Officer DCP.
- Contributions (non-monetary) income was \$18.14m less than budget due to lower developer contributions of roads, footpaths, drains, bridges, land and land under roads received during the year.
- Other income exceeded budget by \$1.99m primarily due to higher than budgeted cost recovery income for the June 2021 Rain and October 2021 Storm events of \$1.71m. Council has also earned higher than budgeted interest income on investments of \$0.96m following increase in the cash rate in the last quarter.
- Employee costs were \$0.69m lower than budget mainly due to position vacancies and hiring delays.
- Materials and services expenditure exceeded budget by \$13.16m 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 \$12.1m expenditure on non-council assets such as Koo Wee Rup school upgrades, upgrade of Princes Hwy and O'Neil road intersections and upgrade of Glismann and Princes Hwy intersection;
 - funded capital works expenditure of \$3.6m being expensed after not meeting capitalisation value thresholds;

- hard and green waste contract expenditure overspend due to COVID-19 driven unprecedented demand for at-home orders and seasonal factors. This overspend was subsidised by savings of \$0.2m in dumped rubbish costs; and
- recreational service contract costs above budget due to COVID-19 related contractual commitments.

Partially offsetting the above were contracts expenditure below budget, mainly due to:

- general garbage charge contract related right-of-use (ROU) costs being recognised as ROU amortisation and finance expense;
 - lower than budgeted green waste costs due to weather events and seasonality factors;
 - ROU accounting treatment related transfers of costs to amortisation and finance costs.
- Amortisation - intangible assets \$0.17m lower than budget due to the disposal of intangible assets during 2020-21.
 - Amortisation – right of use assets exceeded budget by \$0.41m due to additional right of use assets in the waste and parks and gardens areas.
 - Borrowing costs were lower than budget by \$0.14m due budgeted new loans not drawn.
 - Net loss on disposal of assets of \$0.2m from the disposal of old infrastructure assets, such as roads, buildings and drains resulting from capital works undertaken during the year, was not budgeted.
 - Share of net loss of associates and distributions for Casey Cardinia Library Corporation of \$0.03m was not budgeted.
 - Other expenses less than budget by \$0.62m primarily in relation to computer hardware leases, garbage collection, rental property leases and audit fees.

Balance Sheet

Net assets of \$2.22b as at 30 June 2022 exceeded budget by \$0.21m (\$0.14m higher than 2020-21) to maintain Council's strong financial position.

Total Cash and cash equivalents of \$20.96m were lower than budget by \$45.65m (\$12.61m lower than 2020-21), 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) of \$111.5m exceeded budget by \$74.5m (\$38.5m higher than 2020-21) mainly due to grants received in advance for capital projects, such as Sealing the Hills funds and Intersection works, and the carryover of budgeted capital projects to the next financial year.

Council's cash and cash equivalents are subject to external restrictions of \$56.22m (Trust funds and deposits, Developer contribution levy and Asset Committee funds) and \$44.9m of intended allocations (discretionary reserves, including capital carried forward and unspent grants). Together with Other financial assets, Council has more than sufficient funds to cover these requirements, despite it being highly unlikely that settlement of all restricted funds and intended allocations will be required within the next twelve months.

Council performed a condition-based assessment of land and land under roads assets in line with its 2-year revaluation cycle. The revaluation was performed by external valuer, Westlink Consulting. Internal council valuers performed a full revaluation of Council's drainage assets in 2021-22 (full revaluation occurs every 4 years as per the infrastructure assets revaluation cycle requirement in council's revaluation program, with an annual indexation review of fair values of infrastructure performed every year). Council reviewed the carrying value of individual asset classes measured at fair value to ensure each asset materially approximated its fair value. There were no assets where the carrying value materially differed from the fair value at balance date that warranted an indexation or full revaluation.

The land valuation resulted in an overall decrease in land assets by \$12.21m. While land values increased by \$32.89m, land under roads declined by \$45.1m partially caused by the indexation applied last financial year. In addition, the best use for some properties were changed to better reflect the fair value, which caused a further reduction in values.

Council's drainage assets register experienced a revaluation increment of \$92.52m due to changes in unit rates and review of rates used to ascertain the unit rate.

The overall increase in revaluation reserve amounted to \$80.31m.

Council's total trade and other payables of \$22.99m is lower than 2020-21 by \$12.91m, mainly due to settlement of land purchases while unearned income of \$40.85m is higher by \$24.43m, mainly due to Sealing the Hills and Intersection funding received during 2021-22 being recognised in advance.

Statement of Capital Works

Capital works expenditure for the year of \$52.33m (excluding capital carryovers of \$35.96m) was \$46.16m below budget (\$0.34m higher than 2020-21). This was mainly due to timing of expenditure recognition for land assets and the delay in some major projects like intersection upgrades (mainly due to delays in permit approvals and grant approvals). In addition, final payments made in 2021/22 in relation to \$10m of property settlements over three years were recognised as capital expenditure in 2019-20.

Works already underway totaling \$36.96m carried over to 2022-23 for completion include: Timbertop Integrated Children's Facility; Cora Lynn Reserve Pavilion; Gembrook Reserve Pavilion; Sealing the Hills program; Intersection upgrades; My Place; Officer District Park; and Bunyip Soccer Sports field Redevelopment. Most of these projects have commenced and commitments raised for the projects to be delivered over multiple years. The timing of community consultation, tendering and other external factors like COVID delays and materials shortages have impacted the delivery of the capital works program.

Statement of Cash Flows

Council's cash and investments with maturities of 3 months or less were \$20.96m as at 30 June 2022, compared to \$33.57m in the prior year, which is a decrease of \$12.61m. One of the main contributors to this change has been council's shift in 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 and cash equivalents need to be considered together with term deposits with maturities over 3 months, which have increased by \$38.5m since 2020-21. Together with Other financial assets, Council has more than sufficient funds to cover all restricted funds and intended allocations, despite it being highly unlikely that their settlement will be required within the next twelve months.

Other cash flow items of note are as follows:

- Increase in net cash provided from operating activities of \$38.34m, mainly due to an increase in grant and contributions inflows. Council received significant grants in advance, mainly in relation to Sealing the Hills, Intersection upgrades, GSF funding and VGC funding. These have been partially offset by increased Material and services outflows \$10m, which was primarily due to expensing of capital works project expenditure on assets not owned by Council;
- Decrease in net cash used in investing activities of \$14.08m, mainly due to reduced payment outflows for investments of \$22.5m less higher payment outflows for Property, infrastructure, plant and equipment of \$8.3m; and
- Total loan borrowings as at 30 June 2022 were \$16.89m, after \$11.35m scheduled principal repayments finalisation of the rolling loan of \$8.0m during the year.

Performance Statement

The Local Government Performance Reporting Framework (LGPRF) is a mandatory reporting requirement under the *Local Government (Planning and Reporting) Regulations 2020*. 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 2021-22 and published on the 'KnowYourCouncil' website.

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

Performance indicators	2019	2020	2021	2022	Comment to be published in Annual Report
Workforce turnover	10.01%	12.75%	13.38%	14.92%	Whilst this is greater than 10%, it is only marginally more than in previous years. Since COVID-19 in 2020 the market for candidates has been extremely competitive and it is becoming hard to keep and retain employees. This trend can be seen across many industries and local government areas.
Active library borrowers in municipality	10.39%	10.14%	8.67%	7.48%	Loans and Active Borrowers participation in Quarters 1 and 2 were heavily reduced by COVID-19 lockdowns. This has been the case for the 2 years since March 2020. Active re-engagement campaigns have commenced to encourage new members and towards the re-activation of disengaged members to improve future participation.
Participation in the MCH service	76.70%	76.80%	68.73%	67.41%	The COVID-19 pandemic impacted service levels with reduced numbers of children attending the service. The service model prioritised young and vulnerable children in accordance with State Government directions.
Participation in the MCH service by Aboriginal children	79.71%	84.98%	73.26%	67.62%	The COVID-19 pandemic impacted service levels. The service experienced workforce pressures and staff shortages. Therefore, a reduced number of Aboriginal children were identified during consultations.

Performance indicators	2019	2020	2021	2022	Comment to be published in Annual Report
Unrestricted cash compared to current liabilities	-50.41%	-23.22%	-86.00%	-102.19%	The increase in 2021-22 is due to an increase in negative Unrestricted Cash, resulting from an increase in short term investments. The indicator excludes term deposits from unrestricted cash, in which Council invests the majority of its funds to maximise returns. Council disputes the merits of this exclusion. Contributing to the negative result is the decrease in Current Liabilities, particularly Trade and Other Payables and Interest-Bearing Loans, which was due to the timely settlement of creditors and bank loans. Council regards this as a positive business practice.
Asset renewal and upgrade	New in 2020	79.55%	106.09%	71.56%	The decrease in 2021-22 is due to a decrease in Upgrade Capital expenditure as projects are carried forward to 2022-23 and Depreciation expense increases.

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

Performance indicators	2019	2020	2021	2022	Comment to be published in Annual Report
Recurrent grants per head of municipal population	\$165.49	\$146.51	\$155.65	\$178.58	The increase in 2021-22 is primarily the result of an increase in Operating Recurrent Grants, including the annual Commonwealth Financial Assistance Grant, due to the partial in-advance receipt for 2022-23, and the State Maternal and Child Health Grant.
Utilisation of aquatic facilities	6.93	4.78	2.46	3.29	Attendance has continued to increase following COVID shutdowns. The previous financial year included COVID-19 shutdown periods where no attendance was possible. It is expected attendance will continue to increase as people return to using the aquatic facilities post COVID.
Satisfaction with council decisions	54	51	55	65	Improvements, within the community, of the perception and understanding of decisions made by Councillors, may have influenced this result. Furthermore, a new, in-person, methodology used for the 2022 Community Satisfaction Survey may have been better suited to having respondents understand the meaning of the relevant question when it was asked.
Satisfaction with sealed local roads	58	52	56	64	Council's improved preparation for re-sealing activities, and increased use of higher-quality double seals, is likely to have had a positive impact on this measure. Furthermore, the second sealed road maintenance unit came online for council's internal work force in the last 18 months significantly increasing our ability to address a large network in a timely way. Lastly, it is important to note that the Community Satisfaction Survey for 2022 was conducted using a new, in-person, methodology for the Community Satisfaction Survey may have improved the respondents' understanding of the relevant question when it was asked.

Performance indicators	2019	2020	2021	2022	Comment to be published in Annual Report
Council planning decisions upheld at VCAT	100%	0%	40%	57%	The total number of VCAT decisions in the period was small (7) and the circumstances of each case are highly fact specific.
Current assets compared to current liabilities	247.49%	215.85%	189.21%	221.08%	The increase in 2021-22 is due to an increase in Current Assets, particularly term deposit investments and Developer Contribution Plan Receivables, and a reduction in Current Liabilities, particularly Trade and Other Payables and Interest-Bearing Liabilities. Increased term deposit investments were assisted by the partial in-advance receipt of the annual Commonwealth Financial Assistance Grant for 2022-23.
Loans and borrowings compared to rates	40.88%	33.95%	28.15%	15.94%	The decrease in 2021-22 reflects the welcomed servicing and decrease of Loans & Borrowings, as Council gradually extinguishes its bank loans as part of its prudent debt management strategy. This is combined with an increase in rate revenue through adoption of the approved rate cap increase and rates assessment growth. Responsible cash and investment management removed the need to initiate budgeted debt borrowings in 2021-22.
Loans and borrowings repayments compared to rates	7.82%	6.71%	14.03%	12.09%	The decrease in 2021-22 is primarily due to the decrease in loan borrowing repayments. Lower repayments in comparison to 2020-21 is a result of the reducing outstanding loans commitments. This is combined with an increase in rate revenue through adoption of the approved rate cap increase and rates assessments growth.
Non-current liabilities compared to own source revenue	32.56%	39.44%	31.11%	25.03%	The decrease in 2021-22 is due to a reduction in Non-Current Liabilities, particularly Interest-Bearing Loans and Borrowings, as bank loans were serviced as scheduled.
Adjusted underlying surplus (or deficit) *	4.76%	-2.54%	-0.80%	-0.39%	The adjusted underlying deficit reduced by \$0.5m in 2021-22 despite an \$8.6m Materials and Services expense increase for the transfer of capital project expenditure to operating where asset capitalisation accounting requirements were not met. This related to projects such as Koo Wee Rup school upgrades; Glismann and Princes Hwy intersection upgrades; and Princes Hwy and O'Neil Road intersection upgrades. Employee Costs increased \$3.0m due to increases in Enterprise Agreement (EA) rate, staff FTE and superannuation guarantee levy rate. Contributing to the result were increases in Rates and Charges income \$5.7m, due to rate cap and growth, and Operating Grants \$4.7m, primarily in Financial Assistance Grants.

Note:

- * Although the ratio is negative and indicates a risk to council, the surplus for the year was \$61.49m and Council's operating position is backed by significant accumulated surplus of \$1.18b and reserves balance of \$925m.

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. Tammy Radford to sign the documents in their final form.

**CARDINIA SHIRE COUNCIL
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2022

CARDINIA SHIRE COUNCIL
Financial Report
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CARDINIA SHIRE COUNCIL
2021/22 Financial Report

Certification of the Financial Statements

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

Scott Moore
Chief Finance Officer

Date : 19 September 2022
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 2022 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 2020* to certify the financial statements in their final form.

Jack Kowarzik
Councillor

Date : 19 September 2022
20 Siding Avenue, Officer

Tammy Radford
Councillor

Date : 19 September 2022
20 Siding Avenue, Officer

Peter Benazic
Acting Chief Executive Officer

Date : 19 September 2022
20 Siding Avenue, Officer

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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CARDINIA SHIRE COUNCIL
2021/22 Financial Report

Comprehensive Income Statement
For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	105,983	100,309
Statutory fees and fines	3.2	5,030	4,283
User fees	3.3	2,379	2,333
Grants - operating	3.4 (a)	25,634	20,949
Grants - capital	3.4 (b)	18,143	16,029
Contributions - monetary	3.5	20,068	20,062
Contributions - non-monetary	3.5	26,856	36,329
Share of net profits of associates	6.3	-	114
Other income	3.7	4,866	3,444
Total income		208,959	203,852
Expenses			
Employee costs	4.1 (a)	44,671	41,625
Materials and services	4.2	70,371	61,712
Depreciation	4.3	28,239	26,299
Amortisation - intangible assets	4.4	84	135
Amortisation - right of use assets	4.5	588	486
Bad and doubtful debts	4.6	282	204
Borrowing costs	4.7	1,464	1,756
Finance costs - leases	4.8	160	145
Net loss on disposal of property, infrastructure, plant and equipment	3.6	201	1,740
Share of net loss of associates	6.3	34	-
Other expenses	4.9	1,374	1,422
Total expenses		147,468	135,524
Surplus for the year		61,491	68,328
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1 (a)	80,306	181,276
Total other comprehensive income		80,306	181,276
Total comprehensive result		141,797	249,604

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

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

Balance Sheet
As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	20,957	33,572
Trade and other receivables	5.1 (c)	29,032	23,638
Other financial assets	5.1 (b)	111,500	73,000
Inventories	5.2 (a)	38	8
Non-current assets classified as held for sale	6.1	283	500
Other assets	5.2 (b)	10,117	4,871
Total current assets		171,927	135,589
Non-current assets			
Trade and other receivables	5.1 (c)	1,904	15,785
Investments in associates	6.3	1,446	1,480
Property, infrastructure, plant and equipment	6.2	2,150,561	2,029,347
Right-of-use assets	5.8	4,925	5,422
Intangible assets	5.2 (c)	285	297
Total non-current assets		2,159,121	2,052,331
Total assets		2,331,048	2,187,920
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	13,331	24,438
Trust funds and deposits	5.3 (b)	10,466	10,164
Unearned Income	5.3 (c)	40,847	16,422
Provisions	5.5	9,758	8,765
Interest-bearing liabilities	5.4	2,808	11,350
Lease liabilities	5.8	558	520
Total current liabilities		77,768	71,659
Non-current liabilities			
Trade and other payables	5.3 (a)	9,657	11,457
Provisions	5.5	1,347	1,045
Interest-bearing liabilities	5.4	14,081	16,889
Lease liabilities	5.8	4,509	4,981
Total non-current liabilities		29,594	34,372
Total liabilities		107,362	106,031
Net assets		2,223,686	2,081,889
Equity			
Accumulated surplus		1,221,202	1,157,224
Reserves	9.1	1,002,484	924,665
Total Equity		2,223,686	2,081,889

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

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

Statement of Changes in Equity
For the Year Ended 30 June 2022

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2022					
Balance at beginning of the financial year		2,081,889	1,157,224	853,658	71,007
Surplus for the year		61,491	61,491	-	-
Net asset revaluation increment	9.1 (a)	80,306	-	80,306	-
Transfers to other reserves	9.1 (b)	-	(21,646)	-	21,646
Transfers from other reserves	9.1 (b)	-	24,133	-	(24,133)
Balance at end of the financial year		2,223,686	1,221,202	933,964	68,520

	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

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

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		107,145	100,183
Statutory fees and fines		5,472	4,677
User fees		2,495	2,445
Grants - operating		27,204	20,355
Grants - capital		40,461	20,928
Contributions - monetary		34,938	18,951
Interest received		288	471
Trust funds and deposits taken		5,142	26,806
Other receipts		(1,242)	1,590
Net GST refund/(payment)		12,202	10,883
Employee costs		(43,340)	(41,552)
Materials and services		(87,173)	(77,177)
Short-term, low value and variable lease payments		(36)	(233)
Trust funds and deposits repaid		(4,811)	(27,918)
Net cash provided by operating activities	9.2	98,745	60,409
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(60,045)	(51,770)
Proceeds from sale of property, infrastructure, plant and equipment		683	824
Net Proceeds from sale of/(payments to) investments		(38,500)	(61,000)
Net cash used in investing activities		(97,862)	(111,946)
Cash flows from financing activities			
Finance costs		(1,464)	(1,756)
Proceeds from borrowings		-	8,000
Repayment of borrowings		(11,350)	(12,317)
Interest paid - lease liability		(160)	(145)
Repayment of lease liabilities		(524)	(421)
Net cash used in financing activities		(13,498)	(6,639)
Net increase (decrease) in cash and cash equivalents		(12,615)	(58,176)
Cash and cash equivalents at the beginning of the financial year		33,572	91,748
Cash and cash equivalents at the end of the financial year	5.1 (a)	20,957	33,572
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
2021/22 Financial Report

Statement of Capital Works
For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Property			
Land		6,549	5,739
Total land		6,549	5,739
 Buildings		 14,676	 11,352
Heritage buildings		30	10
Building improvements		192	80
Total buildings		14,898	11,442
Total property	6.2 (a)	21,447	17,181
 Plant and equipment			
Plant, machinery and equipment	6.2 (b)	383	2,308
Fixtures, fittings and furniture	6.2 (b)	177	181
Computers and telecommunications	6.2 (b)	405	51
Intangible assets	5.2 (c)	72	55
Total plant and equipment		1,037	2,595
 Infrastructure			
Roads		17,306	20,707
Bridges		472	224
Footpaths and cycleways		2,757	1,108
Drainage		1,477	1,055
Recreational, leisure and community facilities		6,822	8,851
Off street car parks		983	258
Other infrastructure		29	8
Total infrastructure	6.2 (c)	29,846	32,211
Total capital works expenditure		52,330	51,987
 Represented by:			
New asset expenditure		20,615	23,075
Asset renewal expenditure		11,741	10,199
Asset expansion expenditure		8,467	1,011
Asset upgrade expenditure		11,507	17,702
Total capital works expenditure		52,330	51,987

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

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

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

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

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

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

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs 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); and
- other areas requiring judgements.

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

(b) Impact of COVID-19

During 2021-22, the COVID-19 pandemic continued to impact on Council's operations. Council has noted additional expenditure relating to employee benefits of \$389k due to COVID-19 leave that impacts on its financial operations.

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

Note 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10% percent or \$500K for when 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 21 June 2021. The Budget was based on assumptions that were relevant at the time of Budget adoption. 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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	105,915	105,983	68	0%	
Statutory fees and fines	5,848	5,030	(818)	(14%)	1
User fees	2,798	2,379	(419)	(15%)	2
Grants - operating	14,890	25,634	10,744	72%	3
Grants - capital	29,140	18,143	(10,997)	(38%)	4
Contributions - monetary	345	183	(162)	(47%)	5
Capital contributions - monetary	3	3	-	-	
Development levies - monetary	17,681	19,882	2,201	12%	6
Contributions - non-monetary	45,000	26,856	(18,144)	(40%)	7
Other income	2,876	4,866	1,990	69%	8
Total income	224,496	208,959	(15,537)	(7%)	
Expenses					
Employee costs	45,359	44,671	688	2%	
Materials and services	57,211	70,371	(13,160)	(23%)	9
Depreciation	28,246	28,239	7	0%	
Amortisation - intangible assets	255	84	171	67%	10
Amortisation - right of use assets	178	588	(410)	(230%)	11
Bad and doubtful debts	210	282	(72)	(34%)	12
Borrowing costs	1,604	1,464	140	9%	
Net loss on disposal of property, infrastructure, plant and equipment	-	201	(201)	(100%)	13
Finance costs - leases	53	160	(107)	(204%)	14
Share of net loss of associates	-	34	(34)	(100%)	15
Other expenses	1,995	1,374	621	31%	16
Total expenses	135,111	147,468	(12,357)	(9%)	
Surplus for the year	89,385	61,491	(27,894)	(31%)	
Less: Capital income and other abnormals	(91,824)	(64,881)	26,943	(29%)	
Add: Recurrent capital grants	2,177	2,821	644	30%	
Adjusted underlying result	(262)	(569)	(307)	117%	

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

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

1	Statutory fees and fines	Unfavourable variances in development fees and landscape development fees is due to the combination of weather, lockdowns, timing of Pakenham East development and other developer agreements. These were partly offset by favourable variances in unbudgeted Election fines income.
2	User fees	Unfavourable variance is primarily due to an overall decrease in Community Asset Committee income, lower Cardinia Cultural Centre event and room hire revenue from lower bookings as a result of COVID-19, and reduced user fee income due to COVID-19 related temporary closures of other Council facilities.
3	Grants - operating	Favourable variance is due to recognition this year of grant income received in advance last year and to unbudgeted grants, mainly for the capital works projects, Local Partnerships, COVID-Safe Outdoor Activation Funding, South East Victorian Fires Recovery Support, and Storm and Flood Event Staffing. The Victorian Grants Commission grant is better than budget due to advance payment of part of the 2022-23 annual grant.
4	Grants - capital	Unfavourable variance is primarily due to: the Officer intersections grant budgeted as a capital grant but actual receipt recognised as an operating grant; grants for intersections received but not recognised as income this year; budgeted grant for My Place youth facility being recognised in previous years; and further variances due to the timing of receipt of budgeted grants. These have been partly offset by the receipt of unbudgeted grants, grants which are better than the full year budget, and the favourable impact of grants received in advance last year being recognised this year.
5	Contributions - monetary	Monetary contributions are under budget mainly due to lower demand for decorative light poles in new developments.
6	Development levies - monetary	Favourable variance includes the value of developer, community infrastructure and public open space levies being more than budget. Officer DCP developer levies is the major item contributing to this variance.
7	Contributions - non-monetary	This item includes developer contributions of roads, footpaths, drains, bridges, land and land under roads, as well as non-cash development levies (developer and public open space). This income is less than budget due to the contribution by developers not in line with prior year, estimate of developer donations is hard to predict and timing can differ from year on year.
8	Other income	Favourable variance is primarily due to higher than budgeted cost recovery income for the June 2021 Rain and October 2021 Storm events. Council has also earned higher than budgeted interest income on investments by negotiating higher rate than market rates as the Reserve Bank of Australia increased the cash rate in the last quarter.
9	Materials and services	Materials and services are significantly over budget mainly due to the transfer of capital project expenditure to operating expenses in lieu of asset capitalisation accounting requirements not being met. Contracted service costs are favourable primarily due to: the general garbage charge contract related right-of-use (ROU) costs being recognised ROU depreciation and finance expense; lower than budgeted green waste costs due to weather events and seasonality factors and ROU accounting treatment related transfers of costs to depreciation and finance costs. The hard and green waste contract was overspent due to COVID-19 driven unprecedented demand for at-home orders and seasonal factors. This overspend was subsidised by savings in dumped rubbish costs. Contract recreational service costs were also higher than budget due to COVID-19 related contractual commitments.
10	Amortisation - Intangible assets	Lower amortisation expense is due to the disposal of intangible assets during 2020-21.
11	Amortisation - Right of use assets	Higher amortisation expense is due to additional right of use assets in the waste and parks and gardens areas.
12	Bad and doubtful debts	Unfavourable variance is due to a greater than expected increase in the provision for doubtful debts.
13	Net loss on disposal of property, infrastructure, plant and equipment	Unfavourable variance due to unbudgeted disposal of old infrastructure assets, such as roads, buildings and drains resulting from capital works undertaken during the year.
14	Finance costs - leases	Unfavourable variance due to unbudgeted interest on right of use assets in the waste and parks and gardens areas.
15	Share of net loss of associates	Share of loss and distribution received from Casey Cardinia Library Corporation, which was unbudgeted (refer to Note 6.3).
16	Other expenses	Favourable variances in computer hardware leases, garbage collection, rental property leases and audit fees.

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	9,558	6,549	3,009	31%	1
Total land	9,558	6,549	3,009	31%	
Buildings	26,738	14,676	12,062	45%	
Heritage buildings	-	30	(30)	(100%)	
Building improvements	-	192	(192)	(100%)	
Total buildings	26,738	14,898	11,840	44%	2
Total property	36,296	21,447	14,849	41%	
Plant and equipment					
Plant, machinery and equipment	3,720	383	3,337	90%	3
Fixtures, fittings and furniture	132	177	(45)	(34%)	4
Computers and telecommunications	1,610	405	1,205	75%	5
Intangible assets	-	72	(72)	(100%)	6
Total plant and equipment	5,462	1,037	4,425	81%	
Infrastructure					
Roads	40,078	17,306	22,772	57%	7
Bridges	430	472	(42)	(10%)	
Footpaths and cycleways	1,470	2,757	(1,287)	(88%)	8
Drainage	952	1,477	(525)	(55%)	9
Recreational, leisure and community facilities	9,889	6,822	3,067	31%	10
Parks, open space and streetscapes	2,595	-	2,595	100%	11
Off street car parks	959	983	(24)	(3%)	
Other infrastructure	356	29	327	92%	12
Total infrastructure	56,729	29,846	26,883	47%	
Total capital works expenditure	98,487	52,330	46,157	47%	
Represented by:					
New asset expenditure	28,157	20,615	7,542	27%	13
Asset renewal expenditure	22,659	11,741	10,918	48%	14
Asset expansion expenditure	25,537	8,467	17,070	67%	15
Asset upgrade expenditure	22,134	11,507	10,627	48%	16
Total capital works expenditure	98,487	52,330	46,157	47%	

Budget amount includes capital budget for the year and any carried forward capital works that were deferred to 2021-22.

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

2.1.2 Capital works (Cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	McMullen road expenditure of \$6.6m was phased in 2021-22 as a part of the final payment plan settlement over three financial years. This land was recognised as an asset in 2019-20 when the title was transferred to Council, hence the favourable balance in current financial year.
2	Buildings	Significant projects completed during the year include Konewark Integrated Centre, upgrade works near completion at Toomuc south and north pavilion, and Gembrook pavilion. Project expenditure of \$2.8m was transferred to operating in lieu of Council not having control of the resultant assets and asset capitalisation accounting requirements not being met for projects including Koo Wee Rup high school works, public toilets at Upper Beaconsfield and Puffing Billy. Unspent project budget of \$13.7m will be carried over to 2022-23 for the completion of various building projects including: new Youth facility; Cora Lynn; Integrated Children's facility at Timbertop; and Toomuc Reserve south and north oval final stage.
3	Plant, machinery and equipment	COVID-19 related supply chain issues have delayed heavy and light fleet vehicle expenditure.
4	Fixtures, fittings and furniture	The unfavourable variance is mainly due to purchase of kitchen equipment for the Cardinia Cultural Centre which was not in the budget.
5	Computers and telecommunications	A major item budgeted in this category has been delayed, resulting in \$1.2m carryover to 2022-23 for delivery of the project.
6	Intangible assets	Software purchases were budgeted in computer and telecommunications.
7	Roads	Various road projects were delivered across the shire, with continued progress in Sealing the Hills program and ongoing commitment to the road sealing and replacement program. Some of the expenditure for road resealing, resheeting and renewals did not meet asset capitalisation accounting requirements and was transferred to operating expenditure. Council's handover of two road intersections to Department of Transport also resulted in \$4.9m project expenditure being transferred to operating expenditure in lieu of not meeting asset capitalisation accounting requirements. Works continue on road sealing program and intersection upgrades, with some being delayed by planning approvals, vegetation permits and clearance from works Authorities, which were beyond Council's control. Funds worth \$15m are expected to carryover to 2021-22 to deliver the ongoing commitments for intersection upgrades and road sealing program.
8	Footpaths	Project components capitalised to different asset class, resulting in movement of expenditure for projects such as Integrated family centre, Deep creek reserve, were budgeted in different asset classes but capitalised to footpath assets. Various road projects
9	Drainage	Project budgeted in road assets and open space assets, capitalised to drainage assets as a part of asset capitalisation resulting in funds transferred between asset classes.
10	Recreational, leisure and community facilities	Expenditure for Comely banks facility was brought forward in 2020-21, resulting in a favourable budget variance in 2021-22. Officer Recreation Reserve works were delayed to 2022-23, for which capital budget funds of over \$5.0m will be carried over to 2022-23 to deliver the works.
11	Parks, open space and streetscapes	Majority of the expenditure budgeted in the asset class was transferred to operating as the asset capitalisation threshold was not met.
12	Other infrastructure	Majority of the expenditure budgeted in the asset class was transferred to operating as the asset capitalisation threshold was not met.
13	New asset expenditure	Land purchase payment for McMullen road recognised as expenditure in 2019-20, expenditure delay for the new youth facility and integrated children facilities at Timbertop further added to the favourable variance.
14	Asset renewal expenditure	Heavy fleet expenditure delay due to unavailability and availability issues resulted in underspend in plant renewal program, some of the funds to be carried over to 2022-23. Expenditure for road renewal and building renewals, which did not meet asset capitalisation accounting requirements, was transferred to operating expenditure.
15	Asset expansion expenditure	Intersection works are delayed to 2022-23 due to permit approvals and Authority approvals. With works contracts now allocated, Bayview and Tivendale roads projects will carry over for completion in 2022-23. Officer District Park works are also delayed, with funds being carried over to 2022-23.
16	Asset upgrade expenditure	Some of the major projects such as roads sealing program, intersections upgrade will be carried over to 2022-23 due to delays in permit approvals.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 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
2021/22 Financial Report

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

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

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Chief Executive Officer	-	535	(535)	-	-
Infrastructure & Environment	47,951	79,084	(31,133)	26,475	917,197
Liveable Communities	32,962	23,614	9,348	4,119	57,511
Governance, Facilities and Economy	4,775	27,083	(22,308)	787	1,229,467
Customer, People & Performance	123,271	17,152	106,119	12,396	126,873
	208,959	147,468	61,491	43,777	2,331,048

	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

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

Note 3 Funding for the delivery of our services	2022	2021
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 2021.

The valuation base used to calculate general rates for 2021/22 was \$29,664 million (2020/21 was \$27,480 million). The 2021/22 rate in the CIV dollar was 0.002704 (2020/21 was 0.002812).

General rates	86,154	82,761
Waste management charge	17,422	16,085
Supplementary rates and rate adjustments	1,393	1,358
Interest on rates and charges	929	24
Cultural and recreational	85	81
Total rates and charges	105,983	100,309

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation was first applied in the rating year commencing 1 July 2021.

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

3.2 Statutory fees and fines

Infringements and costs	491	311
Statutory registration fees	1,210	457
Court recoveries	203	54
Town planning fees	1,222	1,186
Land information certificates	157	182
Permits	1,747	2,093
Total statutory fees and fines	5,030	4,283

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	1,151	975
Child care/children's programs	153	248
Parking	46	38
Registration and other permits	664	770
Building services	300	256
Other fees and charges	65	46
Total user fees	2,379	2,333
User fees by timing of revenue recognition		
User fees recognised at a point in time	2,379	2,333
Total user fees	2,379	2,333

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	35,098	23,430
State funded grants	8,679	13,548
Total grants received	43,777	36,978

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

	2022 \$'000	2021 \$'000
3.4 Funding from other levels of government (Cont'd)		
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	14,981	11,665
Community health	50	37
Recurrent - State Government		
School crossing supervisors	463	447
Maternal and child health	2,143	1,884
Recreation	83	80
Community safety	4	192
Best start	73	131
Community health	76	187
Disability	-	12
Emergency management	-	173
Environment and heritage	71	396
Family and children	427	304
Local infrastructure	-	85
Total recurrent operating grants	18,371	15,593
Non-recurrent - Commonwealth Government		
Local infrastructure	4,512	741
Non-recurrent - State Government		
Local infrastructure	2,324	1,839
Community Health	290	11
Environment & Heritage	9	65
Community Safety	11	-
Families and Children	105	-
Working for Victoria	12	2,700
Total non-recurrent operating grants	7,263	5,356
Total operating grants	25,634	20,949
(b) Capital Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grant	1,130	802
Roads to recovery	1,691	1,691
Total recurrent capital grants	2,821	2,493
Non-recurrent - Commonwealth Government		
Local infrastructure	9,175	7,491
Recreation	3,559	1,003
Non-recurrent - State Government		
Local infrastructure	2,179	3,392
Recreation	409	1,650
Total non-recurrent capital grants	15,322	13,536
Total capital grants	18,143	16,029
Total operating and capital grants	43,777	36,978
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	1,334	5,752
Received during the financial year and remained unspent at balance date	168	1,285
Received in prior years and spent during the financial year	(1,025)	(5,703)
Balance at year end	477	1,334
Capital		
Balance at start of year	9,558	12,064
Received during the financial year and remained unspent at balance date	4,767	2,198
Received in prior years and spent during the financial year	(5,862)	(4,704)
Balance at year end	8,463	9,558
Total Unspent grants at year end	8,940	10,892

3.4 Funding from other levels of government (Cont'd)

(d) Recognition of grant income

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

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

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

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

	2022 \$'000	2021 \$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	14,981	11,665
Specific purpose grants to acquire non-financial assets	18,143	16,029
Other specific purpose grants	10,653	9,284
	<u>43,777</u>	<u>36,978</u>

3.5 Contributions

Monetary	20,068	20,062
Non-monetary	26,856	36,329
Total contributions	<u>46,924</u>	<u>56,391</u>

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

Land	5,166	9,705
Buildings	22	595
Roads	6,362	11,313
Other infrastructure	14,849	16,542
Other	6	10
Total non-monetary contributions	<u>26,405</u>	<u>38,165</u>

Monetary and non monetary contributions are recognised as revenue at their fair value 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	270	525
Written down value of assets held for sale	(217)	(509)
Total net profit on disposal of assets held for sale	<u>53</u>	<u>16</u>

(b) Property, infrastructure and plant and equipment

Proceeds of sale	413	299
Written down value of assets disposed	(667)	(2,055)
Total net loss on disposal of property, infrastructure, plant and equipment	<u>(254)</u>	<u>(1,756)</u>

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

(201)	(1,740)
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	2022 \$'000	2021 \$'000
3.7 Other income		
Interest	546	471
Cost recoveries	3,230	1,890
Other rent	520	475
Net assets impairment reversal	-	30
Other	570	578
Total other income	4,866	3,444

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	39,349	37,029
WorkCover	925	681
Superannuation	3,999	3,540
Fringe benefits tax	351	354
Other	47	21
Total employee costs	44,671	41,625

4.1 (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	147	135
	147	135
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,852	3,405
	3,852	3,405
Employer contributions payable at reporting date.	-	-

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	15,952	14,614
- Parks and gardens contracts	4,772	4,256
- Library contract	2,277	2,227
- Other contracts	6,695	7,215
Building maintenance	170	243
General maintenance	3,612	5,345
Utilities	2,717	2,462
Office administration	121	130
Information technology	2,103	2,011
Insurance	1,103	980
Consultants	1,765	1,524
Materials and services	27,480	18,679
Contractors & temp staff	772	988
Legal	762	975
Cost recoveries	70	63
Total materials and services	70,371	61,712

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

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	2022	2021
	\$'000	\$'000
4.3 Depreciation		
Property	6,822	6,187
Plant and equipment	1,942	1,955
Infrastructure	19,475	18,157
Total depreciation	28,239	26,299
4.4 Amortisation - Intangible assets		
Software	84	135
Total Amortisation - Intangible assets	84	135
4.5 Amortisation - Right of use assets		
Property	588	486
Total Amortisation - Right of use assets	588	486
Refer to note 5.2 (c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.		
4.6 Bad and doubtful debts		
Local law debtors	114	103
Other debtors	168	101
Total bad and doubtful debts	282	204
Movement in provisions for doubtful debts		
Balance at the beginning of the year	(211)	(272)
New provisions recognised during the year	(191)	(106)
Amounts already provided for and written off as uncollectible	46	84
Amounts provided for but recovered during the year	33	83
Balance at end of year	(323)	(211)
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	1,236	1,548
Bank charges	228	208
Total borrowing costs	1,464	1,756
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	160	145
Total finance costs	160	145
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	70	73
Auditors' remuneration - Internal Audit	71	26
Councillors' allowances	407	296
Assets written-off / impaired	26	-
Other	800	1,027
Total other expenses	1,374	1,422

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	2022 \$'000	2021 \$'000
Note 5 Our financial position		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	20,956	20,071
Term deposits - Developer contribution plans	-	13,500
Total cash and cash equivalents	20,957	33,572
(b) Other financial assets		
Current		
Term deposits - Council	79,000	49,500
Term deposits - Developer contribution plans	32,500	23,500
Total other financial assets	111,500	73,000
Total financial assets *	132,457	106,572
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))	10,466	10,164
- Developer contribution levy (Note 9.1 (b))	44,910	50,812
- Other allocations not subject to external restrictions	843	918
Total restricted funds *	56,219	61,894
Total unrestricted cash and cash equivalents	(35,262)	(28,322)
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	35,962	23,334
- Unspent grants (Note 3.4 (c))	8,940	10,892
Total funds subject to intended allocations *	44,902	34,226

* Total financial assets of \$112 million is sufficient to cover the restricted funds of \$56 million and the intended allocations of 45 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.

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

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5.1 Financial assets (Cont'd)	2022 \$'000	2021 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	13,248	14,410
Infringement debtors	226	171
Net GST receivable	1,820	1,834
Provision for doubtful debts - infringements	(114)	(72)
Developer contribution plan debtors	11,492	3,946
<i>Non statutory receivables</i>		
Other debtors	2,569	3,488
Provision for doubtful debts - other debtors	(209)	(139)
Total current trade and other receivables	29,032	23,638
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	984	4,012
Developer contribution plan debtors	358	11,665
<i>Non statutory receivables</i>		
Bonds	103	108
Other Debtors	459	-
Total non-current trade and other receivables	1,904	15,785
Total trade and other receivables	30,936	39,423

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)	1,523	1,536
Past due by up to 30 days	285	170
Past due between 31 and 180 days	159	1,027
Past due between 181 and 365 days	124	666
Past due by more than 1 year	478	89
Total trade and other receivables	2,569	3,488

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$322k (2021: \$211k) were impaired. The amount of the provision raised against these debtors was \$322k (2021: \$211k). 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	57	4
Past due between 31 and 180 days	21	47
Past due between 181 and 365 days	47	19
Past due by more than 1 year	197	141
Total trade & other receivables	322	211

5.2 Non-financial assets**(a) Inventories**

Inventories held for distribution	38	8
Total inventories	38	8

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.

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For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
5.2 Non-financial assets (Cont'd)		
(b) Other assets		
Prepayments	1,094	1,123
Accrued income *	8,050	2,129
Deposits on asset purchases	973	1,619
Total other assets	10,117	4,871

* Settlement of these Developer contribution monies will occur in accordance with the *Planning and Environment Act 1987* section 173 agreements.

(c) Intangible assets

Software	285	297
Total intangible assets	285	297

**Software
\$'000****Gross carrying amount**

Balance at 1 July 2021	2,188
Additions from internal developments	72
Other additions	-
Transfers	135
Balance at 30 June 2022	2,395

Accumulated amortisation and impairment

Balance at 1 July 2021	2,026
Amortisation expense	84
Disposals	-
Balance at 30 June 2022	2,110

Work in progress at 30 June 2021	135
Work in progress at 30 June 2022	-

Net book value at 30 June 2021	297
Net book value at 30 June 2022	285

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.

	2022 \$'000	2021 \$'000
5.3 Payables, trust funds and deposits and unearned income		
(a) Trade and other payables		
Current		
Trade payables	7,108	11,135
Accrued expenses	5,723	3,245
Other payables - purchase of land	500	10,058
Total current trade and other payables	13,331	24,438
Non-Current		
Trade payables *	9,103	10,403
Other payables - purchase of land	554	1,054
Total non-current trade and other payables	9,657	11,457
Total trade and other payables	22,988	35,895

* Developer contributed assets and lease incentives received in advance which are expected to be settled after 12 months.

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	2022 \$'000	2021 \$'000
5.3 Payables, trust funds and deposits and unearned income (Cont'd)		
(b) Trust funds and deposits		
Refundable deposits	10,106	9,729
Fire services levy	90	117
Sustainable Australia Fund	11	59
Other refundable deposits	259	259
Total trust funds and deposits	10,466	10,164

(c) Unearned income

Grants received in advance - operating	2,775	1,206
Grants received in advance - capital	27,500	5,182
Developer levies raised in advance	8,674	8,349
Other	1,898	1,685
Total unearned income	40,847	16,422

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

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

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.

Sustainable Australia Fund - Council collects funds on behalf of Sustainable Australia from businesses that participate in the Environmental Upgrade Financing (EUF) program. Amounts disclosed here will be remitted to the Sustainable Australia Fund in line with that process.

5.4 Interest-bearing liabilities

Current

Borrowings - secured	2,808	11,350
	2,808	11,350

Non-current

Borrowings - secured	14,081	16,889
	14,081	16,889
Total	16,889	28,239

Borrowings are secured by Deed of Charge over general rates.

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

Not later than one year	2,808	11,350
Later than one year and not later than five years	9,841	10,463
Later than five years	4,240	6,426
	16,889	28,239

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.

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	2022 \$ '000	2021 \$ '000
5.5 Provisions		
Balance at beginning of the financial year	9,810	9,555
Additional provisions	4,782	3,852
Amounts used	(3,325)	(3,559)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(162)	(38)
Balance at the end of the financial year	11,105	9,810
Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	4,278	3,794
Long service leave	1,210	1,082
Sick leave bonus/gratuity	41	42
	5,529	4,918
Current provisions expected to be wholly settled after 12 months		
Long service leave	4,229	3,847
	4,229	3,847
Total current employee provisions	9,758	8,765
Non-current		
Long service leave	1,347	1,045
Total non-current employee provisions	1,347	1,045
Aggregate carrying amount of employee provisions:		
Current	9,758	8,765
Non-current	1,347	1,045
Total aggregate carrying amount of employee provisions	11,105	9,810

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:

- discount rate	3.69%	1.49%
- wage inflation rate	3.85%	2.95%

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	2022	2021
	\$'000	\$'000
5.6 Financing arrangements		
The Council has the following funding arrangements in place as at 30 June 2022.		
Bank overdraft	2,000	2,000
Transaction negotiation authority	1,000	1,000
Credit card facilities	400	400
Lease facilities	5,067	5,501
Bank loan facilities	16,889	28,239
Total facilities	25,356	37,140
Used facilities	22,027	33,779
Unused facilities	3,329	3,361

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.

(a) Commitments for expenditure

	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
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	3,150	3,276	4,807	1,462	12,695
Garbage collection	14,330	14,903	26,623	7,663	63,519
Open space management	8,329	4,835	-	-	13,164
Consultancies	1,903	30	-	-	1,933
Cleaning contracts for council buildings	1,004	-	-	-	1,004
Fleet	295	-	-	-	295
Casey Cardinia Library funding	2,543	-	-	-	2,543
Facilities management	648	830	1,070	-	2,548
Maintenance	1,147	-	-	-	1,147
Health	1,746	1,494	-	-	3,240
Other	2,196	668	1,303	373	4,540
Total	37,291	26,036	33,803	9,498	106,628
Capital					
Buildings	7,807	-	-	-	7,807
Roads	22,289	-	-	-	22,289
Drainage	100	-	-	-	100
Land	2,073	-	-	-	2,073
Total	32,269	-	-	-	32,269

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5.7 Commitments (Cont'd)

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
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

(b) 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:

	2022 \$'000	2021 \$'000
Not later than one year	379	573
Later than one year and not later than five years	585	657
Later than five years	2,691	2,692
	3,655	3,922

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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 2021	47	5,375	5,422
Additions	91	-	91
Amortisation charge	(23)	(565)	(588)
Balance at 30 June 2022	115	4,810	4,925
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
Lease Liabilities		2022	2021
Maturity analysis - contractual undiscounted cash flows		\$'000	\$'000
Less than one year		700	676
One to five years		2,687	2,659
More than five years		2,360	3,001
Total undiscounted lease liabilities as at 30 June:		5,747	6,336
Lease liabilities included in the Balance Sheet at 30 June:			
Current		558	520
Non-current		4,509	4,981
Total lease liabilities		5,067	5,501

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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.

	2022	2021
	\$'000	\$'000
Expenses relating to:		
Short-term leases	36	52
Leases of low value assets	221	181
Total	257	233
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	239
Later than one year but not later than five years	109	335
Total lease commitments	348	574

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

Held at carrying value	283	500
Total non current assets classified as held for sale	283	500

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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For the Year Ended 30 June 2022

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021	Prior year adjustments	Additions	Contributions	Revaluation	Depreciation	Disposal	Impairment	Write-off (*)	Transfers from held for sale	Transfers	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'001	\$'000	\$'000	\$'000	\$'000
Property	1,205,398	-	10,289	5,188	(12,215)	(6,822)	(10)	-	-	-	5,329	1,207,157
Plant and equipment	8,258	-	965	6	-	(1,942)	(51)	-	-	-	72	7,308
Infrastructure	772,994	-	7,412	16,832	92,521	(19,475)	(606)	(26)	-	-	17,136	886,788
Work in progress	42,697	-	33,592	4,379	-	-	-	-	(8,823)	-	(22,537)	49,308
	2,029,347	-	52,258	26,405	80,306	(28,239)	(667)	(26)	(8,823)	-	-	2,150,561

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Contributions \$'000	Write-off (*) \$'000	Transfers \$'000	Closing WIP \$'000
Property	9,592	11,158	-	(488)	(4,358)	15,904
Infrastructure	33,105	22,434	4,379	(8,335)	(18,179)	33,404
Total	42,697	33,592	4,379	(8,823)	(22,537)	49,308

* Reclassification from opening work in progress to operating expenses.

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2022

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 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 1 July 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
Movements in fair value											
Additions	4,565	1,984	6,549	30	2,797	721	192	-	3,740	11,158	21,447
Contributions	5,166	-	5,166	-	14	-	8	-	22	-	5,188
Revaluation	(14,939)	2,724	(12,215)	-	-	-	-	-	-	-	(12,215)
Disposal	-	-	-	-	(85)	-	-	-	(85)	-	(85)
Write-off	-	-	-	-	-	-	-	-	-	(488)	(488)
Transfers	(14)	-	(14)	-	4,251	1,400	35	-	5,686	(4,358)	1,314
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
	(5,222)	4,708	(514)	30	6,977	2,121	235	-	9,363	6,312	15,161
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	-	(88)	(4,872)	(409)	(1,396)	(57)	(6,822)	-	(6,822)
Accumulated depreciation of disposals	-	-	-	-	75	-	-	-	75	-	75
Transfers	-	-	-	-	-	(343)	-	-	(343)	-	(343)
	-	-	-	(88)	(4,797)	(752)	(1,396)	(57)	(7,090)	-	(7,090)
At fair value 30 June 2022	886,783	78,514	965,297	7,759	307,098	24,016	28,622	4,018	371,513	15,904	1,352,714
Accumulated depreciation at 30 June 2022	-	-	-	(5,786)	(102,586)	(11,130)	(9,959)	(192)	(129,653)	-	(129,653)
Carrying amount	886,783	78,514	965,297	1,973	204,512	12,886	18,663	3,826	241,860	15,904	1,223,061

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For the Year Ended 30 June 2022

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

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Work In Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2021	14,471	3,107	2,035	-	19,613
Accumulated depreciation at 1 July 2021	(7,794)	(2,058)	(1,503)	-	(11,355)
	6,677	1,049	532	-	8,258
Movements in fair value					
Additions	383	177	405	-	965
Contributions	-	6	-	-	6
Disposal	(685)	-	-	-	(685)
Transfers	-	-	72	-	72
	(302)	183	477	-	358
Movements in accumulated depreciation					
Depreciation and amortisation	(1,561)	(164)	(217)	-	(1,942)
Accumulated depreciation of disposals	634	-	-	-	634
	(927)	(164)	(217)	-	(1,308)
At fair value 30 June 2022	14,169	3,290	2,512	-	19,971
Accumulated depreciation at 30 June 2022	(8,721)	(2,222)	(1,720)	-	(12,663)
Carrying amount	5,448	1,068	792	-	7,308

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For the Year Ended 30 June 2022

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

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	435,302	103,775	112,045	293,442	67,824	-	15,135	1,969	33,105	1,062,597
Accumulated depreciation at 1 July 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
Movements in fair value										
Additions	3,593	123	1,187	248	2,204	-	47	10	22,434	29,846
Contributions	6,362	1,610	2,201	5,950	709	-	-	-	4,379	21,211
Revaluation	-	-	-	110,117	-	-	-	-	-	110,117
Disposal	(1,296)	-	(29)	(76)	(105)	-	-	-	-	(1,506)
Write-off	-	-	-	-	-	-	-	-	(8,335)	(8,335)
Transfers	6,685	75	2,333	1,831	(16,114)	20,425	1,443	115	(18,179)	(1,386)
Impairment losses recognised in operating result	-	-	-	-	-	(26)	-	-	-	(26)
	15,344	1,808	5,692	118,070	(13,306)	20,399	1,490	125	299	149,921
Movements in accumulated depreciation										
Depreciation and amortisation	(10,491)	(1,151)	(2,247)	(3,300)	(1,209)	(714)	(306)	(57)	-	(19,475)
Prior year adjustment	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	(17,596)	-	-	-	-	-	(17,596)
Accumulated depreciation of disposals	793	-	5	8	94	-	-	-	-	900
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	(2)	-	-	343	6,019	(6,019)	2	-	-	343
	(9,700)	(1,151)	(2,242)	(20,545)	4,904	(6,733)	(304)	(57)	-	(35,828)
At fair value 30 June 2022	450,646	105,583	117,737	411,512	54,518	20,399	16,625	2,094	33,404	1,212,518
Accumulated depreciation at 30 June 2022	(133,342)	(37,047)	(26,454)	(65,585)	(18,665)	(6,733)	(3,975)	(525)	-	(292,326)
Carrying amount	317,304	68,536	91,283	345,927	35,853	13,666	12,650	1,569	33,404	920,192

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2022

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
2021/22 Financial Report

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

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.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land - specialised	-	-	886,783	Feb 2022
Land - non specialised	-	78,514	-	Feb 2022
Heritage buildings	-	-	1,973	Feb 2021
Buildings - non specialised	-	-	12,886	Feb 2021
Buildings - specialised	-	-	204,512	Feb 2021
Building improvements	-	-	18,663	Feb 2021
Leasehold improvements	-	-	3,826	Feb 2021
Total	-	78,514	1,128,643	

Valuation of infrastructure

Valuation of infrastructure assets has been performed 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 2022 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	317,304	April 2020
Bridges	-	-	68,536	April 2021
Footpaths and cycleways	-	-	91,283	April 2020
Drainage	-	-	345,927	April 2022
Recreational, leisure and community facilities	-	-	35,853	April 2019
Parks open spaces and streetscapes	-	-	13,666	April 2019
Off street car parks	-	-	12,650	April 2020
Total	-	-	885,219	

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 \$3,394 per square metre.

Specialised buildings are valued using a current 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 Current 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.

	2022	2021
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	209	252,098
Parks and reserves	886,574	639,907
Total specialised land	886,783	892,005

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	2022 \$'000	2021 \$'000
6.3 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
Casey Cardinia Library Corporation	1,446	1,480
	<u>1,446</u>	<u>1,480</u>
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 2021/22 (based on the unaudited library statements) is 25.95% (2020/21 was 25.77%).	1,446	1,480
Fair value of Council's investment in Casey Cardinia Library Corporation	<u>1,446</u>	<u>1,480</u>
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	943	829
Reported surplus(deficit) for year	(44)	71
Distributions for the year	10	43
Council's share of accumulated surplus at end of year	<u>909</u>	<u>943</u>
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	<u>537</u>	<u>537</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,480	1,366
Share of surplus(deficit) for year	(44)	71
Distributions received	10	43
Carrying value of investment at end of year	<u>1,446</u>	<u>1,480</u>
Council's share of expenditure commitments		
Operating commitments	34	50
Council's share of expenditure commitments	<u>34</u>	<u>50</u>

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.

(b) Community Asset Committee

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

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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

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Cardinia Shire Council. The Councillors, Chief Executive Officer and General Managers are deemed KMP.

Details of KMP at any time during the year are:

Councillors

Cr Jeff Springfield	(Mayor from 8 November 2021, Deputy Mayor until 7 November 2021)
Cr Tammy Radford	(Deputy Mayor from 8 November 2021)
Cr Brett Owen	(Mayor until 7 November 2020)
Cr Carol Ryan	
Cr Collin Ross	
Cr Graeme Moore	
Cr Jack Kowarzik	
Cr Kaye Cameron	(Councillor from 9 August 2021)
Cr Stephanie Davies	

Chief Executive Officer and General Managers

Carol Jeffs	(Chief Executive Officer)
Debbie Tyson	(Executive Manager - Governance, Facilities and Economy)
Jenny Scicluna	(General Manager - Customer, People and Performance)
Lili Rosic	(General Manager - Liveable Communities from 30 August 2021)
Peter Benazic	(General Manager - Infrastructure and Environment)

Managers acted as General Managers during position vacancy and backfill periods

Luke Connell	(Acting General Manager - Liveable Communities until 29 August 2021)
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	2022	2021
	No.	No.
Total Number of Councillors	9	12
Total of Chief Executive Officer and other Key Management Personnel	6	8
Total Number of Key Management Personnel	15	20

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	2022	2021
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,737	1,539
Long-term benefits	32	151
Post employment benefits	125	110
Termination benefits	-	5
Total	1,894	1,805

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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:

	2022	2021
	No.	No.
\$0 - \$9,999	-	3
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	1	4
\$30,000 - \$39,999	6	-
\$40,000 - \$49,999	1	1
\$60,000 - \$69,999	1	1
\$80,000 - \$89,999	1	-
\$90,000 - \$99,999	-	1
\$110,000 - \$119,999	-	2
\$210,000 - \$219,999	1	-
\$260,000 - \$269,999	1	1
\$270,000 - \$279,999	-	2
\$280,000 - \$289,999	2	-
\$360,000 - \$369,999	-	1
\$400,000 - \$409,999	1	-
	15	20

(d) Senior Officer Remuneration

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

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

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

	2022	2021
	No.	No.
Income Range:		
\$151,000 - \$159,999	11	10
\$160,000 - \$169,999	5	6
\$170,000 - \$179,999	2	4
\$180,000 - \$189,999	5	6
\$190,000 - \$199,999	3	-
\$200,000 - \$209,999	1	2
\$210,000 - \$219,999	1	-
	28	28

	2022	2021
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	5,137	5,031

* 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	2,277	2,227
Provision of a Mobile Library bus to the Casey Cardinia Library Corporation	-	36
	2,277	2,263

(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)

	2,543	2,276
	2,543	2,276

Note 8 Managing uncertainties**8.1 Contingent assets and liabilities**

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

(a) Contingent assets

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

At balance date the Council are not aware of any contingent assets.

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Cardinia Shire Council has not paid unfunded liability payments to Vision Super during 2021/22. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. 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

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the *Workplace Injury Rehabilitation and Compensation Act 2013*, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

Casey Cardinia Library Corporation

The City of Casey and Cardinia Shire have made a joint decision to change the service model of their libraries, which will see the subsequent dissolution of the Casey Cardinia Libraries (CCL) Corporation at the end of 2022. We are not aware of the financial impact of this decision as at the balance sheet date.

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 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

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

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), 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 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

There has been no significant change in 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**(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 +2.5% and -0.5% in market interest rates (AUD) from year-end rates of 0.85% and 4%.

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

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

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

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

2022

Property

Land and land improvements

Buildings

Infrastructure

Roads

Bridges

Drainage

Footpaths and cycleways

Recreational, leisure and community facilities

Total asset revaluation reserves

2021

Property

Land and land improvements

Buildings

Infrastructure

Roads

Bridges

Drainage

Footpaths and cycleways

Recreational, leisure and community facilities

Total asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2022			
Property			
Land and land improvements	576,500	(12,215)	564,285
Buildings	93,954	-	93,954
	670,454	(12,215)	658,239
Infrastructure			
Roads	26,491	-	26,491
Bridges	34,846	-	34,846
Drainage	97,671	92,521	190,192
Footpaths and cycleways	20,509	-	20,509
Recreational, leisure and community facilities	3,687	-	3,687
	183,204	92,521	275,725
Total asset revaluation reserves	853,658	80,306	933,964
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

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

CARDINIA SHIRE COUNCIL
2021/22 Financial Report

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

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	Ref
(b) Other reserves					
2022					
Developer contribution levy	50,812	17,384	(23,286)	44,910	1
Community Facilities levy	942	919	-	1,861	2
Public Open Space levy	15,931	1,741	(546)	17,126	3
Native vegetation	705	-	(38)	667	4
Decorative Light Poles	902	-	(256)	646	5
Landscapes	206	100	-	306	6
Replacement Planting Scheme	9	2	(7)	4	
Future Emergency Recovery Reserve	500	500	-	1,000	7
Future Environment Sustainability Reserve	500	500	-	1,000	7
Future Defined Benefit Super Shortfall Reserv	500	500	-	1,000	7
Total other reserves	71,007	21,646	(24,133)	68,520	
2021					
Developer contribution levy	52,105	13,699	(14,992)	50,812	
Community Facilities levy	3,171	1,295	(3,524)	942	
Public Open Space levy	12,309	4,550	(928)	15,931	
Native vegetation	597	179	(71)	705	
Decorative Light Poles	788	186	(72)	902	
Landscapes	252	99	(145)	206	
Replacement Planting Scheme	4	5	-	9	
Future Emergency Recovery Reserve	-	500	-	500	
Future Environment Sustainability Reserve	-	500	-	500	
Future Defined Benefit Super Shortfall Reserv	-	500	-	500	
Total other reserves	69,226	21,513	(19,732)	71,007	
			2022	2021	
			\$'000	\$'000	
Asset revaluation reserves			933,964	853,658	
Other reserves			68,520	71,007	
Total reserves			1,002,484	924,665	
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	2022 \$'000	2021 \$'000
9.1 Reserves (Cont'd)			
(c) Adjustments directly to equity			
Correction of prior year error in Property, infrastructure, plant and equipment *		-	4,605
Total adjustments directly to equity		-	4,605
* 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		61,491	68,328
Depreciation/amortisation		28,911	26,920
Proceeds from sale of assets - investing activity, not operating activity	3.6	(683)	(824)
Written down book value (WDBV) of assets sold - non-cash	3.6	884	2,564
Opening work in progress write off	6.2	8,823	2,978
Contributions - non-monetary	3.5	(26,856)	(36,329)
Volunteer services	4.2	315	265
Interest costs - financing, not operating activity		1,624	1,901
Share of net (gain)/loss of associates - non-cash		34	(114)
Impairment (gain)/loss - non-cash	3.7	26	(30)
<i>Change in assets and liabilities:</i>			
(Increase)/decrease in trade and other receivables		15,977	(1,164)
(Increase)/decrease in prepayments		690	(177)
(Increase)/decrease in accrued income		(5,921)	(1,819)
Increase/(decrease) in trade and other payables		-	(5,842)
Increase/(decrease) in other liabilities		(11,669)	(1,011)
(Increase)/decrease in inventories		(30)	3
Increase/(decrease) in provisions		1,028	255
Increase/(decrease) in income in advance		24,101	4,505
Net cash provided by operating activities		98,745	60,409

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 Income Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

Defined Benefit

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

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

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

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

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

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

9.3 Superannuation (Cont'd)**Funding arrangements (Cont'd)**

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

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

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

Employer contributions**Regular contributions**

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

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

Funding calls

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

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

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

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

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

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

The 2021 interim actuarial investigation surplus amounts

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

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

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

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

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

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

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

The 2022 interim actuarial investigation

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

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9.3 Superannuation (Cont'd)

Superannuation contributions

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

			2022	2021
Scheme	Type of Scheme	Rate	\$'000	\$'000
Vision super	Defined benefit	10% (2021:9.5%)	147	135
Vision super	Accumulation fund	10% (2021:9.5%)	9,558	3,405

Cardinia Shire Council has no unfunded liability payments to Vision Super during both the 2021/22 and 2020/21 years.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$150 thousand.

10 Change in accounting policy

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

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

2021–22 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 2022, Cardinia Shire's estimated population is 131,834 and is expected to increase by approximately 51,762 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 be dedicated to supporting the community in what was a challenging and uncertain year due to the COVID-19 pandemic.

Supporting the community through the initial phases of the pandemic was an exceptional challenge and required acting quickly to ensure that we were able to continue to deliver essential services and provide a range of extra support.

Council implemented a 4-phase COVID-19 Relief and Recovery Package to support our community, local businesses, sporting clubs, relief providers and local agencies, 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 financial hardship provisions, payment plans and extension of interest-free periods 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:

- **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.

Furthermore, a survey was created to better understand local community needs during the pandemic so that we could continue to support residents and businesses.

Finally, 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 from the pandemic. A series of free community recovery events were also planned to help build community connections.

Sustainable capacity indicators

	Indicator	2019	2020	2021	2022	Material variation
Population *	<i>Expenses per head of municipal population</i> [Total expenses/ Municipal population]	\$1,113.36	\$1,174.00	\$1,166.37	\$1,242.63	
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure/ Municipal population]	\$8,614.11	\$8,927.64	\$9,153.18	\$9,987.48	
	<i>Population density per length of road</i> [Municipal population/kilometres of local roads]	68.10	70.63	72.48	73.44	
Own-source revenue	<i>Own-source revenue per head of municipal population</i> [Own-source revenue/Municipal population]	\$996.32	\$973.28	\$950.86	\$996.49	
Recurrent grants	<i>Recurrent grants per head of municipal population</i> [Recurrent grants/Municipal population]	\$165.49	\$146.51	\$155.65	\$178.58	The increase in 2021-22 is primarily the result of an increase in Operating Recurrent Grants, including the annual Commonwealth Financial Assistance Grant, due to the partial in-advance receipt for 2022-23, and the State Maternal and Child Health Grant.

*Council has utilised the March 2022 published data for municipal population

	Indicator	2019	2020	2021	2022	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	10.01%	12.75%	13.38%	14.92%	Whilst this is greater than 10%, it is only marginally more than in previous years. Since COVID-19 in 2020 the market for candidates has been extremely competitive and it is becoming hard to keep and retain employees. This trend can be seen across many industries and local government areas.

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	2019	2020	2021	2022	Material variation
Aquatic facilities	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/Municipal population]	6.93	4.78	2.46	3.29	Attendance has continued to increase following COVID shutdowns. The previous financial year included COVID-19 shutdown periods where no attendance was possible. It is expected attendance will continue to increase as people return to using the aquatic facilities post COVID.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	14	Retired Indicator	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	100%	100%	100%	

Service	Indicator	2019	2020	2021	2022	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]	54	51	55	65	Improvements, within the community, of the perception and understanding of decisions made by Councillors, may have influenced this result. Furthermore, a new, in-person, methodology used for the 2022 Community Satisfaction Survey may have been better suited to having respondents understand the meaning of the relevant question when it was asked.
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	10.39%	10.14%	8.67%	7.48%	Loans and Active Borrowers participation in Quarters 1 and 2 were heavily reduced by COVID-19 lockdowns. This has been the case for the 2 years since March 2020. Active re-engagement campaigns have commenced to encourage new members and towards the re-activation of disengaged members to improve future participation.

Service	Indicator	2019	2020	2021	2022	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	76.70%	76.80%	68.73%	67.41%	The COVID-19 pandemic impacted service levels with reduced numbers of children attending the service. The service model prioritised young and vulnerable children in accordance with State Government directions.
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	79.71%	84.98%	73.26%	67.62%	The COVID-19 pandemic impacted service levels. The service experienced workforce pressures and staff shortages. Therefore, a reduced number of Aboriginal children were identified during consultations.
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]	58	52	56	64	Council's improved preparation for re-sealing activities, and increased use of higher-quality double seals, is likely to have had a positive impact on this measure. Furthermore, the second sealed road maintenance unit came online for council's internal work force in the last 18 months significantly increasing our ability to address a large network in a timely way. Lastly, it is important to note that the Community Satisfaction Survey for 2022 was conducted using a new, in-person, methodology for the Community Satisfaction Survey may have improved the respondents' understanding of the relevant question when it was asked.

Service	Indicator	2019	2020	2021	2022	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	100%	0%	40%	57%	The total number of VCAT decisions in the period was small (7) and the circumstances of each case are highly fact specific.
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	42.14%	43.55%	48.67%	48.08%	

Definitions

- “Aboriginal child” means a child who is an Aboriginal person.
- “Aboriginal person” has the same meaning as in the *Aboriginal Heritage Act 2006*.
- “active library borrower” means a member of a library who has borrowed a book from the library.
- “annual report” means an annual report prepared by a council under section 98 of the Act
- “class 1 food premises” means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act.
- “class 2 food premises” means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 2 food premises under section 19C of that Act.
- “critical non-compliance outcome notification” means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health.
- “food premises” has the same meaning as in the *Food Act 1984*.
- “local road” means a sealed or unsealed road for which the council is the responsible road authority under the *Road Management Act 2004*.
- “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
	2019	2020	2021	2022	2023	2024	2025	2026	
Efficiency									
Expenditure level <i>Expenses per property assessment</i> [Total expenses/Number of property assessments]	\$2,625.62	\$2,800.87	\$2,793.73	\$2,970.11	\$3,006.76	\$2,833.28	\$2,851.32	\$2,857.49	<p>The increasing trend is due to Total Expenses increasing at a faster rate than Total Assessments.</p> <p>The increase in 2021-22 is primarily due to the increase in Materials and Services expenditure resulting from the transfer of capital project expenditure to operating. This is in lieu of asset capitalisation accounting requirements not being met in Council not having control of the resultant State Government owned asset or project expenditure not being of an operating nature or not meeting capitalisation thresholds. Key related projects include: Koo Wee Rup school upgrades; Glismann and Princes Hwy intersection upgrades; Princes Hwy and O'Neil Road intersection upgrades.</p>
Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue/Number of	\$1,785.02	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Retired indicator	Indicator was retired in 2020. Refer to replacement indicator below.

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
residential property assessments]									
Revenue level <i>Average rate per property assessment</i> [General rates and Municipal charges /Number of property assessments]	New in 2020	\$1,710.92	\$1,734.05	\$1,763.25	\$1,780.45	\$1,822.66	\$1,856.12	\$1,889.40	The forecast trend indicates future rates revenue is in line with the forecast rate cap.
Liquidity									
Working capital <i>Current assets compared to current liabilities</i> [Current assets/Current liabilities] x100	247.49%	215.85%	189.21%	221.08%	175.25%	163.88%	162.80%	229.09%	<p>The increase in 2021-22 is due to an increase in Current Assets, particularly term deposit investments and Developer Contribution Plan Receivables, and a reduction in Current Liabilities, particularly Trade and Other Payables and Interest-Bearing Liabilities.</p> <p>Increased term deposit investments were assisted by the partial in-advance receipt of the annual Commonwealth Financial Assistance Grant for 2022-23. The reduction in current trade and other payables and loan borrowings resulted from timely payment creditor invoices and repayment of existing bank loans.</p> <p>The forecast trend indicates a decreasing, although still strong, liquidity position after 2021-22</p>

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
									until 2025-26, when a lower loan balance and restricted cash is forecast to place Council in a stronger cash management position.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash/Current liabilities] x100	-50.41%	-23.22%	-86.00%	-102.19%	-50.14%	-66.10%	-60.22%	-45.46%	<p>The increase in 2021-22 is due to an increase in negative Unrestricted Cash, resulting from an increase in short term investments.</p> <p>The indicator excludes term deposits from unrestricted cash, in which Council invests the majority of its funds to maximise returns. Council disputes the merits of this exclusion.</p> <p>Contributing to the negative result is the decrease in Current Liabilities, particularly Trade and Other Payables and Interest-Bearing Loans, which was due to the timely settlement of creditors and bank loans. Council regards this as a positive business practice.</p> <p>The forecast trend indicates a continued negative indicator result, although at a much-reduced level, due to forecast higher Statutory Reserves and reducing Current Liabilities.</p>

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
Obligations									
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings/Rate revenue] x100	40.88%	33.95%	28.15%	15.94%	30.07%	27.24%	17.92%	19.56%	<p>The decrease in 2021-22 reflects the welcomed servicing and decrease of Loans & Borrowings, as Council gradually extinguishes its bank loans as part of its prudent debt management strategy.</p> <p>This is combined with an increase in rate revenue through adoption of the approved rate cap increase and rates assessment growth. Responsible cash and investment management removed the need to initiate budgeted debt borrowings in 2021-22.</p> <p>In the forecast period, a new loan is forecast to be drawn down in the first year, followed by continued servicing of existing loans to reduce the Loans and Borrowings balance as Total Rate Revenue increases. This forecast will be improved if approved future rate cap increases are more aligned with local government business costs and general economic conditions, unlike the 2021-22 rate cap.</p>
Loans and borrowings <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest]	7.82%	6.71%	14.03%	12.09%	11.82%	10.89%	10.63%	4.33%	<p>The decrease in 2021-22 is primarily due to the decrease in loan borrowing repayments. Lower repayments in comparison to 2020-21 is a result of the</p>

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
bearing loans and borrowings/Rate revenue] x100									reducing outstanding loans commitments. This is combined with an increase in rate revenue through adoption of the approved rate cap increase and rates assessments growth. Council is proposing to borrow new loans in its forecast to fund capital works.
Indebtedness <i>Non-current liabilities compared to own-source revenue</i> [Non-current liabilities/Own-source revenue] x100	32.56%	39.44%	31.11%	25.03%	37.44%	33.78%	18.46%	24.86%	The decrease in 2021-22 is due to a reduction in Non-Current Liabilities, particularly Interest-Bearing Loans and Borrowings, as bank loans were serviced as scheduled. Own Source Revenue has remained stable, but Council is proposing to borrow new loans in its forecast to fund capital works which results in the increment of this indicator in the next two years.
Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense/Asset depreciation] x100	40.95%	Retired indicator	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>	New in 2020	79.55%	106.09%	71.56%	190.18%	214.25%	163.35%	164.50%	The decrease in 2021-22 is due to a decrease in Upgrade Capital expenditure as projects are carried forward to 2022-23 and Depreciation expense increases.

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
[Asset renewal and asset upgrade expense/Asset depreciation] x100									Future years are expected to improve with the increase in annual upgrade and renewal expenditure, subject to capital works project completion.
Operating position									
Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100	4.76%	-2.54%	-0.80%	-0.39%	-5.60%	-2.28%	-1.94%	-1.12%	<p>The adjusted underlying deficit reduced by \$0.5m in 2021-22 despite an \$8.6m Materials and Services expense increase for the transfer of capital project expenditure to operating where asset capitalisation accounting requirements were not met. This related to projects such as Koo Wee Rup school upgrades; Glismann and Princes Hwy intersection upgrades; and Princes Hwy and O'Neil Road intersection upgrades. Employee Costs increased \$3.0m due to increases in Enterprise Agreement (EA) rate, staff FTE and superannuation guarantee levy rate. Contributing to the result were increases in Rates and Charges income \$5.7m, due to rate cap and growth, and Operating Grants \$4.7m, primarily in Financial Assistance Grants.</p> <p>The deterioration in the first forecast year is due to the transfer of capital expenditure to</p>

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
									operating expense, mainly relating to work on non-Council owned assets, employee cost increases for additional positions and EA rate increase, and depreciation increase driven by capital project completions. The forecast deficit trend continues in the years thereafter, although improving in line with Council's 10-year Financial Plan strategies.
Stability									
Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue/Adjusted underlying revenue] x100	72.59%	74.69%	74.61%	72.15%	76.54%	80.09%	80.39%	80.64%	The favourable decrease in 2021-22 is primarily due to the partial in-advance receipt of the Commonwealth Financial Assistance Grant for 2022-23 in Adjusted underlying revenue. The forecast trend indicates an increasing reliance on rate revenue as the major source of income in an environment where Council has no control over the rate cap and external capital funding is not a secure guarantee fund source.
Rates effort <i>Rates compared to property values</i> [Rate revenue/Capital improved value of rateable properties in the municipality] x100	0.35%	0.35%	0.36%	0.35%	0.30%	0.30%	0.29%	0.29%	The forecast downward trend reflects an expected rate cap and rate revenue growth lower than the expected market driven property valuation increase. This highlights the systemic divergence and inconsistency between regulated rate revenue

Indicator	Result				Forecasts				Material variation
	2019	2020	2021	2022	2023	2024	2025	2026	
									growth and market driven valuations.

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 2022.

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 2020* and *Local Government (Planning and Reporting) Regulations 2020*.

Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council'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 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by Council in its 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 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

Scott Moore
Chief Finance Officer
Dated: 19 September 2022

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

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

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 2020* to certify this performance statement in its final form.

Cr Jack Kowarzik
Councillor
Dated: 19 September 2022

Cr Tammy Radford
Councillor
Dated: 19 September 2022

Peter Benazic
Acting Chief Executive Officer
Dated: 19 September 2022