

6.3 Policy Reports

6.4 Financial Reports

6.4.1 Financial Report and Performance Statement 2022-23

Responsible GM: Wayne Mack
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 annual financial statements and performance statement for the year ended 30 June 2023, 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. Stephanie Davies to certify the annual financial statements and performance statement for the year ended 30 June 2023, 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. 2022-23 Financial Statements [6.4.1.1 - 53 pages]
2. 2022-23 Performance Statement [6.4.1.2 - 17 pages]

Executive Summary

This report seeks Council to approve the annual financial statements and performance statement for the year ended 30 June 2023 and authorise Cr. Jack Kowarzik and Cr. Stephanie Davies 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 2023. 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. Stephanie Davies be the councillors authorised to sign these documents.

The documents were considered by the by the Audit and Risk Committee at its meeting on 25 August 2023.

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 16 October 2023.

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 \$90.83m before net asset revaluation increment, compared to a budget of \$80.82m and last year's surplus of \$61.49m.

This surplus is due to \$91.28m of income 'tied' and unavailable for general operational use. This 'tied' income includes non-cash contributions of \$51.58m for the value of roads, drains, bridges, land and land under roads contributed by developers undertaking residential developments within the Urban Growth Corridor and \$22.24m of cash Development levies, Community infrastructure levies and Public open space contributions.

Also included in this income are non-recurrent capital grants of \$17.17m and capital cash contributions of \$0.29m, which do not cover operating expenses but relate to capital expenditure for non-current assets summarised in the Statement of Capital Works.

The adjusted underlying result, which is a key financial sustainability indicator that excludes these capital and abnormal items, is a deficit of \$0.22m for the year.

The factors that contributed to the surplus for the year 2022-23 included the following:

- **Rates and charges income:** Rates revenue is lower than budget due to raising lower supplementary rates (\$0.2m) than expected. Additionally, the residential garbage charge and Green waste recycling charge are lower due to a reduced number of services than initially anticipated (\$1.2m). This is partially offset by higher-than-expected interest on rates income (\$0.2m).
- **Operating grant:** The favourable variance is largely due to the early receipt of the 2023-24 VLGGC grant allocation (\$4.0m). In addition, the recognition of various unbudgeted grants including the Local Partnerships Project, June 2021 rain event, COVID-Safe Outdoor Activation Funding and Southeast Victorian Fires Recovery Support.
- **Capital grant:** The unfavourable variance is mainly due to the timing of recognition of budgeted grants relating to Sealing the Hills (\$2.6m), Princes Hwy Intersections (\$10.6m), and the Garfield North Reserve Building (\$1.3m) in line with updated project delivery timelines.
- **Contributions (monetary):** Capital monetary contributions are favourable due to receipt of unbudgeted contributions for Special Charge Scheme Contributions.
- **Development levies (monetary):** The favourable variance is largely due to higher than budget levies raised during the year for Officer DCP due to increased development activity.

- Contributions (non-monetary): This favourable variance includes higher than anticipated developer contributions of roads, footpaths, drains, bridges, land and land under roads, and open public spaces. Timing of developer contributions can vary from year to year.
- Share of profit of associates: Share of profit and distribution received from Casey Cardinia Library Corporation, which was unbudgeted.
- Other income: The favourable variance is mainly a result of increased interest rates as set by RBA during the year, which increased Council's return on investments by \$4.0m. A further \$1.5m in unbudgeted cost recoveries were received, including bank guarantee reimbursements for Gembrook Recreation Reserve Pavilion, Victorian Energy Efficiency Certificates, Mercury light replacement rebate payouts for vandalism-related insurance, rebates and event revenue from Cardinia Cultural Centre.
- Employee costs: The unfavourable variance is influenced by newly approved positions during the year coupled with increased casual staff and overtime. This has been partially offset by underspend due to staff vacancies.
- Materials and services: Materials and services are favourable to budget mainly due to incomplete operating initiatives which has resulted in the related expenses not being transferred. These projects are expected to be completed in 2023-24.
- Depreciation: This favourable variance is primarily driven by the roads category, where asset balances are lower due to the discontinuation of the Sealing the Hills initiative and receipt of fewer than predicted gifted assets. In addition, results of the buildings revaluation applied in April 2023 reduced depreciation due to application of new useful lives and componentised depreciation rates. These favourable variances are partially offset by a higher depreciation expense for Drains, Parks, and Open spaces.
- Amortisation - intangible assets: Lower amortisation expense in 2022-23 is due to the timing of when works were completed on new information management systems during the year.
- Borrowing costs: The favourable variance on loan interest is due to the budgeted loan for 2022-23 not being drawn down in line with updated project delivery timelines.
- Bad and doubtful debts - allowance for impairment losses: The unfavourable variance is due to the unbudgeted write off of uncollectable Development Levies (\$0.1m) and utility reimbursements (\$0.08m).
- Other expenses: The unfavourable variance is due to the unbudgeted loss as a result of withdrawing from the Casey Cardinia Library Corporation agreement (\$0.5m).

Balance Sheet

Net assets of \$2.49b as at 30 June 2023 exceeded budget by \$0.24m (\$0.26m higher than 2021-22) to maintain Council's strong financial position.

Total Cash and cash equivalents of \$25.78m were higher than budget by \$9.09m (\$4.83m higher than 2021-22) due to retaining cash for weekly payment runs in June 2023 (due to the migration to a new finance system), loan repayment and salaries.

Other financials assets of \$138m include investments held at 30 June 2023 with original maturity dates exceeding 3 months to earn higher interest rates. These exceeded budget by \$70m (\$26.5m higher than 2021-22) 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.

The annual increase in cash and cash equivalents is largely due to an increased value of grants received in advance of associated works. These grants will be utilised as works are completed in the coming years. Restricted funds held at 30 June 2023 (trust funds and deposits, carried forward capital works, developer contribution levies and grant income received in advance,) total \$140.4 million.

Subsequent to initial recognition, non-current physical assets other than plant and equipment and other infrastructure are measured at their fair value. This 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.

Council undertakes a formal revaluation of land every two years, buildings every 3 years and infrastructure assets every 4 years. The valuations are performed by experienced council employees and external valuers. 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 external comprehensive valuations of buildings, open space and recreational assets were valued by Westlink Consulting. An interim valuation of roads, bridges, footpaths and cycleways, off-street car parks was performed by council's asset management team.

Buildings, Roads, Bridges, Footpaths and cycleways, off-street car parks, open spaces and recreational assets have been revalued in 2022-23, with a total net increment of \$172.3m credited to the asset revaluation reserve (\$80.3m 2021-22).

Council's total trade and other payables of \$10.6m is lower than 2021-22 by \$12.39m due to a change in the application of accounting standards for Development Contribution Plan levies. Application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* has been updated to better represent the nature and timing of the Development Contribution Plan related assets and liabilities in the financial statements. This impacts notes 5.1(c), 5.3(a), 5.3 (c) and 5.2(b).

Unearned income of \$46.86m is higher than the prior year by \$6.01m, mainly due to Sealing the Hills and Intersection project funding received during 2021-22 and 2022-23 being recognised as income in advance received for projects where the performance obligations have not been met.

Statement of Capital Works

Capital works expenditure for the year of \$56.26m (excluding capital carryovers of \$44.01m) was \$43.23m below budget (\$3.93m higher than 2021-22). This variance is largely due to supply chain delays driven by geopolitical, economic and environmental conditions not within Council's control. In addition, reduced federal government funding and later than anticipated settlement of land purchases \$5.1m contributed to this variance.

Works already underway totaling \$44.01m carried over to 2023-24 for completion include: Garfield Netball Pavilion, Garfield Cannibal Creek, Sealing the Hills program, Officer Intersection upgrades, Officer District Park and various building maintenance projects. Most of these projects have commenced and commitments raised for the projects to be delivered over multiple years.

Statement of Cash Flows

Total Cash and cash equivalents of \$25.78m were higher than budget by \$9.09m (\$4.83m higher than 2021-22) due to retaining cash for weekly payment runs in June 2023 (due to the migration to a new finance system), loan repayment and salaries.

Council's cash and cash equivalents need to be considered together with term deposits with maturities over 3 months of \$138m which exceeded budget by \$70m (\$26.5m higher than 2021-22). 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:

- Decrease in net cash provided from operating activities of \$11.08m, mainly due to an increased materials and services outflows \$13.2m, which was primarily due to an increase in employee cost and the expensing of capital works project expenditure on assets not owned by Council. These were slightly offset by an increase in grants, contributions and other income inflows of \$2.1m. An increase in other income inflows are from increased Interest on investments.
- Decrease in net cash used in investing activities of \$19.72m, mainly due to reduced payment outflows for investments and property, infrastructure, plant and equipment of \$12m and \$7.9m respectively.
- Total loan borrowings at 30 June 2023 were \$14.08m, after \$2.81m scheduled principal repayments 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 2022-23.

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

Performance indicators	2020	2021	2022	2023	Comment to be published in Annual Report
Workforce turnover	12.75%	13.38%	14.92%	16.94%	An increase in turnover can be seen across the broader industry. We have implemented a workforce plan and developing an employee value proposition to help with attraction and retention.
Relative socio-economic disadvantage	8	8	8	7	Although Cardinia has moved down the ranking for relative socio-economic disadvantage, our SEIFA score has remained at the 2016 level.
Unrestricted cash compared to current liabilities	-23.22%	-86.00%	-102.19%	-143.71%	The increase in 2022-23 is due to a higher value of grants received in advance of the delivery of associated works. These funds are treated as a liability until associated works are completed. When calculating unrestricted cash, this indicator excludes the value of term deposits with maturities over 90 days, in which Council currently invests the majority of its funds to maximise returns. If all Council term deposits were included in this measure, it would show a positive result and provide a more relevant measure.
Rates compared to property values	0.35%	0.36%	0.35%	0.29%	Large property valuation increases have materially impacted this measure.

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

Performance indicators	2020	2021	2022	2023	Comment to be published in Annual Report
Infrastructure per head of municipal population	\$8,927	\$9,153	\$9,987	\$11,434	Major asset revaluations undertaken primarily in buildings and infrastructure in 2022-23 have impacted this measure.
Utilisation of aquatic facilities	4.78	2.46	3.29	5.50	In 2022-23, visitation rates are greater than pre Covid-19. Cardinia's aquatic facilities were closed or operating in a very reduced capacity July - October 2021 due to a COVID-19 environment.
Participation in the MCH service by Aboriginal children	84.98%	73.26%	67.62%	75.43%	The Cardinia MCH service has recovered well from COVID workforce shortages and state directions around altered services in relation to the pandemic, resulting in an increase in available MCH appointments for all families across the shire in 2023.
Council planning decisions upheld at VCAT	0%	40%	57%	50%	Out of the four decisions go to VCAT, two are set aside.
Loans and borrowings compared to rates	33.95%	28.15%	15.94%	12.76%	The decrease in 2022-23 reflects the annual servicing and decrease in loan balances as a result of ongoing responsible cash and investment management.
Loans and borrowings Repayments compared to rates	6.71%	14.03%	12.09%	3.62%	This indicator is lower in 2022-23 as a large loan settlement was fulfilled during the 2021-22 year.
Non-current liabilities compared to own source revenue	39.44%	31.11%	25.03%	16.11%	The decrease in 2022-23 is due to the receipt of higher interest revenue due to higher interest rate levels compared to 2021-22. In addition, a reduction in non-current liabilities is a result of timing in recognition of developer transactions coupled with ongoing reductions in loan balances.
Asset renewal and upgrade compared to depreciation	79.55%	106.09%	71.56%	128.02%	The removal of Covid restrictions in 2022-23 allowed increased delivery of budgeted infrastructure renewal and upgrade projects compared to 2021-22.
Adjusted underlying surplus (or deficit)	-2.54%	-0.80%	-0.39%	- 0.14%	The 2022-23 adjusted underlying deficit is lower than in previous years. Contributing to the result was increased interest revenue resulting from higher interest rates compared to 2021-22. In addition, higher operating grants were received primarily as a result of the advanced receipt of the full 2023-24 Financial Assistance Grant. These have been partly offset by higher employee costs in line with additional resource requirements and fulfilment of Enterprise Agreement obligations. Although the ratio is negative and indicates a risk to council, the surplus for the year was \$90.83m and Council's operating position is backed by significant accumulated surplus of

Performance indicators	2020	2021	2022	2023	Comment to be published in Annual Report
					\$1.30b and reserves balance of \$1.19b.

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

Conclusion

It is recommended that Council approves the financial statements and performance statement and authorises Cr. Jack Kowarzik and Cr. Stephanie Davies to sign the documents in their final form.

CARDINIA SHIRE ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2023

CARDINIA SHIRE COUNCIL
Financial Report
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CARDINIA SHIRE COUNCIL
2022/2023 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
Principal Accounting Officer
Dated : 18 September 2023
20 Siding Avenue, Officer

In our opinion, the accompanying financial statements present fairly the financial transactions of the Cardinia Shire Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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.

Cr Jack Kowarzik
Councillor
Dated : 18 September 2023
20 Siding Avenue, Officer

Cr Stephanie Davies
Councillor
Dated : 18 September 2023
20 Siding Avenue, Officer

Carol Jeff
Chief Executive Officer
Dated : 18 September 2023
20 Siding Avenue, Officer

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

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CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	110,382	105,983
Statutory fees and fines	3.2	5,876	5,030
User fees	3.3	2,910	2,379
Grants - operating	3.4 (a)	24,029	25,634
Grants - capital	3.4 (b)	18,901	18,143
Contributions - monetary	3.5	22,598	20,068
Contributions - non monetary	3.5	51,576	26,856
Share of net profits of associates	6.3	49	-
Other income	3.7	8,831	4,866
Total income / revenue		245,152	208,959
Expenses			
Employee costs	4.1 (a)	49,465	44,671
Materials and services	4.2	70,173	70,371
Depreciation	4.3	28,838	28,239
Amortisation - intangible assets	4.4	89	84
Amortisation - right of use assets	4.5	604	588
Bad and doubtful debts - allowance for impairment losses	4.6	358	282
Borrowing costs	4.7	1,186	1,464
Finance costs - leases	4.8	144	160
Net loss on disposal of property, infrastructure, plant and equipment	3.6	1,465	201
Share of net loss of associates	6.3	-	34
Other expenses	4.9	2,000	1,374
Total expenses		154,322	147,468
Surplus for the year		90,830	61,491
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	9.1(a)	172,339	80,306
Total other comprehensive income		172,339	80,306
Total comprehensive result		263,169	141,797

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

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Balance Sheet
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	25,784	20,957
Trade and other receivables	5.1 (c)	19,632	29,032
Other financial assets	5.1 (b)	138,000	111,500
Inventories	5.2 (a)	17	38
Non-current assets classified as held for sale	6.1	-	283
Other assets	5.2 (b)	5,477	10,117
Total current assets		188,910	171,927
Non-current assets			
Trade and other receivables	5.1 (c)	1,465	1,904
Investments in associates	6.3	-	1,446
Property, infrastructure, plant and equipment	6.2	2,391,298	2,150,561
Right-of-use assets	5.8	4,321	4,925
Intangible assets	5.2 (c)	1,255	285
Total non-current assets		2,398,340	2,159,121
Total assets		2,587,250	2,331,048
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	6,916	13,331
Trust funds and deposits	5.3 (b)	12,777	10,466
Unearned income/revenue	5.3 (c)	46,858	40,847
Provisions	5.5	10,249	9,758
Interest-bearing liabilities	5.4	2,391	2,808
Lease liabilities	5.8	575	558
Total current liabilities		79,766	77,768
Non-current liabilities			
Trade and other payables	5.3 (a)	3,679	9,657
Provisions	5.5	1,324	1,347
Interest-bearing liabilities	5.4	11,690	14,081
Lease liabilities	5.8	3,936	4,509
Total non-current liabilities		20,629	29,594
Total liabilities		100,395	107,362
Net assets		2,486,855	2,223,686
Equity			
Accumulated surplus		1,296,852	1,221,202
Reserves	9.1	1,190,003	1,002,484
Total Equity		2,486,855	2,223,686

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

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Statement of Changes in Equity For the Year Ended 30 June 2023

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year		2,223,686	1,221,202	933,964	68,520
Surplus for the year		90,830	90,830	-	-
Net asset revaluation increment	9.1 (a)	172,339	-	172,339	-
Transfers to other reserves	9.1 (b)	-	(25,217)	-	25,217
Transfers from other reserves	9.1 (b)	-	10,037	-	(10,037)
Balance at end of the financial year		2,486,855	1,296,852	1,106,303	83,700
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

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

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Rates and charges	108,415	107,145
Statutory fees and fines	6,483	5,472
User fees	3,079	2,495
Grants - operating	23,198	27,204
Grants - capital	33,961	40,461
Contributions - monetary	25,455	34,938
Interest received	5,494	288
Trust funds and deposits taken	7,347	5,142
Other receipts	10,615	(1,242)
Net GST refund	11,077	12,202
Employee costs	(49,452)	(43,340)
Materials and services	(92,992)	(87,173)
Short-term, low value and variable lease payments	(212)	(36)
Trust funds and deposits repaid	(4,807)	(4,811)
Net cash provided by operating activities	9.2 <u>87,661</u>	<u>98,745</u>
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	(52,172)	(60,045)
Proceeds from sale of property, infrastructure, plant and equipment	531	683
Net payments to investments	(26,500)	(38,500)
Net cash used in investing activities	<u>(78,141)</u>	<u>(97,862)</u>
Cash flows from financing activities		
Finance costs	(1,186)	(1,464)
Repayment of borrowings	(2,809)	(11,350)
Interest paid - lease liability	(145)	(160)
Repayment of lease liabilities	(553)	(524)
Net cash used in financing activities	<u>(4,693)</u>	<u>(13,498)</u>
Net increase (decrease) in cash and cash equivalents	4,827	(12,615)
Cash and cash equivalents at the beginning of the financial year	20,957	33,572
Cash and cash equivalents at the end of the financial year	5.1 (a) <u>25,784</u>	<u>20,957</u>
Financing arrangements	5.6	

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

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Statement of Capital Works For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Property			
Land	6.2 (a)	2,721	6,549
Total land		2,721	6,549
Buildings			
Heritage buildings	6.2 (a)	10,144	14,676
Building improvements	6.2 (a)	48	30
		47	192
Total buildings		10,239	14,898
Total property	6.2 (a)	12,960	21,447
Plant and equipment			
Plant, machinery and equipment	6.2 (b)	3,246	383
Fixtures, fittings and furniture		526	177
Computers and telecommunications	6.2 (b)	5	405
Intangible assets	5.2 (c)	1,067	72
Total plant and equipment		4,844	1,037
Infrastructure			
Roads		25,804	17,306
Bridges		200	472
Footpaths and cycleways		2,262	2,757
Drainage		2,013	1,477
Recreational, leisure and community facilities		7,750	6,822
Parks, open space and streetscapes		194	-
Off street car parks		218	983
Other infrastructure		17	29
Total infrastructure	6.2 (c)	38,458	29,846
Total capital works expenditure		56,262	52,330
Represented by:			
New asset expenditure		4,619	20,615
Asset renewal expenditure		19,316	11,741
Asset expansion expenditure		14,725	8,467
Asset upgrade expenditure		17,602	11,507
Total capital works expenditure		56,262	52,330

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

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

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

1.1 Basis of accounting

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

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.

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.

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions
- 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 3.4 (c)). Application of these two standards has been updated to better represent the nature and timing of the Development Contribution Plan related assets and liabilities in the financial statements. This impacts notes 5.1(c), 5.3(a), 5.3 (c) and 5.2(b).
- 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
- 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.

Goods and Services Tax (GST)

Income and expenses are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

Note 2 ANALYSIS OF OUR RESULTS

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 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2022. 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 / Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	111,477	110,382	(1,095)	-1%	1
Statutory fees and fines	5,921	5,876	(45)	-1%	
User fees	2,810	2,910	100	4%	
Grants - operating	19,731	24,029	4,298	22%	2
Grants - capital	33,860	18,901	(14,959)	-44%	3
Contributions - monetary	314	289	(25)	-8%	
Capital contributions - monetary	3	70	67	2233%	4
Development levies - monetary	17,681	22,239	4,558	26%	5
Contributions - non-monetary	40,000	51,576	11,576	29%	6
Share of net profit associates	-	49	49	100%	7
Other income	2,819	8,831	6,012	213%	8
Total income / revenue	234,616	245,152	10,536	4%	
Expenses					
Employee costs	48,177	49,465	(1,288)	-3%	9
Materials and services	70,575	70,173	402	1%	
Depreciation	30,380	28,838	1,542	5%	10
Amortisation - intangible assets	255	89	166	65%	11
Amortisation - right of use assets	581	604	(23)	-4%	
Bad and doubtful debts - allowance for impairment losses	189	358	(169)	-89%	12
Borrowing costs	1,697	1,186	511	30%	13
Net loss on disposal of property, infrastructure, plant and equipment	-	1,465	(1,465)	0%	
Finance costs - leases	143	144	(1)	-1%	
Other expenses	1,802	2,000	(198)	-11%	14
Total expenses	153,799	154,322	(523)	0%	
Surplus for the year	80,817	90,830	10,014	0	
Less: Capital income and other abnormals	(91,544)	(92,786)	(1,242)	1%	
Add: Recurrent capital grants	2,569	1,735	(834)	-32%	
Adjusted underlying result	(8,158)	(221)	7,938	(0)	

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

2.1.1 Income and expenditure (Cont'd)

(i) Explanation of material variations

1	Rates and charges	Rates revenue is lower than budget due to raising lower supplementary rates (\$0.2m) than expected. Additionally, the residential garbage charge and Green waste recycling charge are lower due to a reduced number of services than initially anticipated (\$1.2m). This is partially offset by higher-than-expected interest on rates income (\$0.2m).
2	Grants - operating	Favourable variance is largely due to the early receipt of the 2023-24 VLGGC grant allocation (\$4.0m). In addition, the recognition of various unbudgeted grants including the Local Partnerships Project, June 2021 rain event, COVID-Safe Outdoor Activation Funding and South East Victorian Fires Recovery Support.
3	Grants - capital	The unfavourable variance is mainly due to the timing of recognition of budgeted grants relating to Sealing the Hills (\$2.6m), Princes Hwy Intersections (\$10.6m), and the Garfield North Reserve Building (\$1.3m) in line with updated project delivery timelines.
4	Capital contributions - monetary	Capital monetary contributions are favourable due to receipt of unbudgeted contributions for Special Charge Scheme Contributions.
5	Development levies - monetary	Favourable variance is largely due to higher than budget levies raised during the year for Officer DCP due to increased development activity.
6	Contributions - non-monetary	This favourable variance includes higher than anticipated developer contributions of roads, footpaths, drains, bridges, land and land under roads, and open public spaces. Timing of developer contributions can vary from year to year.
7	Share of net profit associates	Share of profit and distribution received from Casey Cardinia Library Corporation, which was unbudgeted.
8	Other income	The favourable variance is mainly a result of increased interest rates as set by RBA during the year, which increased Council's return on investments by \$4.0m. A further \$1.5m in unbudgeted cost recoveries were received, including bank guarantee reimbursements for Gembrook Recreation Reserve Pavilion, Victorian Energy Efficiency Certificates, Mercury light replacement rebate payouts for vandalism-related insurance, rebates and event revenue from Cardinia cultural centre.
9	Employee costs	The unfavourable variance is influenced by newly approved positions during the year coupled with increased casual staff and overtime. This has been partially offset by underspend due to staff vacancies.
10	Depreciation	This favourable variance is primarily driven by the roads category, where asset balances are lower due to the discontinuation of the Sealing the Hills initiative and receipt of fewer than predicted gifted assets. In addition, results of the buildings revaluation applied in April reduced depreciation due to application of new useful lives and componentised depreciation rates. These favourable variances are partially offset by a higher depreciation expense for Drains, Parks, and Open spaces.
11	Amortisation - intangible assets	Lower amortisation expense in 2022-23 is due to the timing of when works were completed on new systems during the year.
12	Bad and doubtful debts - allowance for impairment losses	Unfavourable variance is due to the unbudgeted write off of uncollectable Development Levies (\$0.1m) and utility reimbursements (\$0.08m).
13	Borrowing costs	The favourable variance on loan interest is due to the budgeted loan for 2022-23 not being drawn down in line with updated project delivery timelines.
14	Other expenses	Unfavourable variance is due to the unbudgeted loss as a result of withdrawing from the Casey Cardinia Library Corporation agreement (\$0.5m).

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	7,773	2,721	(5,052)	-65%	1
Total land	7,773	2,721	(5,052)	-65%	
Buildings	19,254	10,144	(9,110)	(0)	2
Heritage buildings	-	48	48	-	3
Building improvements	-	47	47	-	4
Total buildings	19,254	10,239	(9,015)	(0)	
Total property	27,027	12,960	(14,067)	(1)	
Plant and equipment					
Plant, machinery and equipment	3,831	3,246	(585)	-15%	5
Fixtures, fittings and furniture	146	526	380	260%	6
Computers and telecommunications	1,838	5	(1,833)	-100%	7
Intangible assets	-	1,067	1,067	-	8
Total plant and equipment	5,815	4,844	(971)	-17%	
Infrastructure					
Roads	46,562	25,804	(20,758)	-45%	9
Bridges	670	200	(470)	-70%	10
Footpaths and cycleways	1,870	2,262	392	21%	11
Drainage	813	2,013	1,200	148%	12
Recreational, leisure and community facilities	9,967	7,750	(2,217)	-22%	13
Parks, open space and streetscapes	5,535	194	(5,341)	-96%	14
Off street car parks	777	218	(559)	-72%	15
Other infrastructure	456	17	(439)	-96%	16
Total infrastructure	66,650	38,458	(28,192)	-42%	
Total capital works expenditure	99,492	56,262	(43,230)	-43%	
Represented by:					
New asset expenditure	1,015	4,619	3,604	355%	17
Asset renewal expenditure	25,480	19,316	(6,164)	-24%	18
Asset expansion expenditure	32,297	14,725	(17,572)	-54%	19
Asset upgrade expenditure	40,700	17,602	(23,098)	-57%	20
Total capital works expenditure	99,492	56,262	(43,230)	-43%	21

Budget amount includes capital budget for the year and any carried forward capital works that were deferred to 2022-23.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

2.1.2 Capital works (Cont'd)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Settlement of \$4.1m for a land purchase at 26 Enterprise Road was initially budgeted in the 2022-23 financial year as part of a scheduled payment plan. Settlement is now expected to occur in the 2023-24 financial year, resulting in a favourable variance in 2022-23.
2	Buildings	Underspend is mainly due to delays in works at Koo Wee Rup Bowling Club Pavilion \$2.1m, Garfield Netball Pavilion \$2.1m, various building maintenance projects \$2.1m and expansion works at My Place Youth Facility \$3.7m. Works for these are expected to continue during 2023-24.
3	Heritage buildings	Variance is due to works completed on projects originally budget in the Buildings asset category.
4	Building improvements	Variance is due to works completed on projects originally budget in the Buildings asset category.
5	Plant, machinery and equipment	Council continue to experience significant delays in renewing vehicles as global shortages in stock was experienced during 2022-23.
6	Fixtures, fittings and furniture	This variance is largely due to works completed on the IT Strategy of \$0.2m which were originally budget in the Computers and Telecommunications asset class. In addition, unbudgeted works were completed during the year at the Integrated Childrens Facility Timbertop of \$0.1m.
7	Computers and telecommunications	The favourable variance is largely due to the implementation of a new system which was budgeted in this category is now to be attributed to the Intangibles asset class. In addition, unforeseen delays in the delivery of hardware was experienced during the year.
8	Intangible assets	Higher than budget due to the expenditure for a new system that was originally budgeted in the computer and telecommunications asset class.
9	Roads	Underspend due to reduced funding issued by the Federal Government for the Sealing The Hills initiative, resulting in a reduction in associated works of \$4.0m in 2022-23. Delays in the delivery of works on Officer intersections \$9.0m, Sealing the Hills program \$2.3m, construction on Pioneer Way \$1.1m, Brunt Road roundabout works will all be continued in 2023-24. Savings in the road sealing program of \$3.0m coupled with delayed works of \$3.0m have contributed to this variance. In addition, completed works originally budgeted in the road category were reclassified to drainage during the year. These are partly offset by unbudgeted works required at McGregor Road of \$1.8m, and Soldiers Road of \$1.1m during the year.
10	Bridges	Underspend against budget is due to being unable to secure contractors to complete works for the Bridges replacement and upgrade program. These works are expected to be re-tendered during 2023-24.
11	Footpaths	A component of the project delivered for the Toomuc Reserve South Ovals was capitalised to the Footpaths asset class during the year, however was originally budgeted in the buildings asset class. This has resulted in a higher spend in the footpaths asset class compared to budget.
12	Drainage	Drainage components of the works completed as part of the Sealing the Hills initiative of \$1.3m have been capitalised to drainage as part of asset capitalisation process, however they were originally budget in the roads category.
13	Recreational, leisure and community facilities	This variance is largely due to the delay in budgeted works for Officer District Park Masterplan of \$3.2M which are now expected to progress in 2023-24. This is partly offset by \$1.0m of works completed for Bunyip Soccer Field which was originally budget in 2022-23.
14	Parks, open space and streetscapes	Lower than budget spend in this asset class is due to delays in delivery of projects, including Street Light Upgrades of \$2.3m, Beaconsfield streetscape upgrades \$0.9m, Alma Treloar Masterplan \$0.4m and Emerald Lake Park Strategic Plan \$0.4m.
15	Off street car parks	This underspend is largely due to delays in works at Cardinia Youth Facility Carpark of \$0.5m. Works are expected to continue in 2023-24.
16	Other infrastructure	Majority of the expenditure budgeted in the asset class was transferred to other asset classes upon completion.
17	New asset expenditure	Unbudgeted works required at McGregor Road of \$1.8m, and works on Soldiers Road of \$1.1m are included in this asset class but not included in the 2022-23 budget.
18	Asset renewal expenditure	Lower expenditure due to delays in works at Garfield Netball Pavilion \$0.8m and various building maintenance projects \$2.1m which are expected to continue in 2023-24. In addition, delays in purchasing vehicles \$0.8m due to global shortages in stock and underspend in the bridges replacement program by \$0.7m.
19	Asset expansion expenditure	This variance is largely due to delays of works on Officer intersections \$9.0m and delayed works on the Officer District Park Masterplan \$3.2M which are both expected to progress during 2023-24. In addition, later than anticipated settlement of land purchases \$5.1m further contributed to this variance.
20	Asset upgrade expenditure	Underspend due to reduced funding issued by the Federal Government for the Sealing The Hills initiative \$4.0m compounded with \$2.3m being carried over to 2023-24 for continued works. Savings and delays in budgeted works for the Road Sealing program have contributed \$6.0m to this variance. Furthermore, works in Garfield at both Cannibal Creek and the Netball Pavilion which were budgeted in 2022-23 are now expected to continue in 2023-24 \$3.2m. Delayed expenditure and savings found in Street Light upgrades \$2.3m and various other upgrade projects will continue in 2023-24.
21	Total capital works expenditure	This variance is largely due to supply chain delays driven by geopolitical, economic and environmental conditions not within Council's control. In addition, reduced funding issued by the federal government has further impacted this result.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Programs

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.

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

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.

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

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Chief Executive Officer	-	595	(595)	-	-
Infrastructure & Environment	77,121	76,085	1,036	22,205	1,061,045
Liveable Communities	8,454	29,520	(21,066)	4,822	80,457
Governance, Facilities and Economy	5,191	29,519	(24,328)	1,041	1,304,658
Customer, People & Performance	154,386	18,603	135,783	14,862	141,090
	245,152	154,322	90,830	42,930	2,587,250
	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	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

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES**3.1 Rates and charges**

2023

2022

\$'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 2022.

The valuation base used to calculate general rates for 2022/23 was \$37,003 million (2021/22 was \$29,664 million). The 2022/23 rate in the CIV dollar was 0.002264 (2021/22 was 0.002704).

General rates	89,515	86,154
Waste management charge	18,704	17,422
Supplementary rates and rate adjustments	1,286	1,393
Interest on rates and charges	803	929
Cultural and recreational	74	85
Total rates and charges	110,382	105,983

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

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	464	491
Statutory registration fees	1,280	1,210
Court recoveries	32	203
Town planning fees	1,890	1,222
Land information certificates	100	157
Permits	2,110	1,747
Total statutory fees and fines	5,876	5,030

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	1,929	1,151
Child care/children's programs	151	153
Parking	120	46
Registration and other permits	549	664
Building services	64	300
Other fees and charges	97	65
Total user fees	2,910	2,379

User fees by timing of revenue recognition

User fees recognised at a point in time	2,910	2,379
Total user fees	2,910	2,379

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

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	30,311	35,098
State funded grants	12,619	8,679
Total grants received	42,930	43,777
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	17,082	14,981
Community health	-	50
Recurrent - State Government		
School crossing supervisors	584	463
Maternal and child health	2,080	2,143
Recreation	139	83
Community safety	7	4
Best start	97	73
Community health	280	76
Emergency Management	240	-
Environment and heritage	52	71
Family and children	584	427
Total recurrent operating grants	21,145	18,371
Non-recurrent - Commonwealth Government		
Local infrastructure	-	4,512
Non-recurrent - State Government		
Local infrastructure	1,781	2,324
Community Health	286	290
Environment & Heritage	77	9
Community Safety	8	11
Families and Children	-	105
Library	732	-
Working for Victoria	-	12
Total non-recurrent operating grants	2,884	7,263
Total operating grants	24,029	25,634
(b) Capital Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grant	1,735	1,130
Roads to recovery	-	1,691
Total recurrent capital grants	1,735	2,821
Non-recurrent - Commonwealth Government		
Local infrastructure	8,971	9,175
Recreation	2,523	3,559
Non-recurrent - State Government		
Local infrastructure	4,778	2,179
Recreation	894	409
Total non-recurrent capital grants	17,166	15,322
Total capital grants	18,901	18,143
Total operating and capital grants	42,930	43,777

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

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

(c) 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 of 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.

	2023	2022
	\$'000	\$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	17,082	14,981
Specific purpose grants to acquire non-financial assets	18,901	18,143
Other specific purpose grants	6,947	10,653
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	-	-
	42,930	43,777

(d) Unspent grants received on condition that they be spent in a specific manner

Operating

Balance at start of year	2,775	1,205
Received during the financial year and remained unspent at balance date	4,790	2,775
Received in prior years and spent during the financial year	(2,337)	(1,205)
Balance at year end	5,228	2,775

Capital

Balance at start of year	27,500	5,182
Received during the financial year and remained unspent at balance date	25,807	26,023
Received in prior years and spent during the financial year	(10,747)	(3,705)
Balance at year end	42,560	27,500

Total Unspent grants at year end

	47,788	30,275
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CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

3.5 Contributions	2023 \$'000	2022 \$'000
Monetary	22,598	20,068
Non-monetary	51,576	26,856
Total contributions	74,174	46,924

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

Land	16,306	5,166
Buildings	308	22
Roads	12,706	6,362
Other infrastructure	16,625	14,849
Other	-	6
Total non-monetary contributions	45,945	26,405

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

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment**(a) Assets held for sale**

Proceeds from sale of assets held for sale	-	270
Written down value of assets held for sale	-	(217)
Total net profit on disposal of assets held for sale	-	53

(b) Property, infrastructure and plant and equipment

Proceeds of sale	531	413
Written down value of assets disposed	(1,996)	(667)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,465)	(254)

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

(1,465)	(201)
----------------	--------------

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

3.7 Other income

Interest	5,236	546
Cost recoveries	2,179	3,230
Rent income	576	520
Other	840	570
Total other income	8,831	4,866

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.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023	2022
	\$'000	\$'000
Note 4 THE COST OF DELIVERING SERVICES		
4.1 (a) Employee costs		
Wages and salaries	43,672	39,349
WorkCover	804	925
Superannuation	4,600	3,999
Fringe benefits tax	324	351
Other	65	47
Total employee costs	49,465	44,671
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	147	147
	147	147
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,453	3,852
	4,453	3,852
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	17,039	15,952
- Parks and gardens contracts	5,400	4,772
- Library contract	2,282	2,277
- Other contracts	7,709	6,695
Building maintenance	213	170
General maintenance	3,282	3,612
Utilities	2,795	2,717
Office administration	104	121
Information technology	2,300	2,103
Insurance	1,183	1,103
Consultants	1,821	1,765
Materials and services	24,334	27,480
Contractors & temp staff	643	772
Legal	1,068	762
Cost recoveries	-	70
Total materials and services	70,173	70,371
Expenses are recognised as they are incurred and reported in the financial year to which they relate.		
4.3 Depreciation		
Property	6,627	6,822
Plant and equipment	1,941	1,942
Infrastructure	20,270	19,475
Total depreciation	28,838	28,239

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
4.4 Amortisation - Intangible assets		
Software	89	84
Total Amortisation - Intangible assets	89	84
4.5 Amortisation - Right of use assets		
Property	604	588
Total Amortisation - Right of use assets	604	588
<i>Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.</i>		
4.6 Bad and doubtful debts - allowance for impairment losses		
Local law debtors	61	114
Other debtors	297	168
Total bad and doubtful debts - allowance for impairment losses	358	282
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	(323)	(211)
New provisions recognised during the year	(54)	(191)
Amounts already provided for and written off as uncollectible	21	46
Amounts provided for but recovered during the year	23	33
Balance at end of year	(333)	(323)
An allowance for impairment losses in respect of debtors 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	963	1,236
Bank Charges	223	228
Total borrowing costs	1,186	1,464
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	144	160
Total finance costs	144	160
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	82	70
Auditors' remuneration - Internal Audit	68	71
Councillors' allowances	449	407
Assets written-off / impaired	226	26
Others	730	800
Loss on withdrawing from Casey Cardinia Library Corporation agreement (refer note 6.3)	445	-
Total other expenses	2,000	1,374

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

Note 5 OUR FINANCIAL POSITION	2023	2022
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	25,783	20,956
Total cash and cash equivalents	25,784	20,957
(b) Other financial assets		
Current		
Term deposits - Council	93,000	79,000
Term deposits - Developer contribution plans	45,000	32,500
Total other financial assets	138,000	111,500
Total financial assets	163,784	132,457

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three 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.

These cash balances include restricted cash related to developer contributions, grants received in advance, committed capital works and refundable deposits.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

5.1 Financial assets (Cont'd)	2023	2022
(c) Trade and other receivables	\$'000	\$'000
Current		
<i>Statutory receivables</i>		
Rates debtors	15,214	13,248
Infringement debtors	208	226
Net GST receivable	1,982	1,820
Provision for doubtful debts - infringements	(94)	(114)
Developer contribution plan debtors	-	11,492
<i>Non statutory receivables</i>		
Other debtors	2,561	2,569
Provision for doubtful debts - other debtors	(239)	(209)
Total current trade and other receivables	19,632	29,032
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	956	984
Developer contribution plan debtors	-	358
<i>Non statutory receivables</i>		
Bonds	89	103
Other debtors	420	459
Total non-current trade and other receivables	1,465	1,904
Total trade and other receivables	21,097	30,936

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)	1,223	1,523
Past due by up to 30 days	256	285
Past due between 31 and 180 days	304	159
Past due between 181 and 365 days	50	124
Past due by more than 1 year	729	478
Total trade and other receivables	2,561	2,569

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$333k (2022: \$322k) were impaired. The amount of the provision raised against these debtors was \$333k (2022: \$322k). 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
Past due between 31 and 180 days	112	21
Past due between 181 and 365 days	56	47
Past due by more than 1 year	165	197
Total trade & other receivables	333	322

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.2 Non-financial assets	2023	2022
(a) Inventories	\$'000	\$'000
Inventories held for distribution	17	38
Total inventories	17	38

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

(b) Other assets

Prepayments	970	1,094
Accrued income	3,551	8,050
Other	956	973
Total other assets	5,477	10,117

(c) Intangible assets

Software	1,255	285
Total intangible assets	1,255	285

	Software
	\$'000
Gross carrying amount	
Balance at 1 July 2022	2,395
Impairment	(39)
Disposals	(501)
Transfers	-
Balance at 30 June 2023	1,855
Accumulated amortisation and impairment	
Balance at 1 July 2022	2,110
Amortisation expense	89
Impairment	(31)
Disposals	(501)
Balance at 30 June 2023	1,667
Work in progress at 30 June 2022	-
Work in progress at 30 June 2023	1,067
Net book value at 30 June 2022	285
Net book value at 30 June 2023	1,255

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.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
5.3 Payables, trust funds and deposits and unearned income/revenue	\$'000	\$'000
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	261	7,108
Accrued expenses	6,021	5,723
Other payables - purchase of land	634	500
Total current trade and other payables	6,916	13,331
Non-Current		
Trade payables *	3,679	9,103
Other payables - purchase of land	-	554
Total non-current trade and other payables	3,679	9,657
Total trade and other payables	10,595	22,988
* Developer contributed assets (as of 30 June 2022 only) and lease incentives received in advance which are expected to be settled after 12 months.		
(b) Trust funds and deposits		
Current		
Refundable deposits	12,410	10,068
Fire services levy	81	90
Retention	11	11
Sustainable Australia Fund	16	37
Other refundable deposits	259	259
Total current trust funds and deposits	12,777	10,466
(c) Unearned income/revenue		
Current		
Grants received in advance - operating	1,945	2,775
Grants received in advance - capital	42,560	27,500
Developer levies raised in advance	-	8,674
Other	2,353	1,898
Total current unearned income/revenue	46,858	40,847

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 deposits 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 and other 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.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.4 Interest-bearing liabilities	2023	2022
	\$'000	\$'000
Current		
Borrowings - secured	2,391	2,808
Total current interest-bearing liabilities	<u>2,391</u>	<u>2,808</u>
Non-current		
Borrowings - secured	11,690	14,081
Total non-current interest-bearing liabilities	<u>11,690</u>	<u>14,081</u>
Total	<u>14,081</u>	<u>16,889</u>

Borrowings are secured by Deed of Charge over general rates.

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

Not later than one year	2,391	2,808
Later than one year and not later than five years	9,264	9,841
Later than five years	2,426	4,240
	<u>14,081</u>	<u>16,889</u>

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.

5.5 Provisions

	Employee provisions	
2023	2023	2022
	\$'000	\$'000
Balance at beginning of the financial year	11,105	9,810
Additional provisions	4,903	4,782
Amounts used	(4,187)	(3,325)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(248)	(162)
Balance at the end of the financial year	<u>11,573</u>	<u>11,105</u>
<i>Provisions - current</i>	10,249	9,758
<i>Provisions - non-current</i>	1,324	1,347

CARDINIA SHIRE COUNCIL

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**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.5 Provisions (Cont'd)	2023	2022
(a) Employee provisions	\$'000	\$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	4,649	4,278
Long service leave	1,137	1,210
Sick leave bonus/gratuity	44	41
	5,830	5,529
Current provisions expected to be wholly settled after 12 months		
Long service leave	4,419	4,229
	4,419	4,229
Total current employee provisions	10,249	9,758
Non-current		
Long service leave	1,324	1,347
Total non-current employee provisions	1,324	1,347
Aggregate carrying amount of employee provisions:		
Current	10,249	9,758
Non-current	1,324	1,347
Total aggregate carrying amount of employee provisions	11,573	11,105

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	4.06%	3.69%
- index rate	4.35%	3.85%

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

5.6 Financing arrangements

	2023	2022
	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2023.		
Bank overdraft	2,000	2,000
Transaction negotiation authority	1,000	1,000
Credit card facilities	400	400
Lease facilities	4,511	5,067
Bank loan facilities	14,081	16,889
Total facilities	21,992	25,356
Used facilities	18,669	22,027
Unused facilities	3,323	3,329

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

2023	Not later than	Later than 1	Later than 2	Later than 5	Total
	1 year	year and not	years and not		
	\$'000	later than 2	later than 5	\$'000	\$'000
		years	years		
		\$'000	\$'000	\$'000	\$'000
Operating					
Recycling	3,250	3,380	1,731	1,800	10,161
Garbage collection	14,575	15,158	15,552	1,930	47,215
Open space management	2,959	-	-	-	2,959
Consultancies	1,695	179	-	-	1,874
Cleaning contracts for council buildings	1,115	-	-	-	1,115
Information Technology	1,806	1,830	2,367	-	6,003
Library	2,573	2,637	5,474	2,840	13,524
Facilities management	2,575	685	-	-	3,260
Maintenance	85	-	-	-	85
Health	1,676	173	-	-	1,849
Other	209	213	440	265	1,127
Total	32,518	24,255	25,564	6,835	89,172
Capital					
Buildings	14,038	-	-	-	14,038
Roads	3,516	-	-	-	3,516
Land	3,375	-	-	-	3,375
Total	20,929	-	-	-	20,929

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.7 Commitments (Cont'd)

(a) Commitments for expenditure

2022	Not later than	Later than 1	Later than 2	Later than 5	Total
	1 year	year and not later than 2	years and not later than 5		
	\$'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
Home care services	-	-	-	-	-
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

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report For the Year Ended 30 June 2023

5.7 Commitments (Cont'd)

(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial property leases on its investment 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:

	2023	2022
	\$'000	\$'000
Not later than one year	367	379
Later than one year and not later than five years	636	585
Later than five years	2,302	2,691
	3,305	3,655

5.8 Leases

At inception of a contract, Council assesses 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;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council 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.

Under AASB 16 Leases, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

CARDINIA SHIRE COUNCIL
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.8 Leases (Cont'd)

Right-of-Use Assets

	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 July 2022	115	4,810	4,925
Amortisation charge	(38)	(566)	(604)
Balance at 30 June 2023	77	4,244	4,321
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

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows

	2023 \$'000	2022 \$'000
Less than one year	701	700
One to five years	2,628	2,687
More than five years	1,718	2,360
Total undiscounted lease liabilities as at 30 June:	5,047	5,747
Lease liabilities included in the Balance Sheet at 30 June:		
Current	575	558
Non-current	3,936	4,509
Total lease liabilities	4,511	5,067

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.

	2023 \$'000	2022 \$'000
Expenses relating to:		
Short-term leases	-	36
Leases of low value assets	212	221
Total	212	257

There are not variable lease payments (not included in measurement of lease liabilities) as of 30 June 2023.

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	69	239
Later than one year but not later than five years	53	109
Total lease commitments	122	348

Note 6 ASSETS WE MANAGE

6.1 Non current assets classified as held for sale

	2023 \$'000	2022 \$'000
Land held at fair value	283	283
Change in classification of land previously held for Sale	(283)	
Total non current assets classified as held for sale	-	283

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.

In the financial year ended 30 June 2020, the Council classified a plot of land (the "Asset") as held for sale, anticipating a sale within the next twelve months. Due to circumstances outside of Council's control, the sale is no longer highly probable. As a result the Asset was declassified from held for sale and reclassified as Property, Plant, and Equipment on 30 June 2023.

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2023

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount	Transfers								Impairment losses	Carrying amount
	30 June 2022	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	from held for sale	Transfers	recognised in operating result	30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,207,157	4,539	16,614	54,324	(6,627)	(451)	-	283	9,256	-	1,285,095
Plant and equipment	7,308	3,777	-	-	(1,941)	(99)	-	-	793	-	9,838
Infrastructure	886,788	13,466	29,331	118,014	(20,270)	(1,446)	(2)	-	16,717	(218)	1,042,380
Work in progress	49,308	33,413	-	-	-	-	(1,970)	-	(26,766)	-	53,985
	2,160,561	55,195	45,945	172,338	(28,838)	(1,996)	(1,972)	283	-	(218)	2,391,298

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	15,904	8,421	(417)	(9,830)	14,078
Plant and equipment	-	-	-	-	-
Infrastructure	33,404	24,992	(1,553)	(16,936)	39,907
Total	49,308	33,413	(1,970)	(26,766)	53,985

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2023

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

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & 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	\$'000
At fair value 1 July 2022	886,783	78,514	-	965,297	7,759	307,098	24,016	28,522	4,018	371,513	15,904	1,352,714
Accumulated depreciation at 1 July 2022	-	-	-	-	(5,786)	(102,586)	(11,130)	(9,959)	(192)	(129,653)	-	(129,653)
	886,783	78,514	-	965,297	1,973	204,512	12,886	18,563	3,826	241,860	15,904	1,223,061
Movements in fair value												
Additions	2,721	-	-	2,721	48	1,343	380	47	-	1,818	8,421	12,960
Contributions	16,306	-	-	16,306	-	308	-	-	-	308	-	16,614
Revaluation	-	-	-	-	870	29,032	2,065	(351)	648	32,264	-	32,264
Disposal	-	-	-	-	-	(2,343)	(56)	-	-	(2,399)	-	(2,399)
Write-off	-	-	-	-	-	-	-	-	-	-	(417)	(417)
Transfers from assets held for sale	-	283	-	283	-	-	-	-	-	-	-	283
Transfers	-	-	-	-	180	37,002	(47)	(28,282)	-	8,853	(9,830)	(977)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
	19,027	283	-	19,310	1,098	65,342	2,342	(28,586)	648	40,844	(1,826)	58,328
Movements in accumulated depreciation												
Depreciation and amortisation	-	-	-	-	(92)	(5,122)	(410)	(943)	(60)	(6,627)	-	(6,627)
Revaluation increments/(decrements)	-	-	-	-	(692)	21,928	794	67	(37)	22,060	-	22,060
Accumulated depreciation of disposals	-	-	-	-	-	1,937	11	-	-	1,948	-	1,948
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	(44)	(10,784)	402	10,829	-	403	-	403
	-	-	-	-	(828)	7,959	797	9,953	(97)	17,784	-	17,784
At fair value 30 June 2023	905,810	78,797	-	984,607	8,857	372,440	26,358	36	4,666	412,357	14,078	1,411,042
Accumulated depreciation at 30 June 2023	-	-	-	-	(6,614)	(94,627)	(10,333)	(6)	(289)	(111,869)	-	(111,869)
Carrying amount	905,810	78,797	-	984,607	2,243	277,813	16,025	30	4,377	300,488	14,078	1,299,173

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report
For the Year Ended 30 June 2023

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 2022	14,168	3,290	2,512	-	19,971
Accumulated depreciation at 1 July 2022	(8,721)	(2,222)	(1,720)	-	(12,663)
	5,448	1,068	792	-	7,308
Movements in fair value					
Additions	3,246	526	5	-	3,777
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(1,181)	-	-	-	(1,181)
Write-off	-	-	-	-	-
Transfers	1,118	78	-	-	1,196
Impairment losses recognised in operating result	-	-	-	-	-
	3,183	604	5	-	3,792
Movements in accumulated depreciation					
Depreciation and amortisation	(1,510)	(195)	(236)	-	(1,941)
Accumulated depreciation of disposals	1,082	-	-	-	1,082
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	(403)	-	-	-	(403)
	(831)	(195)	(236)	-	(1,262)
At fair value 30 June 2023	17,352	3,894	2,517	-	23,763
Accumulated depreciation at 30 June 2023	(9,552)	(2,417)	(1,956)	-	(13,925)
Carrying amount	7,800	1,477	561	-	9,838

CARDINIA SHIRE COUNCIL
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For the Year Ended 30 June 2023

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

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 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 1 July 2022	(133,342)	(37,047)	(26,454)	(66,585)	(19,665)	-	(6,733)	-	(3,975)	(525)	-	(292,326)
	317,304	68,536	91,283	345,927	35,853	-	13,666	-	12,650	1,569	33,404	920,192
Movements in fair value												
Additions	9,984	11	962	1,879	397	-	194	-	33	6	24,992	38,458
Contributions	12,706	-	4,661	11,587	-	-	360	-	17	-	-	29,331
Revaluation	37,531	14,732	10,902	-	24,135	-	6,769	-	808	-	-	94,877
Disposal	(1,015)	-	(267)	(167)	(353)	-	(235)	-	(15)	-	-	(2,052)
Write-off	-	-	-	-	-	-	(2)	-	-	-	(1,553)	(1,555)
Transfers	8,243	78	2,198	3,732	1,439	-	882	-	85	60	(16,936)	(219)
Impairment losses recognised in operating result	(218)	-	-	-	-	-	-	-	-	-	-	(218)
	67,231	14,821	18,456	17,031	25,618	-	7,968	-	928	66	6,503	158,622
Movements in accumulated depreciation												
Revaluation increments/(decrements)	35,417	(3,879)	3,243	-	(8,169)	-	(3,075)	-	(400)	-	-	23,137
Depreciation and amortisation	(9,828)	(1,188)	(2,336)	(4,227)	(1,468)	-	(843)	-	(319)	(61)	-	(20,270)
Accumulated depreciation of disposals	260	-	81	13	81	-	159	-	12	-	-	606
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	25,849	(5,067)	988	(4,214)	(9,556)	-	(3,759)	-	(707)	(61)	-	3,473
At fair value 30 June 2023	517,877	120,404	136,193	428,543	80,136	-	28,367	-	17,553	2,160	39,907	1,371,140
Accumulated depreciation at 30 June 2023	(107,493)	(42,114)	(25,466)	(69,799)	(28,221)	-	(10,492)	-	(4,682)	(586)	-	(288,853)
Carrying amount	410,384	78,290	110,727	358,744	51,915	-	17,875	-	12,871	1,574	39,907	1,082,287

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report For the Year Ended 30 June 2023

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	Major Depreciation Period	Threshold Limit
	in years	in years	\$'000
<i>Asset recognition thresholds and depreciation periods</i>			
Land & land improvements			
land	-	-	-
land improvements	-	-	10
Buildings (Component level recognition adopted in 2022-2023)			
Non Componentised Buildings	35 - 151	35 - 71	10
Component: Substructure	75 - 161	75 - 100	10
Component: Superstructure - Columns	92	92	10
Component: Superstructure - Upper Floors	92	92	10
Component: Superstructure - Stairs	92	92	10
Component: Superstructure - Roof	70 - 147	70 - 92	10
Component: Superstructure - External Walls & Windows	70 - 147	70 - 92	10
Component: Superstructure - External Doors	70 - 147	70 - 92	10
Component: Superstructure - Internal Walls	33 - 147	33 - 92	10
Component: Superstructure - Internal Screens	70 - 147	70 - 92	10
Component: Superstructure - Internal Doors	70 - 147	70 - 92	10
Component: Finishes - Walls	30 - 78	30 - 36	10
Component: Finishes - Floor	34 - 78	34 - 40	10
Component: Finishes - Ceiling	48 - 90	48 - 60	10
Component: Fittings - Fitments	50 - 93	50 - 62	10
Component: Fittings - Special Equipment	60	60	10
Component: Services - Plumbing	62 - 127	62 - 81	10
Component: Services - Mechanical	62 - 127	62 - 81	10
Component: Services - Fire	36 - 78	36	10
Component: Services - Electrical	64 - 133	64 - 84	10
Component: Services - Transportation	20	20	10
Component: Services - Special Services	60	60	10
Component: External Services	62 - 127	62 - 81	10
Leasehold improvements	71	71	10
Plant and Equipment			
Plant, Machinery and Equipment	5 - 15	5 - 15	5
Others	3 - 15	3 - 15	5
Infrastructure			
Roads - Asphalt Road Surface	25	25	10
Roads - Spray Seal	12	12	10
Sealed Roads - Pavement: Local Access, Property Access and Limited Access			
Roads		Not Depreciated	10
Sealed Roads - Pavement: Arterial and Collector Roads	18 - 139	18 - 139	10
Unsealed Roads - Pavement	30-75	30-75	10
Sealed Footpaths and Cycleways	12 - 100	12 - 100	10
Unsealed Footpaths and Cycleways	12 - 15	12 - 15	10
Sealed Off Street Car Parks	70 - 93	70 - 93	10
Unsealed Off Street Car Parks	55	55	10
Bridges	27 - 100	27 - 100	10
Drainage	25 - 100	25 - 100	10
Parks open spaces and streetscapes	7 - 100	7 - 100	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. The major depreciation period represents the depreciation period of the majority of council assets.

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 71 year period.

CARDINIA SHIRE COUNCIL
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Notes to the Financial Report For the Year Ended 30 June 2023

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 (Certified Practising Valuer AAPI 108176) and Brian Robinson (Certified Practising Valuer AAPI 62215) from Westlink Consulting respectively. 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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation	Basis for index	Next comprehensive revaluation date
Land - specialised	-	-	905,810	Feb-22	Comprehensive	Not Applicable	Feb-24
Land - non specialised	-	78,797	-	Feb-22	Comprehensive	Not Applicable	Feb-24
Heritage buildings	-	-	2,243	Feb-23	Comprehensive	Not Applicable	Feb-26
Buildings - non specialised	-	-	16,025	Feb-23	Comprehensive	Not Applicable	Feb-26
Buildings - specialised	-	-	277,813	Feb-23	Comprehensive	Not Applicable	Feb-26
Building improvements	-	-	30	Feb-23	Comprehensive	Not Applicable	Feb-26
Leasehold improvements	-	-	4,377	Feb-23	Comprehensive	Not Applicable	Feb-26
Total	-	78,797	1,206,298				

Valuation of infrastructure

Valuation of infrastructure assets (excluding Parks, open spaces, streetscapes, recreational, leisure and community facilities) 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. Valuation of Parks, open spaces, streetscapes, recreational, leisure and community facilities were undertaken by a qualified independent valuer Brian Robinson (Certified Practising Valuer AAPI 62215) from Westlink Consulting.

The date of the current valuation is detailed in the following table.

The valuation is at fair value based on current 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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation	Basis for index	Next comprehensive revaluation date
Roads	-	-	410,384	Apr-23	Interim Desktop	ABS PPI Index 3101, Mar 23	30/04/2024
Bridges	-	-	78,290	Apr-23	Interim Desktop	ABS PPI Index 3101, Mar 23	30/04/2025
Footpaths and cycleways	-	-	110,727	Apr-23	Interim Desktop	ABS PPI Index 3101, Mar 23	30/04/2024
Drainage	-	-	358,744	Apr-22	Comprehensive	Not Applicable	30/04/2026
Recreational, leisure and community facilities	-	-	17,875	Apr-23	Comprehensive	Not Applicable	30/04/2027
Parks, open spaces and streetscapes	-	-	51,915	Apr-23	Comprehensive	Not Applicable	30/04/2027
Off street car parks	-	-	12,871	Apr-23	Interim Desktop	ABS PPI Index 3101, Mar 23	30/04/2024
Total	-	-	1,040,806				

CARDINIA SHIRE COUNCIL
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**Notes to the Financial Report
For the Year Ended 30 June 2023**

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 \$297 to \$7,588 per square metre. The remaining useful lives of buildings and building components are determined on the basis of the current condition of buildings 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 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 depreciable infrastructure assets and components 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.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	212,086	209,590
Parks and reserves	693,724	677,193
Total specialised land	905,810	886,783

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For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
6.3 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
Casey Cardinia Library Corporation		
Library service run by City of Casey and Cardinia Shire Council. Cardinia Shire has equity in the library. The equity as of 30 June 2023 is 0% (30 June 2022 was 25.95%).	-	1,446
Fair value of Council's investment in Casey Cardinia Library Corporation	<u>-</u>	<u>1,446</u>
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	909	943
Reported surplus(deficit) for year	22	(44)
Transfers (to) from reserves	-	-
Distributions for the year	27	10
Council's share of accumulated surplus at end of year	<u>958</u>	<u>909</u>
Council's share of reserves		
Council's share of reserves at start of year	537	537
Transfers (to) from reserves	-	-
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	1,446	1,480
Share of surplus(deficit) for year	22	(44)
Share of asset revaluation	-	-
Distributions received	27	10
Assets transferred to Cardinia as per the withdrawal agreement	(1,050)	-
Gain or (loss) on withdrawing from CCL agreement	(445)	-
Carrying value of investment at end of year	<u>-</u>	<u>1,446</u>
Council's share of expenditure commitments		
Operating commitments	-	34
Capital commitments	-	-
Council's share of expenditure commitments	<u>-</u>	<u>34</u>

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.

Implementation of the new Local Government Act 2020 required Library Corporations and their Member Councils to find an alternative legal entity governance model. Library Corporations were given 10 years to make the transition from 1 July 2021. In October 2022, the CCL Board endorsed Cardinia Shire Council's decision to withdraw from the CCL Regional Library Agreement, effective 30th November 2022 under Clause 12 of the Regional Library Agreement. CCL will continue to exist beyond 2022 to provide library services for the City of Casey. As a result, Cardinia Shire Council withdrew from the CCL Regional Library Agreement with effect from 30 November 2022 and joined My Community Library Ltd (Myli), a Not-for Profit and charity that already provides library services to the Shire's of Baw Baw, Bass Coast and South Gippsland. Cardinia does not hold any ownership of Myli.

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.

Notes to the Financial Report
For the Year Ended 30 June 2023

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 Tammy Radford (Mayor from 7 November 2022, Deputy Mayor until 6 November 2022)
 Cr Jack Kowarzik (Deputy Mayor from 7 November 2022)
 Cr Jeff Springfield (Mayor until 6 November 2022)
 Cr Brett Owen
 Cr Carol Ryan
 Cr Collin Ross
 Cr Graeme Moore
 Cr Kaye Cameron
 Cr Stephanie Davies

Chief Executive Officer and General Managers

Carol Jeffs (Chief Executive Officer)
 Debbie Tyson (General Manager - Governance, Facilities and Economy until 16 March 2023)
 Jenny Scicluna (General Manager - Customer, People and Performance until 16 March 2023)
 Lili Rosic (General Manager - Liveable Communities)
 Peter Benazic (General Manager - Infrastructure and Environment)

Managers acted as General Managers during position vacancy and backfill periods

Debbie Tyson (Acting General Manager - Customer, People and Performance from 16 March 2023 to 30 June 2023)
 Andrew Pomeroy (Acting General Manager - Governance, Facilities and Economy from 16 March 2023 to 31 March 2023)
 Owen Hardidge (Acting General Manager - Governance, Facilities and Economy from 3 April 2023 to 30 June 2023)

	2023	2022
	No.	No.
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	7	6
Total Number of Key Management Personnel	16	15

Total number of Key Management Personnel include all personnel in the roles during the financial year.

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

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7.1 Council and key management remuneration (Cont'd)

(c) Remuneration of Key Management Personnel

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and Other senior staff is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Other long-term employee benefits include long service leave, other long service benefits or deferred compensation.

Post-employment benefits include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits include termination of employment payments, such as severance packages.

	2023 \$'000	2022 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,843	1,737
Other long-term employee benefits	32	32
Post-employment benefits	135	125
Total	2,010	1,894

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

	2023 No.	2022 No.
\$0 - \$9,999	1	-
\$20,000 - \$29,000	-	1
\$30,000 - \$39,999	2	6
\$40,000 - \$49,999	4	1
\$50,000 - \$59,999	2	-
\$60,000 - \$69,999	1	1
\$80,000 - \$89,999	-	1
\$110,000 - \$119,999	1	-
\$210,000 - \$219,999	-	1
\$230,000 - \$239,999	1	-
\$260,000 - \$269,999	1	1
\$280,000 - \$289,999	1	2
\$290,000 - \$299,999	1	-
\$400,000 - \$409,999	1	1
	16	15

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

7.1 Council and key management remuneration (Cont'd)**(d) Remuneration of other senior staff**

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$160,000 and who report directly to a member of the KMP. *

	2023	2022
	\$'000	\$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	4,054	3,068
Other long-term employee benefits	219	116
Post-employment benefits	337	277
Termination benefits	63	14
Total	4,673	3,475

The number of other senior staff are shown below in their relevant income bands:

	2023	2022
	No.	No.
Income Range:		
\$160,000 - \$169,999	7	5
\$170,000 - \$179,999	5	2
\$180,000 - \$189,999	3	5
\$190,000 - \$199,999	4	3
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	-
\$240,000 - \$249,999	1	-
\$310,000 - \$319,999	1	-
\$320,000 - \$329,999	1	-
	24	17

	2023	2022
	\$'000	\$'000
Total remuneration for the reporting year for other senior staff included above, amounted to:	4,673	3,475

During 2022-23, several managers acted as General Managers when General Manager positions were vacant. Therefore, their acting period remuneration is displayed under Key Management Personnel section.

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 1989*.

	2023	2022
	\$'000	\$'000
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 (only up to 30 November 2022)

	1,268	2,277
	1,268	2,277

(d) Commitments to/from related parties

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

Casey Cardinia Library Corporation (Refer to Note 5.7)	-	2,543
	-	2,543

Notes to the Financial Report
For the Year Ended 30 June 2023**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 2022/23. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023. 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.

Guarantees for loans to other entities

Council has not provided any guarantees for loans to other entities as at 30 June 2023.

Notes to the Financial Report For the Year Ended 30 June 2023

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 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 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 / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

There has been no significant change in 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 have a policy for establishing credit limits for the entities council deal with;
- 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.

Notes to the Financial Report
For the Year Ended 30 June 2023

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

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

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

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

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

(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 + 1.5% and -0.5% in market interest rates (AUD) from year-end rates of 4.1%.

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.

Notes to the Financial Report For the Year Ended 30 June 2023

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. (For plant and equipment carrying amount is considered to approximate fair value given short useful lives). 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 as shown in the table below. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Frequency of comprehensive revaluation
Land	Every 2 years
Buildings	Every 3 years
Roads	Every 4 years
Bridges	Every 4 years
Footpaths and cycleways	Every 4 years
Drainage	Every 4 years
Recreational, leisure and community facilities	Every 4 years
Parks, open space and streetscapes	Every 4 years

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs 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.

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

Note 9 OTHER MATTERS

9.1 Reserves (a) Asset revaluation reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Share of increment (decrement) on revaluation of by an associate \$'000	Balance at end of reporting period \$'000
2023				
Property				
Land and land improvements	564,285	-	-	564,285
Buildings	93,954	54,325	-	148,279
	658,239	54,325	-	712,564
Infrastructure				
Roads	26,491	72,948	-	99,439
Bridges	34,846	10,853	-	45,699
Drainage	190,192	-	-	190,192
Footpaths and cycleways	20,509	14,145	-	34,654
Off street car parks	-	408	-	408
Parks, open space, streetscapes, recreational, leisure and community facilities	3,687	19,660	-	23,347
	275,725	118,014	-	393,739
Total asset revaluation reserves	933,964	172,339	-	1,106,303
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

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

CARDINIA SHIRE COUNCIL

2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

9.1 Reserves (Cont'd)

		Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves					
	Ref				
2023					
Developer contribution levy	1	44,910	17,402	(9,815)	52,497
Community Facilities levy	2	1,861	1,098	-	2,959
Public Open Space levy	3	17,126	4,946	(5)	22,067
Native vegetation	4	667	-	(16)	651
Decorative Light Poles	5	646	128	(173)	601
Landscapes	6	306	130	(28)	408
Replacement Planting Scheme	7	4	13	-	17
Future Emergency Recovery Reserve	8	1,000	500	-	1,500
Future Environment Sustainability Reserve	8	1,000	500	-	1,500
Future Defined Benefit Super Shortfall Reserve	8	1,000	500	-	1,500
Total Other reserves		68,520	25,217	(10,037)	83,700
2022					
Developer contribution levy		50,812	17,384	(23,286)	44,910
Community Facilities levy		942	919	-	1,861
Public Open Space levy		15,931	1,741	(546)	17,126
Native vegetation		705	-	(38)	667
Decorative Light Poles		902	-	(256)	646
Landscapes		206	100	-	306
Replacement Planting Scheme		9	2	(7)	4
Future Emergency Recovery Reserve		500	500	-	1,000
Future Environment Sustainability Reserve		500	500	-	1,000
Future Defined Benefit Super Shortfall Reserve		500	500	-	1,000
Total Other reserves		71,007	21,646	(24,133)	68,520
				2023	2022
Asset revaluation reserves				\$'000	\$'000
Other reserves				1,106,303	933,964
Total reserves				83,700	68,520
				1,190,003	1,002,484

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report
For the Year Ended 30 June 2023

9.1 Reserves (Cont'd)

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. There is no legal requirement to restrict these funds or hold them in a separate bank account.
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. There is no legal requirement to restrict these funds or hold them in a separate bank account.
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. There is no legal requirement to restrict these funds or hold them in a separate bank account.
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. There is no legal requirement to restrict these funds or hold them in a separate bank account.
7	Replacement Planting Scheme	Funds received by council to meet conditions of an approved planning permit, Revegetation is undertaken at selected councils reserves to compensate for the loss of vegetation through development. There is no legal requirement to restrict these funds or hold them in a separate bank account.
8	Future Reserves	These reserves are to be used for any emergency recovery, environment sustainability or super shortfall that may arise in the future. There is no legal requirement to restrict these funds or hold them in a separate bank account.

CARDINIA SHIRE COUNCIL
2022/2023 Financial Report

Notes to the Financial Report For the Year Ended 30 June 2023

	2023	2022
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus for the year	90,830	61,491
Depreciation/amortisation	29,531	28,911
Proceeds from sale of assets - investing activity, not operating activity	3.6 (531)	(683)
Written down book value (WDBV) of assets sold - non-cash	3.6 1,996	884
Opening work in progress write off	6.2 1,972	8,823
Contributions - non-monetary	3.5 (51,576)	(26,856)
Volunteer services	365	315
Interest costs - financing, not operating activity	1,330	1,624
Share of net (gain)/loss of associates - non-cash	(49)	34
Impairment loss - non-cash	4.9 226	26
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(5,986)	15,977
decrease in prepayments	141	690
(Increase)/decrease in accrued income	4,548	(5,921)
decrease in other assets	1,284	-
(decrease) in other liabilities	(1,142)	(11,669)
(Increase) in inventories	(21)	(30)
Increase in provisions	59	1,028
Increase in income in advance	14,685	24,101
Net cash provided by/(used in) operating activities	87,661	98,745

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 the 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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

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 benefit*.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa

Notes to the Financial Report For the Year Ended 30 June 2023

9.3 Superannuation (Cont'd)

Funding arrangements (Cont'd)

As at 30 June 2022, 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 102.2%. The financial assumptions used to calculate the 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

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at 30 June 2023 was 104.1%

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

(a) Regular contributions

On the basis of the results of the 2022 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). 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 2022 interim 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.

(b) Funding calls

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

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

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

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

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

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

The 2022 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 2022 and the last full investigation was conducted as at 30 June 2020.

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

	2022 (Interim) \$m	2021 (Interim) \$m
- A VBI Surplus	44.6	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	111.9	285.2

Notes to the Financial Report For the Year Ended 30 June 2023

9.3 Superannuation (Cont'd)

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 2022.

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 2022.

The discounted accrued benefits 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 2022.

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50 %pa	2.50 %pa for the first two years and 2.75%pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision super	Defined benefits	10.5% (2022:10.0%)	147	147
Vision super	Accumulation Fund	10.5% (2022:10.0%)	4,453	3,852

Cardinia Shire Council has no unfunded liability payments to Vision Super during both the 2022/23 and 2021/22 years.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$150 thousand.

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022/23 year.

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

DRAFT 2022-23 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 2023, Cardinia Shire's estimated population is 129,896 and is expected to increase by approximately 42,361 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.

Sustainable capacity indicators

For the year ended 30 June 2023

	Indicator	2020	2021	2022	2023	Material variation
Population	<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,174.00	\$1,166.37	\$1,242.63	\$1,254.45	
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$8,927.64	\$9,153.18	\$9,987.48	\$11,434.66	Major asset revaluations undertaken primarily in buildings and infrastructure in 2022/23 have impacted this measure.
	<i>Population density per length of road</i> [Municipal population / kilometres of local roads]	70.63	72.48	73.44	75.39	
Own-source revenue	<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$973.28	\$950.86	\$996.49	\$1,040.87	
Recurrent grants	<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$146.51	\$155.65	\$178.58	\$185.99	

	Indicator	2020	2021	2022	2023	Material variation
Disadvantage	<i>Relative socio-economic disadvantage</i> [Index of relative socio-economic disadvantage by decile]	8.00	8.00	8.00	7.00	Although Cardinia has moved down the ranking for relative socio-economic disadvantage, our SEIFA score has remained at the 2016 level.
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	12.75%	13.38%	14.92%	16.94%	An increase in turnover can be seen across the broader industry. We have implemented a workforce plan and developing an employee value proposition to help with attraction and retention.

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

For the year ended 30 June 2023

Service	Indicator	2020	2021	2022	2023	Material variation
Aquatic facilities	Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.78	2.46	3.29	5.50	In 2022-23, visitation rates are greater than pre Covid-19. Cardinia's aquatic facilities were closed or operating in a very reduced capacity July - October 2021 due to a COVID-19 environment.
Animal management	Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Total number of animal management prosecutions] x100	100%	100%	100%	100%	

Service	Indicator	2020	2021	2022	2023	Material variation
Food safety	<p>Health and safety <i>Critical and major non-compliance outcome notifications</i></p> <p>[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</p>	100%	100%	100%	100%	
Governance	<p>Satisfaction <i>Satisfaction with Council decisions</i></p> <p>[Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community]</p>	51	55	65	64	

Service	Indicator	2020	2021	2022	2023	Material variation
Libraries	<p>Participation <i>Active library borrowers in the municipality</i></p> <p>[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</p>	10.14%	8.67%	7.48%	7.96%	
Maternal and Child Health (MCH)	<p>Participation <i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in a year) / Number of children enrolled in the MCH service] x100</p>	76.80%	68.73%	67.41%	71.97%	
Maternal and Child Health (MCH)	<p>Participation <i>Participation in the MCH service by Aboriginal children</i></p> <p>[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</p>	84.98%	73.26%	67.62%	75.43%	The Cardinia MCH service has recovered well from COVID workforce shortages and state directions around altered services in relation to the pandemic, resulting in an increase in available MCH appointments for all families across the shire in 2023.

Service	Indicator	2020	2021	2022	2023	Material variation
Roads	<p>Satisfaction <i>Satisfaction with sealed local roads</i></p> <p>[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]</p>	52	56	64	61	
Statutory planning	<p>Decision making <i>Council planning decisions upheld at VCAT</i></p> <p>[Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p>	0%	40%	57%	50%	Out of the four decisions go to VCAT, two are set aside.
Waste collection	<p>Waste diversion <i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	43.55%	48.67%	48.08%	48.22%	

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

For the year ended 30 June 2023

Indicator	Result				Forecasts				Material variation
	2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency									
Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,800.87	\$2,793.73	\$2,970.11	\$3,032.76	\$3,120.86	\$3,225.10	\$3,246.64	\$3,348.07	
Revenue level <i>Average rate per property assessment</i> [General rates and Municipal charges / Number of property assessments]	\$1,710.92	\$1,734.05	\$1,763.25	\$1,784.44	\$1,836.71	\$1,895.44	\$1,946.86	\$1,990.39	
Liquidity									
Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	215.85%	189.21%	221.08%	236.83%	205.15%	227.91%	274.78%	291.80%	

Indicator	Result				Forecasts				Material variation
	2020	2021	2022	2023	2024	2025	2026	2027	
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	-23.22%	-86.00%	-102.19%	-143.71%	-25.11%	-53.75%	-49.50%	-22.14%	The increase in 2022-23 is due to a higher value of grants received in advance of the delivery of associated works. These funds are treated as a liability until associated works are completed. When calculating unrestricted cash, this indicator excludes the value of term deposits with maturities over 90 days, in which Council currently invests the majority of its funds to maximise returns. If all Council term deposits were included in this measure, it would show a positive result and provide a more relevant measure.
Obligations									
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	33.95%	28.15%	15.94%	12.76%	36.94%	31.59%	27.69%	22.87%	The decrease in 2022-23 reflects the annual servicing and decrease in loan balances as a result of ongoing responsible cash and investment management.

Indicator	Result				Forecasts				Material variation
	2020	2021	2022	2023	2024	2025	2026	2027	
<p>Loans and borrowings <i>Loans and borrowings repayments compared to rates</i></p> <p>[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</p>	6.71%	14.03%	12.09%	3.62%	2.92%	5.02%	4.75%	4.06%	This indicator is lower in 2022-23 as a large loan settlement was fulfilled during the 2021-22 year.
<p>Indebtedness <i>Non-current liabilities compared to own source revenue</i></p> <p>[Non-current liabilities / Own source revenue] x100</p>	39.44%	31.11%	25.03%	16.11%	42.97%	35.85%	31.46%	26.51%	The decrease in 2022-23 is due to the receipt of higher interest revenue due to higher interest rate levels compared to 2021-22. In addition, a reduction in non-current liabilities is a result of timing in recognition of developer transactions coupled with ongoing reductions in loan balances.
<p>Asset renewal and upgrade <i>Asset renewal and upgrade compared to depreciation</i></p> <p>[Asset renewal and asset upgrade expense / Asset depreciation] x100</p>	79.55%	106.09%	71.56%	128.02%	207.51%	117.56%	72.49%	78.35%	The removal of Covid restrictions in 2022-23 allowed increased delivery of budgeted infrastructure renewal and upgrade projects compared to 2021-22.
Operating position									

Indicator	Result				Forecasts				Material variation
	2020	2021	2022	2023	2024	2025	2026	2027	
Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-2.54%	-0.80%	-0.39%	-0.14%	-6.35%	-7.71%	-5.56%	-3.67%	The 2022-23 adjusted underlying deficit is lower than in previous years. Contributing to the result was increased interest revenue resulting from higher interest rates compared to 2021-22. In addition, higher operating grants were received primarily as a result of the advanced receipt of the full 2023-24 Financial Assistance Grant. These have been partly offset by higher employee costs in line with additional resource requirements and fulfilment of Enterprise Agreement obligations.
Stability									
Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	74.69%	74.61%	72.15%	71.63%	77.07%	78.09%	78.67%	79.11%	
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable]	0.35%	0.36%	0.35%	0.29%	0.27%	0.27%	0.26%	0.27%	Large property valuation increases have materially impacted this measure.

Indicator	Result				Forecasts				Material variation
	2020	2021	2022	2023	2024	2025	2026	2027	
properties in the municipality] x100									

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 2023.

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 26 June 2023. 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: 18 September 2023

In our opinion, the accompanying performance statement of the Cardinia Shire Council for the year ended 30 June 2023 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: 18 September 2023

Cr Stephanie Davies
Councillor
Dated: 18 September 2023

Carol Jeffs
Chief Executive Officer
Dated: 18 September 2023