

# MINUTES



## Ad Hoc Meeting of Council

Held via Zoom

On

Monday 6 September 2021

The Agenda for the Ad Hoc Meeting of Council, Monday 6 September 2021, forms part of these Minutes and is attached in full at the end of the Minutes.

These Minutes are considered draft until adopted and confirmed at the next Meeting of Council

The meeting commenced at 6.35pm.

**PRESENT:**

*Cr L Cooper (Mayor) Scott Ward*  
*Cr Y Allred Baird Ward*  
*Cr J Dwight Chandler Ward*  
*Cr M Timmers-Leitch Collier Ward*  
*Cr S Grasso Dinsdale Ward*  
*Cr M Baker Dobson Ward*  
*Cr S Laukens Friberg Ward*  
*Cr D Pearce Taylor Ward*  
*Cr N Seymour Tirhatuan Ward*

*Dr I Bell Acting Chief Executive Officer*

*Mr G Thorne Director – Infrastructure*

*Mr M Kelleher Director - Strategy and Integrity*

*Ms T Scicluna Director – Connected Communities*

*Ms I Kelly Acting Director - City Centre*

*Ms S Stanton Executive Manager - Strategy, People and Culture, Interim Information  
Technology & Transformation*

*Mr P McQue Manager, Governance*

*Mr A Dowling Coordinator, Governance*

**THE MEETING OPENED WITH A STATEMENT OF ACKNOWLEDGEMENT**

***“Knox City Council acknowledges we are on the traditional land of the Wurundjeri and Bunurong people and pay our respects to elders both past and present.”***

**Order of Business**

1 Apologies .....4

2 Declarations Of Conflict Of Interest.....4

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    3.2 Unaudited 2020-21 Annual Financial Statements and Performance Statement.....7

1 Apologies

Nil.

2 Declarations of Conflict of Interest

Nil.

### 3 Reports for consideration

#### 3.1 Commonwealth Child Care Gap Fee

**SUMMARY:** Acting Head of Integrated Services, Jason Crockett and  
Manager of Family and Children's Services, Janine Brown.

This report outlines the recent announcements by the Australian Government to support families who access Commonwealth childcare services in locations that have been directly impacted by COVID-19 lockdowns.

The first announcement on 16 August 2021 informed childcare providers that they were able to waive the gap fee charged to families over and above their eligible childcare subsidy if families chose to keep their children at home during COVID-19 lockdown restrictions. The eligible time period identified by the Australian Government commenced from 13 August 2021 for families in the Melbourne metropolitan area. The decision to act on this announcement was left to individual childcare service providers as the cost of waiving the gap fee was to be borne by the provider. On 23 August 2021, the Australian Government announced a Business Continuity Grant to support childcare providers in recognition of the increased restrictions which limited access to childcare to Authorised Workers only in Victoria. Eligibility for providers accessing the Grant is contingent on the provider agreeing to waive all gap fees for all families enrolled but not attending a service, and on the basis that there is a reasonable expectation overall attendance during a lockdown period will be at 50% or below for each payment fortnight.

This report seeks Council's consideration of officer recommendations to waive and backdate the childcare gap fee for those families who chose to, and were required to keep their children at home during the COVID-19 eligible period following the Australian Government's announcements. Council is also asked to consider authorising the Chief Executive Officer to waive further childcare gap fees during the 2021-22 financial year, subject to several criteria outlined in the Recommendations.

#### **RECOMMENDATION**

That Council:

1. Waives and backdates the Childcare Gap Fee for any family whose child was enrolled but did not attend childcare during the period 13 to 22 August 2021.
2. Waives the Childcare Gap Fee for families enrolled but not attending in its Wantirna South and Bayswater childcare service locations from the period of 23 August 2021 until the conclusion of the eligible grant funding period provided by the Australian Government in recognition of the COVID-19 lockdown restrictions in metropolitan Melbourne.
3. Authorises the Chief Executive Officer to waive future childcare gap fee payments during the 2021-22 financial year at their discretion, subject to:
  - Such waivers being consequential upon advice from the Commonwealth Government regarding childcare fees.
  - Such waivers being part of a Commonwealth Government financial support package for providers.

- The Chief Executive Officer notifying the Mayor and Councillors of any proposal to waive gap fees prior to the waiver being implemented; and
- The Chief Executive Officer reports any such waivers to the next practicable Council meeting.

### **RESOLUTION**

**MOVED:** Councillor Dwight

**SECONDED:** Councillor Cooper

**That Council:**

- 1. Waives and backdates the Childcare Gap Fee for any family whose child was enrolled but did not attend childcare during the period 13 to 22 August 2021.**
- 2. Waives the Childcare Gap Fee for families enrolled but not attending in its Wantirna South and Bayswater childcare service locations from the period of 23 August 2021 until the conclusion of the eligible grant funding period provided by the Australian Government in recognition of the COVID-19 lockdown restrictions in metropolitan Melbourne.**
- 3. Authorises the Chief Executive Officer to waive future childcare gap fee payments during the 2021-22 financial year at their discretion, subject to:**
  - **Such waivers being consequential upon advice from the Commonwealth Government regarding childcare fees.**
  - **Such waivers being part of a Commonwealth Government financial support package for providers.**
  - **The Chief Executive Officer notifying the Mayor and Councillors of any proposal to waive gap fees prior to the waiver being implemented; and**
  - **The Chief Executive Officer reports any such waivers to the next practicable Council meeting.**

**CARRIED**

### 3.2 Unaudited 2020-21 Annual Financial Statements and Performance Statement

**SUMMARY:** Chief Financial Officer, Navec Lorkin

The unaudited 2020-21 Annual Financial Statements and Performance Statement are presented for consideration and adoption in principle. These statements were reviewed and endorsed by Council’s Audit Committee as its meeting on Thursday 26 August 2021.

**RECOMMENDATION**

That Council:

1. Receive and adopt in principle the unaudited 2020-21 Annual Financial Statements (Attachment 1) and Performance Statement (Attachment 2) for the year ending 30 June 2021, and certify the performance results against the Governance and Management checklist (Attachment 3).
2. Authorise the Principal Accounting Officer to make changes to the Financial Statements as determined by the Auditor-General; and that the Audit Committee be consulted prior to making any material amendments to these Statements as determined by the Auditor-General; and that material amendments be communicated to Council as soon as possible.
3. Nominate and authorise Councillor ..... and Councillor ..... to certify (on behalf of Council) the 2020-21 Annual Financial Statements, in the final form.

**RESOLUTION**

**MOVED:** Councillor Cooper

**SECONDED:** Councillor Laukens

That Council:

1. Receive and adopt in principle the unaudited 2020-21 Annual Financial Statements (Attachment 1) and Performance Statement (Attachment 2) for the year ending 30 June 2021, and certify the performance results against the Governance and Management checklist (Attachment 3).
2. Authorise the Principal Accounting Officer to make changes to the Financial Statements as determined by the Auditor-General; and that the Audit Committee be consulted prior to making any material amendments to these Statements as determined by the Auditor-General; and that material amendments be communicated to Council as soon as possible.
3. Nominate and authorise Councillor Cooper and Councillor Laukens to certify (on behalf of Council) the 2020-21 Annual Financial Statements, in the final form.

**CARRIED**

The Mayor noted the meeting was Dr Bell’s last in his capacity as Acting Chief Executive Officer, and on behalf of Council, acknowledged and thanked Dr Bell for his work since taking on the role in early July 2021.

**MEETING CLOSED AT 6.45pm**

Minutes of Meeting confirmed at the Meeting of Council held on Monday, 27 September 2021

.....  
Chairperson

The Agenda for this meeting is attached in full at the end of the Minutes



# AGENDA



Ad-Hoc Meeting of Council

To be held via Zoom

On

Monday 6 September 2021 at 6:30 PM

**Order of Business**

1 Apologies .....3

2 Declarations Of Conflict Of Interest.....3

3 Reports For Consideration .....4

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    3.2 Unaudited 2020-21 Annual Financial Statements and Performance Statement.....14

Ian Bell  
Acting Chief Executive Officer

1 Apologies

2 Declarations of Conflict of Interest

### 3 Reports for consideration

#### 3.1 Commonwealth Child Care Gap Fee

**SUMMARY:** Acting Head of Integrated Services, Jason Crockett and  
Manager of Family and Children's Services, Janine Brown.

This report outlines the recent announcements by the Australian Government to support families who access Commonwealth childcare services in locations that have been directly impacted by COVID-19 lockdowns.

The first announcement on 16 August 2021 informed childcare providers that they were able to waive the gap fee charged to families over and above their eligible childcare subsidy if families chose to keep their children at home during COVID-19 lockdown restrictions. The eligible time period identified by the Australian Government commenced from 13 August 2021 for families in the Melbourne metropolitan area. The decision to act on this announcement was left to individual childcare service providers as the cost of waiving the gap fee was to be borne by the provider. On 23 August 2021, the Australian Government announced a Business Continuity Grant to support childcare providers in recognition of the increased restrictions which limited access to childcare to Authorised Workers only in Victoria. Eligibility for providers accessing the Grant is contingent on the provider agreeing to waive all gap fees for all families enrolled but not attending a service, and on the basis that there is a reasonable expectation overall attendance during a lockdown period will be at 50% or below for each payment fortnight.

This report seeks Council's consideration of officer recommendations to waive and backdate the childcare gap fee for those families who chose to, and were required to keep their children at home during the COVID-19 eligible period following the Australian Government's announcements. Council is also asked to consider authorising the Chief Executive Officer to waive further childcare gap fees during the 2021-22 financial year, subject to several criteria outlined in the Recommendations.

#### RECOMMENDATION

That Council:

1. Waives and backdates the Childcare Gap Fee for any family whose child was enrolled but did not attend childcare during the period 13 to 22 August 2021.
2. Waives the Childcare Gap Fee for families enrolled but not attending in its Wantirna South and Bayswater childcare service locations from the period of 23 August 2021 until the conclusion of the eligible grant funding period provided by the Australian Government in recognition of the COVID-19 lockdown restrictions in metropolitan Melbourne.
3. Authorises the Chief Executive Officer to waive future childcare gap fee payments during the 2021-22 financial year at their discretion, subject to:
  - Such waivers being consequential upon advice from the Commonwealth Government regarding childcare fees.

- **Such waivers being part of a Commonwealth Government financial support package for providers.**
- **The Chief Executive Officer notifying the Mayor and Councillors of any proposal to waive gap fees prior to the waiver being implemented; and**
- **The Chief Executive Officer reports any such waivers to the next practicable Council meeting.**

## **1. INTRODUCTION**

### **Commonwealth Childcare**

Through its budget process, Council sets an annual childcare service fee. All families are charged this fee, however, the out-of-pocket expense for families (referred to as the gap fee) will depend on the individual financial circumstances of the family according to the level of Childcare Subsidy (CCS) they are eligible to receive from the Australian Government.

The Australian Government pays the CCS directly to the provider (Council) on behalf of the family and the remaining gap fee is paid to Council by the family. The Family Assistance Law requires all families who receive an asset-based CCS to make a co-contribution to their childcare fees.

Families can still access CCS when their child is absent from a session of booked care for up to 42 days, per child, per budget year. This means that for the days the child is absent, the provider still receives the CCS and the family must still pay the gap fee.

Should a family require additional absent days over and above the 42 allocated days, the Australian Government does have arrangements in place for extenuating circumstances. Alternatively, parents can elect to remove their child from the service for extended absences and seek to re-enrol in the service if a place is available later.

### **Commonwealth Declared COVID-19 Hotspot**

On Monday, 16 August 2021, Council received advice from the Department of Education, Skills and Employment (DESE) identifying the following areas as Hotspots:

- Greater Melbourne - including Knox.
- City of Greater Geelong.
- Moorabool; and
- Golden Plains.

A Commonwealth “COVID-19 Hotspot” is broadly defined by the Commonwealth Chief Medical Officer as “Areas of elevated incidence or prevalence, higher transmission efficiency or risk, or higher probability of disease emergence.” A Hotspot is a geographical area that detailed risk analysis identifies that for a specified period, a higher COVID-19 risk applies and should be treated with additional restrictions and supports.

Currently the Hotspot classification for Greater Melbourne is applicable between 5 August – and 2 September 2021. This may be extended depending on the situation in Victoria.

### **Support for Families and Providers**

Families enrolled in childcare in a Commonwealth declared COVID-19 Hotspot can access unlimited days of allowable absences if the declaration extends for more than seven days in

accordance with the specified declaration period. Families can use these Hotspot absences even if they have not used up their 42 days of allowable absences as part of the normal funding scheme.

In response to the recent COVID-19 lockdown restrictions across metropolitan Melbourne and Victoria, the Australian Government has recently made two key announcements designed to support families and providers.

### **Gap Fee Waiver**

From 13 August 2021, childcare services (providers) in Commonwealth declared COVID-19 Hotspots were advised that they could choose to waive gap fees for families who keep their children at home if either of the following applies:

- The Commonwealth Hotspot runs for more than seven days. If this applies, gap fees can be waived from day eight of the hotspot declaration.
- The Commonwealth Hotspot runs for seven days or fewer, but the state or territory government has limited who can access childcare. This could include limiting access to vulnerable children, children whose parents cannot work from home, or the children of essential workers. If this applies, gap fees could be waived from day one of the hotspot declaration.

The Commonwealth also advised that childcare services directed to close by a local authority because of COVID-19 can also waive gap fees for a period of time up to and including 31 December 2021.

### **Grant Funding for Providers**

On 23 August 2021, the Australian Government announced an additional support measure designed to assist childcare business operators in declared Commonwealth Hotspots to remain open and viable through the provision of an additional Business Continuity grant. Eligible childcare services will receive a payment based on 25% of their pre-lockdown revenue whilst continuing to receive the CCS amount for all families enrolled. The gap fee for those families continuing to attend the service could continue to be charged.

This grant is contingent on the service waiving the gap fee for those children not attending in addition to:

- A reasonable expectation that the attendance of enrolled children would fall below 50% for each payment fortnight of the restricted period.
- Maintaining pre-lockdown staffing levels.
- Agreeing to a fee freeze for the duration of support; and
- Not accessing other Commonwealth Government funded business support.

The Australian Government has advised that this Grant seeks to ensure childcare businesses can maintain operations and that the sector remains viable and ready to support economic recovery as needed. This approach was successfully deployed in 2020 during the COVID-19 restrictions and as part of this announcement, the Australian Government has advised that this grant funding will also be available for services that meet the criteria in any future extended lockdowns where access to childcare is limited to Permitted Workers.

## **2. DISCUSSION**

### **Gap Fee**

In July, Council approved the daily childcare fee of \$151.45 for the 2021-22 budget.

For families in Knox accessing Council childcare services, the daily gap fee ranges between \$0 up to the full amount of \$151.45 dependant on the individual family's asset test for CCS. The averaged gap fee across both childcare services is \$65.30 per child/per day.

Given that the Hotspot was declared on 5 August, the first seven days of the gap fee cannot be waived by Council under the Commonwealth directions. Therefore, the period of potential gap fee waiver application for families who chose to keep their children at home and access their allowable absences is from 13 August 2021. Considering the recently announced Business Continuity Grant and its associated conditions, a greater number of families would now be eligible for the waiver of the gap fee from 23 August 2021 because of their ineligibility to access childcare under increased restrictions. The current period of COVID-19 lockdown is set to conclude on 2 September 2021. However, should this period be extended, so could the gap fee waiver should Council determine to do so.

### **COVID-19 Financial Impacts for Families**

Since the Australian Government announced that providers could waive gap fees, there has been a steady stream of enquiries from families attending the two Integrated Children and Family Centres (Wantirna South and Bayswater). Due to the current restrictions, there is a heightened level of concern and reported financial hardship from families in relation to the payment of gap fees when they are not able to attend the service.

Families under financial strain will be less able to pay gap fees and more likely to explore the option of withdrawing their children from the service. Should this occur, Council will lose the CCS and gap fee payment for that child. It is a balance for families and Council in terms of risk and cost.

Families have also provided feedback about the perceived delay of Council in actioning a decision to consider waiving the gap fee for families as soon as it was announced by the Australian Government.

In the week beginning 23 August 2021, there was notification from 19 families of their intent to either drop the number of days they attend or cancel their bookings completely. This action by families already equates to a total loss of 41 booked days per week.

## **3. CONSULTATION**

Officers have sought advice from the Chief Financial Officer regarding the financial impact of the potential decisions by Council.

As highlighted in Section 2 of this report, families have also provided feedback through phone calls and emails to Council and Council officers about the impact of having to continue to pay the gap fee when they are not currently attending the service.

## **4. ENVIRONMENTAL/AMENITY ISSUES**

The two Early Years Hubs are designed to house integrated early years services in a nurturing, quality environment. In addition to Maternal and Child Health, community playgroups and funded

kindergarten services, Council is licenced to provide 117 childcare places at the Wantirna South site and 105 childcare places at the Bayswater service locations.

The design of the Hubs incorporates environmentally and economically sustainable design principle to significantly lower overall lifecycle and operating costs for the facility particularly in terms of water and energy use. The design also embraces the principles of universal access to enable members of the community and users of the facility to have unrestricted access.

## **5. FINANCIAL & ECONOMIC IMPLICATIONS**

### **Utilisation Impacts**

For the 2021 calendar year, both service locations have been steadily building utilisation rates despite the impact of the Pandemic, however, the increasing risk of infection with the latest Delta strain of COVID-19 is likely to have an impact on overall utilisation in the 2021-22 budget year.

A specific requirement for providers to be eligible for the Australian Government Business Continuity Grant is that the service has a reasonable expectation that the number of enrolled children who attending the service will drop below 50% for each payment fortnight during the restriction period.

### **Gap Fee Waiver**

Waiving the gap fee for families who do not attend care during the current or any future restriction period will impact the approved income through Council's 2021-22 budget process.

The net impact for Council's approved budget of waiving the gap fees over two distinct time periods is significantly influenced by whether Council will be eligible for the Australian Government's Business Continuity Grant across both service location sites for each payment fortnight from 23 August 2021 to 2 September 2021, and potentially beyond should the period of restrictions continue.

Should the gap fee be waived for the two restriction periods (total of 15 operational days), the net impact for Council's approved budget income ranges from:

1. -\$10,728 if Council is able to qualify for the Business Continuity grant for both service sites; and,
2. -\$32, 665 if Council is able to qualify for the Business Continuity Grant for the Wantirna South service location **only**.

### **Impact of Gap Fee Waiver for 13 to 22 August 2021**

From the period 13 to 22 August, 132 places were recorded as absent. The total gap fee that all families have been charged for this period is \$66,871 across the two service locations. Of this, \$8,448 can be linked to children who were enrolled but not attending during this time period.

Council officers are recommending to Council that \$8,448 should be waived and credited to those families who chose to keep their children at home during this eligible period of the COVID-19 lockdown in metropolitan Melbourne.



## **Impact of Gap Fee Waiver for 23 August to 2 September 2021 – Business Continuity Payment Period**

There are two possible scenarios that may play out in relation to the net impact on Council's approved budget income if Council chooses to waive the gap fee for the second period of 23 August 2021 to 2 September 2021. These are:

1. Both the Wantirna South and Bayswater childcare service locations experience a drop of at least 50% in enrolled children who are attending the service, thus enabling Council to access the Commonwealth Business Continuity grant for both services for each payment fortnight, or
2. Only one of the childcare service locations experience a drop of at least 50% in enrolled children who are attending the service for each payment fortnight, thus limiting Council's access to the Commonwealth Business Continuity grant to one site.

Following the announcement of restricted access to childcare for Authorised Workers and vulnerable children only, families enrolled at the two Integrated Children and Family Centres (Wantirna South and Bayswater) have been surveyed as to their attendance intentions from the period of 23 August to when the current restriction levels conclude.

The response to this survey indicates that family intentions to attend the Wantirna South childcare service location during the restricted lockdown period will fall below 50% of enrolled children. However, the survey responses also indicate that just *over* 50% of families enrolled in the service intend to continue attending the Bayswater childcare service location.

This preliminary data has been used to provide two scenarios for Council's information and consideration, analysing the potential impact of waiving the gap fees across both service locations. Council should note however, that the percentage of families indicating they will/will not attend the service in Bayswater is close to the 50% level and so either future scenarios may play out for each payment fortnight.

At the time of writing this report, the current level of restrictions is set to conclude on 2 September 2021. The total gap fee to be paid by families for this period is \$110,784 across the two service locations. Of this total, \$48,896 can be linked to enrolled children whose families have indicated will be absent from childcare during this restriction period.

Council officers are recommending as a condition of accepting the Australian Government's Business Continuity payment for either **one** or **both** service locations, that Council waives the amount of \$48,896 for families not attending childcare during this restriction period.

Applying the fee waiver across both service locations, ensures that the higher proportion of vulnerable families attending the Bayswater service are not disproportionately impacted.

Attachment 1 provides more detailed information about the assumptions that have informed the information in the body of this report.

Officers will continue to monitor the operational expenditure budget closely to identify further potential cost reductions in operational areas such as agency staff and consumables, reflecting wherever possible, the reduced attendance of children to the service during a restricted period.

## **6. SOCIAL IMPLICATIONS**

The global COVID-19 Pandemic has had a significant impact across all socio-economic groups, including people feeling socially isolated, financial impacts, families experiencing increased

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vulnerability and an increase in mental health issues. This has the potential for long-term health implications for families, children, and the general community. Access and participation in quality early childhood education and care programs is important for all children and families. Attending an early childhood program also supports families working or studying.

Vulnerable children are authorised to access childcare during the COVID-19 restricted lockdown period, and do not need to have a parent who is an Authorised Worker to be eligible to attend childcare. There is a higher overall proportion of families who would be considered as experiencing vulnerabilities attending Council's Integrated Children and Family Centre at Bayswater.

Having children drop days or cancel care completely has the potential to increase social pressures on families. It is important for Council's relationship with the community and their reputation that where possible, families are supported to keep their children in care. This is a positive outcome for children and helps to relieve the stress many families have reported as currently experiencing.

## **7. RELEVANCE TO KNOX COMMUNITY AND COUNCIL PLAN 2017-2021**

### **Goal 5- We have a strong regional economy, local employment and learning opportunities**

Strategy 5.4- Increase and strengthen local opportunities for lifelong learning, formal education pathways and skills development to improve economic capacity of the community.

### **Goal 6 –We are healthy, happy and well**

Strategy 6.2 - Support the community to enable positive physical and mental health.

### **Goal 7 – We are inclusive, feel a sense of belonging and value our identity**

Strategy 7.3- Strengthen community connections.

## **8. CONFLICT OF INTEREST**

The officers contributing to and responsible for this report have no conflicts of interest requiring disclosure under Chapter 5 of the Governance Rules of Knox City Council.

## **9. CONCLUSION**

This report seeks Council's consideration to waive and backdate the childcare gap fee for those families who chose to keep their children at home during the COVID-19 eligible period following the Australian Government's announcements. Council is also asked to consider a recommendation to waive the gap fee for all families enrolled and not attending in Council's childcare services at both service locations from 23 August 2021, as a pre-requisite to accepting the grant from the Australian Government to support the cost impacts to Council's childcare services of the current COVID-19 lockdown across Victoria.

## **10. CONFIDENTIALITY**

There is no content in this report that meets the definition of confidential information from the Local Government Act 2020.

**Report Prepared By:**            **Acting Head of Integrated Services, Jason Crockett**

**Report Authorised By:**       **Director Connected Communities, Tanya Scicluna**

**Attachments**

1.    Attachment 1 - Childcare Gap Report - Ad Hoc Council Meeting - 2021-09-06 [**3.1.1** - 2 pages]

## ATTACHMENT 1

## NET IMPACT SCENARIOS – GAP FEE WAIVER AND BUSINESS CONTINUITY GRANT

**Scenario 1**

Table 1 below uses a base comparative scenario of 15 operational days in July 2021 to compare the financial impact of a decision by Council to waive gap fees across two time periods for both service locations should it be eligible for the Australian Government Business Continuity grant for both Wantirna South and Bayswater service locations.

The table also models a scenario where the restricted period is extended for another three weeks from 3 September 2021.

Compared to the base comparative scenario, for the period of 13 August to 2 September 2021, should Council be eligible to access the Business Continuity grant for both service locations, the net impact on income would be -\$10,728. Should the restriction period extend, the impact of the Business Continuity grant for both service locations begins to scale up. The negative impact on income of waiving the gap fee during this extended period reduces to -\$771. For this extended restriction scenario, this net impact assumes that Council would continue to waive gap fees across both services to an estimated amount of \$78,464.

**Table 1: Financial Impact of combined Gap Fee waiver and Business Continuity Grant for Wantirna South and Bayswater**

	<b>Base Comparative Calculations</b> 3-week (15 operational days) period in July	<b>Period 1</b> 13 August to 22 August (6 days)	<b>Period 2</b> 23 August to 2 September (9 days)	<b>Extended 3 Week (15 Days Scenario From 3 September</b> Based on 23 August to 2 September data
<b>CCS</b>	\$242,761	\$91,385	\$151,376	\$242,761
<b>Gap Fees - attending families</b>	\$177,664	\$58,432	\$61,888	\$99,200
<b>Business Continuity Grant Payment – Bayswater AND Wantirna service locations</b>	Nil	Nil	\$46,616	\$77,693
<b>Total Expected Income</b>	<b>\$420,425</b>	<b>\$149,817</b>	<b>\$259,880</b>	<b>\$419,654</b>

## Scenario 2

Table 2 below demonstrates the financial impact of a decision by Council to waive gap fees across two time periods should it be eligible for the Australian Government Business Continuity Grant for **only one of the service locations**. In this scenario, based on parent survey results, it is assumed to be the Wantirna South service location.

This scenario also uses the base comparative scenario of 15 operational days in July 2021 to compare the financial impact of a decision by Council to waive gap fees across two time periods for both service locations should it be eligible for the Australian Government Business Continuity Grant for both Wantirna South and Bayswater service locations.

Table 2 also models a scenario where the restricted period is extended for another three weeks from 3 September 2021.

Compared to the base comparative scenario, for the period of 13 August to 2 September 2021, should Council be eligible to access the Business Continuity grant for one (Wantirna South) service location, the net impact on income would be -\$32,665. Should the restriction period extend, the impact of the Business Continuity Grant for one service location increases in the negative to -\$37,332. For this extended restriction scenario, this net impact assumes that Council would continue to waive gap fees across both services to an estimated amount of \$78,464.

**Table 2: Financial Impact of combined Gap Fee waiver and Business Continuity Grant for Wantirna South Only**

	<b>Base Comparative Calculations</b> 3-week (15 operational days) period in July	<b>Period 1</b> 13 August to 22 August (6 days)	<b>Period 2</b> 23 August to 2 September (9 days)	<b>Extended 3 Week (15 Days Scenario From 3 September</b> Based on 23 August to 2 September data
<b>CCS</b>	\$242,761	\$91,385	\$151,376	\$242,761
<b>Gap Fees - attending families</b>	\$177,664	\$58,432	\$61,888	\$99,200
<b>Business Continuity Grant Payment – Wantirna service location</b>	Nil	Nil	\$24,679	\$41,132
<b>Total Expected Income</b>	<b>\$420,425</b>	<b>\$149,817</b>	<b>\$237,943</b>	<b>\$383,093</b>

## 3.2 Unaudited 2020-21 Annual Financial Statements and Performance Statement

**SUMMARY: Chief Financial Officer, Navec Lorkin**

**The unaudited 2020-21 Annual Financial Statements and Performance Statement are presented for consideration and adoption in principle. These statements were reviewed and endorsed by Council's Audit Committee as its meeting on Thursday 26 August 2021.**

### RECOMMENDATION

**That Council:**

- 1. Receive and adopt in principle the unaudited 2020-21 Annual Financial Statements (Attachment 1) and Performance Statement (Attachment 2) for the year ending 30 June 2021, and certify the performance results against the Governance and Management checklist (Attachment 3).**
- 2. Authorise the Principal Accounting Officer to make changes to the Financial Statements as determined by the Auditor-General; and that the Audit Committee be consulted prior to making any material amendments to these Statements as determined by the Auditor-General; and that material amendments be communicated to Council as soon as possible.**
- 3. Nominate and authorise Councillor ..... and Councillor ..... to certify (on behalf of Council) the 2020-21 Annual Financial Statements, in the final form.**

### 1. INTRODUCTION

BDO (agents of the Victorian Auditor-General's Office) has undertaken the external audit of the 2020-21 Annual Financial Statements and Performance Statement.

The Annual Financial Statements, consisting of Financial Statements and Notes (refer Attachment 1), have been prepared in accordance with Australian Accounting Standards and Interpretations, the Local Government Act 1989 (the Act) and the Local Government (Planning and Reporting) Regulations 2014 (the Regulations).

The Audit Committee at its meeting of 26 August 2021, having reviewed the Annual Financial Statements and Performance Statement, recommended that Council adopt the unaudited 2020-21 Annual Financial Statements and Performance Statement on an in-principle basis and submit them to the Victorian Auditor-General for final audit.

In accordance with section 99 of the *Local Government Act 2020*, and sections 18 and 21 of the *Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)*, the completed Annual Financial Statements and Performance Statement are to be certified by the Principal Accounting Officer, Chief Executive Officer and two Councillors (on behalf of Council) having regard to the recommendations, if any, from the Victorian Auditor-General.

## **2. DISCUSSION**

### **Annual Financial Statements**

The draft Financial Statements indicate the performance for the year and the financial position of Council as at 30 June 2021. While the external audit has not yet been finalised, it is expected there will be no major changes to the Statements as presented. On 26 August 2021, the Audit Committee endorsed the Financial Statements, and in principle approval is now being sought from Council.

### **COVID-19**

The uncertainties arising from COVID-19 will continue to be assessed. Council is in a strong financial position, indicated by a modest surplus, strong working capital and nil borrowings. Council has responded to the COVID-19 pandemic by introducing a \$3 million community and business support package in the 2020-21 budget. Disclosures made in the Financial Statements regarding COVID-19 align to VAGO guidance for the local government sector.

### **Comprehensive Operating Statement**

Council ended the financial year in a strong financial position. Council's surplus for 2021 was \$9.575 million, which was a favourable variance of \$45.981 million when compared to the 2020-21 Adopted Budget deficit of \$36.406 million. The key variances were:

- Favourable variance of \$28.654 million in net (loss) gain on disposal of assets. The transfer of the Knox Regional Sports Park to the State Government has yet to occur and is now anticipated to occur during the 2022 financial year.
- Favourable variance of \$17.554 million in materials and services. There is a continued focus on the containment of operating costs throughout Council, whilst maintaining services for the community. Contributing to the reduction was \$12.396 million in operating projects expenditure unable to be completed due to the carry forward of capital works to 2021-22, a \$0.613 million decrease in utility costs, and a \$0.451 million reduction in the landfill rehabilitation provision.
- Favourable variance of \$7.943 million in operating grants including the receipt of \$5.509 million in unbudgeted Government grants in response to the COVID-19 pandemic, including Special Education Grants for preschool, grants for the Working for Victoria Fund, grants for outdoor dining, and COVID-19 Emergency Support for Aged Care Meals on Wheels.
- Favourable variance of \$1.958 million in capital grants including \$3.395 million in unbudgeted grants.

Favourable variances were offset by the following:

- Unfavourable variance of \$5.104 million in employee expenses includes \$2.842 million in employee costs relating to the Working for Victoria Fund (offset by operating grant) and \$2.102 million in redundancy payments as Council exited from selected Commonwealth Home Support Program services.
- Unfavourable variance of \$4.040 million in user fees due to reduction in fees received for kindergarten (\$1.351 million) due to the State Government kindergarten fee subsidy program (offset by operating grant), childcare \$0.626 million offset by increase in childcare subsidy, leisure services \$1.768 million with community facilities being closed due to the COVID-19 pandemic, and health services \$0.459 million as annual and new registrations were waived due to the COVID-19 pandemic.

## **Balance Sheet**

The Balance Sheet reflects a strong position with a Working Capital ratio (liquidity) of 1.44:1 or 144%.

Total cash holdings (cash on hand and term deposits) were \$45.598 million (2020 \$40.484 million) at balance date.

Total trade and other receivables were \$18.989 million (the 2020 figure was \$15.492 million). Rates debtors increased to \$12.035 million in 2021 from \$10.997 million in 2020, as a result of increased payment plans and arrangements.

## **Performance Statement**

On 26 August 2021, the Audit Committee endorsed the Performance Statement.

The Performance Statement includes the indicators, measures and results for the prescribed indicators of sustainable capacity, service performance and financial performance. To provide context to the results, the Statement must also contain a description of the municipal district including its size, location and population.

The Performance Statement reports results of indicators established by the Victoria Local Government Performance Reporting Framework (LGPRF)

The Performance Statement provides four years of comparatives (2017-18, 2018-19, 2019-20 and 2020-21) to provide trend data. The *Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)* require councils to provide commentary for all material variations in the results between the current year and previous years.

Management has set its material threshold at plus or minus 10% of the previous year's result. Based on this materiality threshold, nine results for the prescribed indicators are reporting a material variance requiring comment. Council has provided comments to assist readers in interpreting the results.

## **Governance and Management Checklist**

The *Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)* require council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. This is a prescribed checklist of policies, plans and documents, covering engagement, planning, monitoring, reporting and decision making.

## **3. CONSULTATION**

This report does not require consultation. The 2020-21 Annual Financial Statements and Performance Statement will be publicly available as part of the 2020-21 Annual Report.

## **4. ENVIRONMENTAL/AMENITY ISSUES**

This report does not have any environmental or amenity issues for discussion.



## **5. FINANCIAL & ECONOMIC IMPLICATIONS**

The 2020-21 Annual Financial Statements and Performance Statement report on Council's financial and non-financial performance for the financial year.

## **6. SOCIAL IMPLICATIONS**

This report does not have any social implications for discussion.

## **7. RELEVANCE TO KNOX COMMUNITY AND COUNCIL PLAN 2017-2021**

### **Goal 8 - We have confidence in decision making**

Strategy 8.1 - Build, strengthen and promote good governance practices across government and community organisations

## **8. CONFLICT OF INTEREST**

The officers contributing to and responsible for this report have no conflicts of interest requiring disclosure under Chapter 5 of the Governance Rules of Knox City Council.

## **9. CONCLUSION**

The 2020-21 Annual Financial Statements indicate that Council's overall financial position is strong. The 2020-21 Performance Statement highlights Council's performance successes over the financial year.

## **10. CONFIDENTIALITY**

There is no content in this report that meets the definition of confidential information from the Local Government Act 2020.

**Report Prepared By:** Chief Financial Officer, Navec Lorkin

**Report Authorised By:** Chief Executive Officer, Ian Bell

### **Attachments**

1. Attachment 1 Draft Annual Financial Statements 2020-21 [3.2.1 - 63 pages]
2. Attachment 2 Draft Performance Statement 2020-21 [3.2.2 - 11 pages]
3. Attachment 3 Governance and management checklist 2020 21 [3.2.3 - 4 pages]

**KNOX CITY COUNCIL  
ANNUAL FINANCIAL REPORT**

**For the Year Ended 30 June 2021**

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**Knox City Council  
Financial Report  
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## **Knox City Council Certification of the Financial Statements**

### **Statement by Principal Accounting Officer**

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

Navec Lorkin CPA  
Principal Accounting Officer  
<Date>  
Wantirna South

### **Statement by Councillors and Chief Executive Officer**

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

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

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

Cr Lisa Cooper  
Mayor  
<Date>  
Wantirna South

Cr Susan Laukens  
Deputy Mayor  
<Date>  
Wantirna South

Ian Bell  
Acting Chief Executive Officer  
<Date>  
Wantirna South

**Knox City Council  
VAGO Report**

<Insert VAGO report - page 1>

**Knox City Council  
VAGO Report**

<Insert VAGO report - page 2>

**Knox City Council**  
**Comprehensive Income Statement**  
**For the Year Ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Income</b>			
Rates and charges	3.1	122,310	117,249
Statutory fees and fines	3.2	2,689	3,102
User fees	3.3	13,428	14,608
Grants - operating	3.4	30,751	24,699
Grants - capital	3.4	5,293	4,120
Contributions - monetary	3.5	6,795	7,694
Contributions - non-monetary	3.5	-	1,801
Share of net profits (or loss) of associates and joint ventures	6.3	154	316
Other income	3.7	1,178	2,240
<b>Total income</b>		<b>182,598</b>	<b>175,829</b>
<b>Expenses</b>			
Employee costs	4.1	(80,316)	(76,789)
Materials and services	4.2	(58,113)	(57,216)
Depreciation	4.3	(22,417)	(22,374)
Amortisation - intangible assets	4.4	(478)	(429)
Amortisation - right-of-use assets	4.5	(645)	(299)
Bad and doubtful debts	4.6	(278)	(344)
Finance costs - leases	4.7	(33)	(18)
Contributions and donations	4.8	(6,371)	(5,865)
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(3,575)	(1,624)
Other expenses	4.9	(797)	(1,085)
<b>Total expenses</b>		<b>(173,023)</b>	<b>(166,043)</b>
<b>Surplus for the year</b>		<b>9,575</b>	<b>9,786</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment (or decrement)	9.1	5,876	(104,930)
<b>Total comprehensive result</b>		<b>15,451</b>	<b>(95,144)</b>

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



**Knox City Council  
Balance Sheet  
As at 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	45,598	30,584
Other financial assets	5.1	-	9,900
Trade and other receivables	5.1	18,989	15,492
Inventories		11	6
Non-current assets classified as held for sale	6.1	2,072	1,194
Other Assets	5.2	1,276	539
<b>Total current assets</b>		<b>67,946</b>	<b>57,715</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	6.2	1,982,808	1,966,272
Right-of-use assets	5.7	1,533	813
Intangible assets	5.2	1,371	614
Investment in Eastern Regional Libraries Corporation	6.3	5,074	4,920
<b>Total non-current assets</b>		<b>1,990,786</b>	<b>1,972,619</b>
<b>Total assets</b>		<b>2,058,732</b>	<b>2,030,334</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	13,856	12,528
Trust funds and deposits	5.3	1,857	1,584
Unearned income	5.3	11,657	1,334
Provisions	5.4	19,019	18,392
Lease liabilities	5.7	605	362
<b>Total current liabilities</b>		<b>46,994</b>	<b>34,200</b>
<b>Non-current liabilities</b>			
Provisions	5.4	3,608	3,930
Lease liabilities	5.7	934	459
<b>Total non-current liabilities</b>		<b>4,542</b>	<b>4,389</b>
<b>Total liabilities</b>		<b>51,536</b>	<b>38,589</b>
<b>Net assets</b>		<b>2,007,196</b>	<b>1,991,745</b>
<b>Equity</b>			
Accumulated surplus		706,531	697,657
Reserves	9.1	1,300,665	1,294,088
<b>Total equity</b>		<b>2,007,196</b>	<b>1,991,745</b>

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

**Knox City Council**  
**Statement of Changes in Equity**  
**For the Year Ended 30 June 2021**

2021	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		1,991,745	697,657	1,255,639	38,449
Surplus for the year		9,575	9,575	-	-
Net asset revaluation increment/(decrement)	6.2	5,876	-	5,876	-
Transfers to other reserves	9.1	-	(10,020)	-	10,020
Transfers from other reserves	9.1	-	9,319	-	(9,319)
<b>Balance at end of the financial year</b>		<b>2,007,196</b>	<b>706,531</b>	<b>1,261,515</b>	<b>39,150</b>

  

2020	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		2,086,889	683,276	1,360,569	43,044
Surplus for the year		9,786	9,786	-	-
Net asset revaluation increment/(decrement)	6.2	(104,930)	-	(104,930)	-
Transfers to other reserves	9.1	-	(9,322)	-	9,322
Transfers from other reserves	9.1	-	13,917	-	(13,917)
<b>Balance at end of the financial year</b>		<b>1,991,745</b>	<b>697,657</b>	<b>1,255,639</b>	<b>38,449</b>

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

**Knox City Council**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2021**

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		121,238	114,914
Statutory fees and fines		2,618	2,691
User fees		12,467	15,561
Grants - operating		31,472	25,146
Grants - capital		13,922	8,024
Contributions - monetary		6,882	7,928
Interest received		88	623
Net GST refund		9,652	11,786
Other receipts		1,172	1,880
Net movement in trust deposits		272	(451)
Employee costs		(80,049)	(74,895)
Materials and services		(66,966)	(69,539)
Contributions and donations		(6,973)	(6,420)
Short-term, low value and variable lease payments		(241)	(466)
Other payments		(572)	(714)
<b>Net cash provided by operating activities</b>		<b>44,982</b>	<b>36,068</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(40,765)	(52,143)
Proceeds from sales of property, infrastructure, plant and equipment		1,575	624
Payments for investments		-	(9,900)
Proceeds from sale of investments		9,900	23,100
<b>Net cash used in investing activities</b>		<b>(29,290)</b>	<b>(38,319)</b>
<b>Cash flows from financing activities</b>			
Interest paid - lease liability		(32)	(18)
Repayment of lease liabilities		(646)	(292)
<b>Net cash used in financing activities</b>		<b>(678)</b>	<b>(310)</b>
Net increase/(decrease) in cash and cash equivalents		15,014	(2,561)
Cash and cash equivalents at the beginning of the financial year		30,584	33,145
<b>Cash and cash equivalents at the end of the financial year</b>		<b>45,598</b>	<b>30,584</b>
Financing arrangements	5.5		
Restrictions on cash assets	5.1		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**Knox City Council  
Statement of Capital Works  
For the Year Ended 30 June 2021**

	Note	2021 \$'000	2020 \$'000
<b>Property</b>			
Land		582	-
<b>Total land</b>		<b>582</b>	<b>-</b>
Buildings		8,496	18,797
<b>Total buildings</b>		<b>8,496</b>	<b>18,797</b>
<b>Total property</b>		<b>9,078</b>	<b>18,797</b>
<b>Plant and equipment</b>			
Artworks		46	42
Plant, machinery and equipment		1,219	1,853
Fixtures, fittings and furniture		-	17
Computers and telecommunications		2,264	1,057
<b>Total plant and equipment</b>		<b>3,529</b>	<b>2,969</b>
<b>Infrastructure</b>			
Roads		9,014	8,524
Bridges		1,048	2,962
Footpaths and cycleways		4,360	4,527
Drainage		3,801	3,641
Recreational, leisure and community facilities		8,196	8,442
Off street car parks		1,351	807
Other infrastructure		-	70
<b>Total infrastructure</b>		<b>27,770</b>	<b>28,973</b>
<b>Total capital works expenditure</b>		<b>40,377</b>	<b>50,739</b>
<b>Represented by:</b>			
New asset expenditure		5,169	18,792
Asset renewal expenditure		24,686	22,729
Asset expansion expenditure		1,414	636
Asset upgrade expenditure		9,108	8,582
<b>Total capital works expenditure</b>		<b>40,377</b>	<b>50,739</b>

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

## Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021

### Overview

### Introduction

Knox City Council was established by an Order of the Governor in Council in 1994 and is a body corporate. The Council's main office is located at 511 Burwood Highway, Wantirna South, Victoria.

### Statement of compliance

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

### Significant accounting policies

#### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 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 5.4)
- the determination of landfill provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable (refer to Note 8.2)
- other areas requiring judgements

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

## Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021

### (b) Impact of COVID-19

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

#### Additional revenue

The following operating grants related to COVID-19 were received and expended through the 2020-21 financial year:

- \$2.766 million for the Working for Victoria Fund
- \$2.042 million for the kindergarten support special education grant
- \$0.428 million for the provision of outdoor dining
- \$0.227 million for aged care support
- \$0.121 million for the kindergarten support cleaning grant
- \$0.107 million for the childcare support special education grant

#### Revenue reductions

Council experienced the following significant reductions in revenue during the 2020-21 financial year related to COVID-19:

- \$1.350 reduction in kindergarten parent fees, offset by the receipt of the kindergarten special education grant
- \$0.464 million reduction in leisure services revenue related to the closure during the pandemic of the Rowville Community Centre, Carrington Park Leisure Centre and the Knox Regional Netball Complex
- \$0.244 million reduction in parking and animal infringement revenue
- \$0.158 million reduction in arts and cultural services revenue related to the closure during the pandemic of the Knox Community Arts Centre and the Ferntree Gully Community Centre, together with the Knox Festival, Stringybark Festival and Candles by Candlelight only being able to run virtually

#### Revenue foregone

Council made the decision to waive the following revenue streams for the 2020-21 financial year due to COVID-19:

- \$0.682 million of the contract with Belgravia Leisure for the running of Knox Leisureworks
- \$0.575 million for interest on late payment of rates
- \$0.459 million for food and health premises registration fees
- \$0.402 million for revenue relating to the State Basketball Centre and Boronia Basketball Stadium
- \$0.389 million for summer and winter tenancies for sporting groups

#### Additional costs

The following significant additional costs related to COVID-19 were incurred through the 2020-21 financial year:

- \$3.024 million related to the Working for Victoria Fund, including \$2.842 million in employee costs
- \$0.611 million for Council's COVID-19 community support package
- \$0.428 million relating to the provision of outdoor dining
- \$0.347 million for Council's COVID-19 business support package
- \$0.258 million for COVID-19 related cleaning of Council's infrastructure and facilities
- \$0.243 million for personal protective equipment
- \$0.180 million for COVID-19 related security for Council's facilities
- \$0.160 million towards financial support for Knox Basketball Incorporated
- a further \$0.869 million in expenditure directly related to COVID-19 related activities

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

**Trade and other receivables**

The following trade and other receivables have increased due the decision not to carry out debt collection during the 2020-21 financial year:

- \$1.038 million increase in rates debtors
- \$0.166 million increase in parking and animal infringement debtors
- \$0.299 million increase in the provision for doubtful debts for parking and animal infringement debtors

## Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021

### Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of greater than ten percent and \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 22 June 2020. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

#### 1.1 Income and expenditure

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
<b>Income</b>					
Rates and charges	122,245	122,310	65	0%	
Statutory fees and fines	3,295	2,689	(606)	-18%	
User fees	17,468	13,428	(4,040)	-23%	1
Grants - operating	22,808	30,751	7,943	35%	2
Grants - capital	3,335	5,293	1,958	59%	3
Contributions - monetary	7,887	6,795	(1,092)	-14%	4
Contributions - non-monetary	2,000	-	(2,000)	-100%	5
Share of net profits (or loss) of associates and joint ventures	-	154	154	0%	
Other income	1,764	1,178	(586)	-33%	
<b>Total income</b>	<b>180,802</b>	<b>182,598</b>	<b>1,796</b>	<b>1%</b>	
<b>Expenses</b>					
Employee costs	75,212	80,316	(5,104)	-7%	6
Materials and services	75,667	58,113	17,554	23%	7
Depreciation	24,606	22,417	2,189	9%	
Amortisation - intangible assets	892	478	414	46%	
Amortisation - right of use assets	992	645	347	35%	
Bad and doubtful debts	67	278	(211)	-315%	
Borrowing costs	1,187	-	1,187	100%	8
Finance costs - leases	41	33	8	20%	
Contributions and donations	5,681	6,371	(690)	-12%	
Net loss (gain) on disposal of property, infrastructure, plant and equipment	32,229	3,575	28,654	89%	9
Other expenses	634	797	(163)	-26%	
<b>Total expenses</b>	<b>217,208</b>	<b>173,023</b>	<b>44,185</b>	<b>20%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(36,406)</b>	<b>9,575</b>	<b>45,981</b>	<b>-126%</b>	



**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	User fees	Kindergarten user fees were down \$1.351 million due to the State Government kindergarten fee subsidy program, offset by the receipt of \$2.042 million for the kindergarten special education grant. Childcare user fees were \$0.626 million down on budget, offset by a \$1.273 million increase in the childcare benefit subsidy. Leisure Services user fees were down \$1.768 million against budget with community facilities being closed due to the COVID-19 pandemic. Health services annual and new registrations were waived due to the COVID-19 pandemic, leading to a \$0.459 million reduction in fees received.
2	Grants - operating	Unbudgeted Government grants totalling \$5.509 million were received in response to the COVID-19 pandemic, including Special Education Grants for preschool, grants for the Working for Victoria Fund, grants for outdoor dining, and COVID-19 Emergency Support for Aged Care Meals on Wheels.
3	Grants - capital	Unbudgeted capital grants which were expended throughout the financial year totalled \$3.395 million.
4	Contributions - monetary	Budgeted capital contribution of \$1.125 million relating to social housing has yet to be received.
5	Contributions - non-monetary	No assets were handed over to Council from developers during the 2021 financial year.
6	Employee costs	The employee costs variance is below the percentage materiality threshold of ten percent, however the \$5.104 million variance is considered material. The variance includes \$2.842 million in employee costs relating to the Working for Victoria Fund, with corresponding grant revenue received. \$2.102 million in redundancy payments were paid upon Council's exit from selected Commonwealth Home Support Programme services.
7	Materials and services	There is a continued focus on the containment of operating costs throughout Council, whilst maintaining services for the community. Contributing to the \$17.484 million reduction in materials and services was a \$12.396 million reduction in operating projects expenditure unable to be completed due to the carry forward of capital works to 2021-22, a \$0.613 million decrease in utility costs, and a \$0.451 million reduction in the landfill rehabilitation provision.
8	Borrowing costs	Budgeted borrowings have not occurred yet due to the carry forward of capital works in to 2021-22.
9	Net loss (gain) on disposal of property, infrastructure, plant and equipment	The budgeted transfer of the Knox Regional Sports Park to the State Government has yet to occur, and is now anticipated to occur during the 2022 financial year.

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

**Note 1 Performance against budget (cont'd)****1.2 Capital works**

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance Ref 2021 %	
<b>Property</b>					
Land	18,235	582	17,653	97%	1
<b>Total land</b>	<b>18,235</b>	<b>582</b>	<b>17,653</b>	<b>97%</b>	
Buildings	41,348	8,496	32,852	79%	2
<b>Total buildings</b>	<b>41,348</b>	<b>8,496</b>	<b>32,852</b>	<b>79%</b>	
<b>Total property</b>	<b>59,583</b>	<b>9,078</b>	<b>50,505</b>	<b>85%</b>	
<b>Plant and equipment</b>					
Artworks	80	46	34	43%	
Plant, machinery and equipment	2,391	1,219	1,172	49%	3
Fixtures, fittings and furniture	-	-	-	0%	
Computers and telecommunications	12,981	2,264	10,717	83%	4
<b>Total plant and equipment</b>	<b>15,452</b>	<b>3,529</b>	<b>11,923</b>	<b>77%</b>	
<b>Infrastructure</b>					
Roads	10,133	9,014	1,119	11%	5
Bridges	1,625	1,048	577	36%	
Footpaths and cycleways	4,691	4,360	331	7%	
Drainage	4,265	3,801	464	11%	
Recreational, leisure and community facilities	17,005	8,196	8,809	52%	6
Off street car parks	1,075	1,351	(276)	-26%	
Other infrastructure	393	-	393	100%	
<b>Total infrastructure</b>	<b>39,187</b>	<b>27,770</b>	<b>11,417</b>	<b>29%</b>	
<b>Total capital works expenditure</b>	<b>114,222</b>	<b>40,377</b>	<b>73,845</b>	<b>65%</b>	
<b>Represented by:</b>					
New asset expenditure	42,747	5,169	37,578	88%	
Asset renewal expenditure	39,430	24,686	14,744	37%	
Asset expansion expenditure	3,963	1,414	2,549	64%	
Asset upgrade expenditure	28,082	9,108	18,974	68%	
<b>Total capital works expenditure</b>	<b>114,222</b>	<b>40,377</b>	<b>73,845</b>	<b>65%</b>	

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Land	Capital expenditure is lower than budget due to the carry forward to 2021-22 of land purchases relating to the Knox Central Project.
2	Buildings	Capital expenditure is lower than budget due to \$1.301 million of works being unable to be capitalised, together with projects being capitalised under different classes (\$0.177 million) and works carried forward to 2021-22. Works carried forward to 2021-22 includes the first contribution towards the Knox Regional Sports Park project (\$12.500 million), the Stamford Park development (\$9.069 million), the operation centre relocation project (\$3.514 million), the Westfield library program (\$3.864 million), and the Modular Building Program (\$3.788 million).
3	Plant, machinery and equipment	Capital expenditure for plant, machinery and Equipment mainly relates to Council's fleet renewal program. Funds totalling \$0.750 million are to be carried forward to 2021-22.
4	Computers and telecommunications	Capital expenditure is lower than budget due to the delay in commencing the ICT Strategy. From this year, \$1.059 million of works delivered were not able to be capitalised and a total of \$6.475 million for both the ICT strategy and renewal capital expenditure is being carried forward.
5	Roads	Capital expenditure is lower than budget due to \$0.073 million of works being unable to be capitalised, and works being carried forward to 2021-22 totalling \$0.874 million.
6	Recreational, leisure and community facilities	Capital expenditure is lower than budget due to landscaping and planting works being unable to be capitalised (\$1.372 million), projects being capitalised under different classes (\$1.137 million), and works carried forward to 2021-22. Work to be carried forward to 2021-22 includes \$2.619 million for unstructured recreation capital works, \$2.170 million for renewal of active open space and \$0.871 million for the Playground Renewal Program. The budgeted pitch resurfacing at Knox Regional Sports Park was postponed after a review of the pitch condition (\$2.500 million).

## **Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021**

### **Note 2 Analysis of Council results by program**

Knox City Council delivers its functions and activities through the following programs.

#### **2 (a) CEO**

The office of the CEO incorporates the CEO and Finance.

CEO responsibilities include establishing and maintaining an appropriate organisational structure for the council, managing interactions between council staff and Councillors, ensuring that Council decisions are implemented promptly, providing timely advice to Council, providing timely and reliable advice to the Council about its legal obligations, and overseeing the daily management of council operations following the Council Plan.

Finance exists to enable Council to comply with statutory requirements, provide strategic financial direction, undertake essential business processes and to support the organisation with business and financial assistance and advice.

#### **City Centre**

The City Centre Directorate incorporates Communications, Customer Service and Knox Central.

Communications supports the organisation through coordinating, facilitating and managing a range of written and verbal media. The department supports consistent branding, delivery and renewal of Council's significant signage, advertising and key publications.

Customer Service strive to deliver service excellence and create great customer experiences by providing information, guidance and resolution where possible. They support and enable the delivery of Council services, programs and information to the community.

Knox Central supports Council's strategic direction for the Knox Central Activity Centre which serves a broad cross-section of the community within Knox and across the eastern suburbs of Melbourne. Anchored by the shopping centre it includes retail, residential, industrial, commercial, educational uses, along with significant areas of open space.

#### **City Strategy and Integrity**

The City Development Directorate incorporates City Safety and Health, City Futures, City Planning and Building, Governance and Strategic Procurement and Property. The Directorate's purpose relates directly to Council's purpose to enhance the quality of life of the Knox community.

City Safety and Health promotes and protects the safety, health and amenity of the community through the key functions of Emergency Management, Health Services and Local Laws.

City Futures purpose is to strategically work across the organisation and the community to understand and manage the changing city.

City Planning and Building covers planning and building approvals, subdivisions and enforcement.

Governance ensure that Council is complying with the statutory requirements associated with municipal elections, Council decisions (Chamber and delegated), information privacy, freedom of information and meeting procedure. It also includes the support services for Council's nine Councillors who have been elected by the residents and ratepayers of the municipality. This also includes Council functions such as citizenship ceremonies.

Strategic Procurement and Property provides expertise, guidance and processes for the purchase of goods and services. It also provides expertise for all property matters.

## **Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021**

### **Connected Communities**

The Community Services Directorate incorporates Community Wellbeing, Family and Children's Services, Community Access and Support and Active and Creative Communities. The Directorate is responsible for the management and delivery of a diverse range of community services and programs.

Community Wellbeing works strategically with the community and organisation to enable and contribute to the achievement of health and wellbeing outcomes for Knox.

Family and Children's Services delivers Council's early years services across the municipality.

Community Access and Support aims to make effective use of opportunities to enhance the physical, social and emotional wellbeing of people that enables them active participation in society.

Youth, Leisure and Cultural Services purpose is to make Knox an active, resilient, creative and inclusive community.

### **Infrastructure**

The Infrastructure Directorate incorporates Sustainable Infrastructure, Community Infrastructure, Operations and the Major Initiatives Unit. The Directorate is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, environment and waste, city works, parks and gardens, emergency management and municipal resources.

Sustainable Infrastructure is responsible for waste management, local traffic management, and the management of the capital works program.

Community Infrastructure is responsible for the maintenance, renewal, upgrade and associated works of Council's buildings. It is also responsible for stormwater management, landscape and environmental design, and providing strategic direction in biodiversity enhancement.

Operations is responsible for asset rehabilitation and for reactive and proactive maintenance. It is also responsible for fleet management, and the maintenance of Council open space and reserves.

The Major Initiatives Unit provides for the delivery of major projects that supplement the full program of capital projects being delivered by the various delivery teams within Council.

### **People and Innovation**

The People and Innovation Directorate incorporates Strategy, People and Culture, Information Technology and Transformation.

Strategy, People and Culture provides strategic and operational leadership, services and programs around all aspects of human resource management.

Information Technology provide a centralised approach to the management and maintenance of Council's Information Technology systems and services.

Transformation is responsible for the rollout of the organisational continuous improvement program based on Lean thinking and practice.

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

**Note 2 Analysis of Council results by program**

**2 (b) Summary of revenues, expenses, assets and capital expenses by program**

	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
CEO	113,573	3,555	110,018	6,623	169
City Centre	9	3,908	(3,899)	-	99
City Strategy and Integrity	12,722	23,172	(10,450)	1,325	69,240
Connected Communities	25,170	55,746	(30,576)	20,596	548,123
Infrastructure	28,271	69,484	(41,213)	4,734	1,363,242
People and Innovation	2,853	17,158	(14,305)	2,766	1,935
	<b>182,598</b>	<b>173,023</b>	<b>9,575</b>	<b>36,044</b>	<b>1,982,808</b>

	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
CEO	111,497	5,652	105,845	6,344	242
City Centre	54	3,719	(3,665)	-	70
City Strategy and Integrity	12,411	21,979	(9,568)	902	67,414
Connected Communities	24,403	52,852	(28,449)	17,504	543,779
Infrastructure	26,828	67,924	(41,096)	3,726	1,353,285
People and Innovation	636	13,917	(13,281)	343	1,482
	<b>175,829</b>	<b>166,043</b>	<b>9,786</b>	<b>28,819</b>	<b>1,966,272</b>

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>

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

**3.1 Rates and charges**

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV takes into account the total value of a property including all land, buildings and other improvements but excluding fixtures and fittings.

The valuation base used to calculate general rates for 2020-21 was \$51,761 million (2019-20 \$48,130 million). The 2020-21 rate in the CIV dollar was \$0.0016831 (2019-20 \$0.0017571) for the residential rate.

General rates	106,143	103,438
Residential garbage charge	13,880	11,298
Service rates and charges	2,024	1,948
Supplementary rates and rate adjustments	205	182
Cultural and recreational	59	59
Interest on rates and charges	(1)	324
<b>Total rates and charges</b>	<b>122,310</b>	<b>117,249</b>

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

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

**3.2 Statutory fees and fines**

Permits	1,952	2,006
Infringements and costs	452	715
Town planning fees	170	155
Land information certificates	113	102
Court recoveries	-	123
Other statutory fees and fines	2	1
<b>Total statutory fees and fines</b>	<b>2,689</b>	<b>3,102</b>

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

**3.3 User fees**

Waste management services	6,605	5,966
Child care/children's programs	1,763	2,721
Registration and other permits	1,730	1,951
Leisure centre and recreation	939	1,733
Aged and health services	849	858
Building services	518	384
Other fees and charges	1,024	995
<b>Total user fees</b>	<b>13,428</b>	<b>14,608</b>

User fees are recognised as revenue when the service has been provided or Council has otherwise earned the income.

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.4 Funding from other levels of Government</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	17,388	16,625
State funded grants	18,656	12,194
<b>Total grants received</b>	<b>36,044</b>	<b>28,819</b>
<b>(a) Operating grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	6,623	6,344
General home care	4,347	4,283
Family and children - child care	3,562	3,011
<b>Recurrent - State Government</b>		
Family and children - preschool	5,978	5,489
Family and children - maternal and child health	1,166	1,099
General home care	841	919
School crossing supervisors	689	704
Family and children - child care	466	390
Community health	270	109
Family and children - youth services	243	182
Other	12	6
<b>Total recurrent operating grants</b>	<b>24,197</b>	<b>22,536</b>
<b>Non-recurrent - Commonwealth Government</b>		
General home care	227	109
<b>Non-recurrent - State Government</b>		
Family and children - preschool	2,245	422
Family and children - maternal and child health	407	354
Family and children - child care	163	-
Environmental planning	153	727
Community health	69	107
Family and children - youth services	10	-
Recreational, leisure and community facilities	7	42
Other	3,273	402
<b>Total non-recurrent operating grants</b>	<b>6,554</b>	<b>2,163</b>
<b>Total operating grants</b>	<b>30,751</b>	<b>24,699</b>

Other non-recurrent State Government operating grants includes COVID-19 related grants for the Working for Victoria Fund (\$2.766 million) and for the provision of outdoor dining (\$0.428 million).



**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Capital grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants - local roads	1,159	1,162
Roads to recovery	733	733
Recreational, leisure and community facilities	550	634
Footpaths and cycleways	150	-
<b>Recurrent - State Government</b>		
Bridges	1,061	-
Recreational, leisure and community facilities	869	168
Buildings	126	89
<b>Total recurrent capital grants</b>	<b>4,648</b>	<b>2,786</b>
<b>Non-recurrent - Commonwealth Government</b>		
Footpaths and cycleways	100	-
Recreational, leisure and community facilities	(63)	349
<b>Non-recurrent - State Government</b>		
Recreational, leisure and community facilities	457	351
Buildings	79	88
Roads	42	480
Footpaths and cycleways	25	-
Drainage	5	-
Family and children - preschool	-	66
<b>Total non-recurrent capital grants</b>	<b>645</b>	<b>1,334</b>
<b>Total capital grants</b>	<b>5,293</b>	<b>4,120</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
<b>Operating</b>		
Balance at start of year	677	829
Received during the financial year and remained unspent at balance date	1,364	534
Received in prior years and spent during the financial year	(459)	(686)
<b>Balance at year end</b>	<b>1,582</b>	<b>677</b>
<b>Capital</b>		
Balance at start of year	860	3,028
Received during the financial year and remained unspent at balance date	9,495	800
Received in prior years and spent during the financial year	(280)	(2,968)
<b>Balance at year end</b>	<b>10,075</b>	<b>860</b>

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

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>3.5 Contributions</b>		
Monetary	6,795	7,694
Non-monetary	-	1,801
<b>Total contributions</b>	<b><u>6,795</u></b>	<b><u>9,495</u></b>

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

Land	-	1,157
Drainage	-	278
Roads	-	315
Footpaths and cycleways	-	42
Car parks	-	9
<b>Total non-monetary contributions</b>	<b><u>-</u></b>	<b><u>1,801</u></b>

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

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

Proceeds of sale	1,575	544
Written down value of assets disposed	(5,150)	(2,168)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b><u>(3,575)</u></b>	<b><u>(1,624)</u></b>

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**

Reimbursements	698	1,093
Rent	325	469
Interest	55	443
Other	100	235
<b>Total other income</b>	<b><u>1,178</u></b>	<b><u>2,240</u></b>

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.

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 4 The cost of delivering services</b>		
<b>4.1 (a) Employee costs</b>		
Wages and salaries	59,242	53,520
Annual leave and long service leave	7,073	8,787
Agency staff	5,979	7,245
Superannuation	6,135	5,769
WorkCover	1,682	1,174
Fringe benefits tax	205	294
<b>Total employee costs</b>	<b>80,316</b>	<b>76,789</b>

Included in the employee costs is \$2.842 million related to the Working for Victoria Fund. This is funded by corresponding grant revenue (refer Note 3.4).

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	273	295
Employer contributions - other funds	-	-
	<b>273</b>	<b>295</b>

Employer contributions payable at reporting date	-	-
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**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,237	3,154
Employer contributions - other funds	2,595	2,209
	<b>5,832</b>	<b>5,363</b>

Employer contributions payable at reporting date	456	413
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Refer to Note 9.3 for further information relating to Council's superannuation obligations.

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4.2 Materials and services</b>		
<b>Contract payments</b>		
Waste Management	18,453	15,260
Operations - Maintenance	6,998	6,745
Operating Projects Expenditure	3,365	5,623
Corporate Services	2,644	1,158
Active Ageing & Disability	1,161	1,129
Family & Children's Services	667	716
Arts & Cultural Services	341	542
People & Culture	499	411
Community Law	271	415
Other	879	614
<b>Total Contract Payments</b>	<b>35,278</b>	<b>32,613</b>
Administration costs	6,273	6,692
Consumable materials and equipment	3,316	3,429
Utilities	2,903	3,451
Information technology	3,131	2,735
Building maintenance	1,917	2,123
Insurance	1,849	1,599
Consultants	1,805	2,083
Finance and legal costs	965	1,776
General maintenance	676	715
<b>Total materials and services</b>	<b>58,113</b>	<b>57,216</b>
<b>4.3 Depreciation</b>		
Infrastructure	16,061	15,937
Property	4,820	4,853
Plant and equipment	1,536	1,584
<b>Total depreciation</b>	<b>22,417</b>	<b>22,374</b>
Refer to note 5.2(b), 5.7 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.		
<b>4.4 Amortisation - intangible assets</b>		
Software	478	429
<b>Total amortisation - intangible assets</b>	<b>478</b>	<b>429</b>
<b>4.5 Amortisation - right of use assets</b>		
Property	195	174
Computers and telecommunications	434	125
Plant and equipment	16	-
<b>Total amortisation - right of use assets</b>	<b>645</b>	<b>299</b>

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>4.6 Bad and doubtful debts</b>		
Parking and animal infringement debtors	299	251
Other debtors	(21)	93
<b>Total bad and doubtful debts</b>	<b>278</b>	<b>344</b>
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	92	26
New provisions recognised during the year	45	97
Amounts already provided for and written off as uncollectible	(23)	(31)
Amounts provided for but recovered during the year	(67)	-
<b>Balance at the end of the year</b>	<b>47</b>	<b>92</b>
Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.		
<b>4.7 Finance costs - leases</b>		
Interest - lease liabilities	33	18
<b>Total finance costs - leases</b>	<b>33</b>	<b>18</b>
<b>4.8 Contributions and donations</b>		
Contribution to the Eastern Regional Libraries Corporation	4,105	4,196
Community support payments	2,266	1,669
<b>Total contributions and donations</b>	<b>6,371</b>	<b>5,865</b>
<b>4.9 Other expenses</b>		
Councillors allowances	368	383
Operating lease rentals	219	424
Auditor's remuneration - internal	150	219
Auditor's remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	60	59
<b>Total other expenses</b>	<b>797</b>	<b>1,085</b>

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 5 Our Financial Position</b>		
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	5	5
Cash at bank	30,593	30,579
Term deposits	15,000	-
<b>Total cash and cash equivalents</b>	<b>45,598</b>	<b>30,584</b>
<b>(b) Other financial assets</b>		
Term deposits - current	-	9,900
<b>Total other financial assets</b>	<b>-</b>	<b>9,900</b>
<b>Total financial assets</b>	<b>45,598</b>	<b>40,484</b>
Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
• Trust funds and deposits (Note 5.3)	1,857	1,584
• Restricted reserves (Note 9.1 (b))	16,939	14,379
<b>Total restricted funds</b>	<b>18,796</b>	<b>15,963</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>26,802</b>	<b>14,621</b>
As at balance date Council had \$15.000 million in term deposits maturing within 90 days.		
<b>Intended allocations</b>		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
• Other reserves (Note 9.1 (b))	22,210	24,069
<b>Total funds subject to intended allocations</b>	<b>22,210</b>	<b>24,069</b>
Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.		
Term deposits are held to maturity and measured at original cost.		
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<b>Statutory receivables</b>		
Rates debtors	12,035	10,997
Special rate assessment	52	52
Parking and animal infringement debtors	2,151	1,985
Provision for doubtful debts - parking and animal infringement debtors	(1,609)	(1,310)
<b>Non statutory receivables</b>		
Other debtors	6,407	3,860
Provision for doubtful debts - other debtors	(47)	(92)
<b>Total current trade and other receivables</b>	<b>18,989</b>	<b>15,492</b>
Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.		

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	2021	2020
	\$'000	\$'000

**(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)	3,897	2,922
Past due by up to 30 days	1,532	144
Past due between 31 and 180 days	601	290
Past due between 181 and 365 days	167	221
Past due by more than 1 year	210	283
<b>Total trade and other receivables</b>	<b>6,407</b>	<b>3,860</b>

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

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

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

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

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

Prepayments	1,257	420
Accrued income	19	119
<b>Total other assets</b>	<b>1,276</b>	<b>539</b>

**(b) Intangible assets**

Software	1,371	614
<b>Total intangible assets</b>	<b>1,371</b>	<b>614</b>

**Gross carrying amount**

Balance at beginning of year	4,725	4,616
Additions	1,235	109
<b>Balance at end of year</b>	<b>5,960</b>	<b>4,725</b>

**Accumulated amortisation and impairment**

Balance at beginning of year	4,111	3,681
Amortisation expense	478	430
<b>Balance at end of year</b>	<b>4,589</b>	<b>4,111</b>
<b>Net book value at the end of the year</b>	<b>1,371</b>	<b>614</b>

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

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5.3 Payables</b>		
<b>(a) Trade and other payables</b>		
Trade payables	7,693	8,163
Accrued expenses	4,979	3,158
Prepaid income	1,184	1,207
<b>Total trade and other payables</b>	<b><u>13,856</u></b>	<b><u>12,528</u></b>
<b>(b) Trust funds and deposits</b>		
Refundable deposits	1,612	1,358
Retention amounts	137	129
Fire services levy	43	19
Other	65	78
<b>Total trust funds and deposits</b>	<b><u>1,857</u></b>	<b><u>1,584</u></b>
<b>(c) Unearned income</b>		
Grants received in advance - operating	1,582	534
Grants received in advance - capital	10,075	800
Other	-	-
<b>Total unearned income</b>	<b><u>11,657</u></b>	<b><u>1,334</u></b>

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

**Purpose and nature of items**

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

Fire service levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a four-installment basis. Amounts disclosed will be remitted to the State Government in line with that process.

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



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**5.4 Provisions**

	<b>Employee</b>	<b>Landfill</b>	<b>Total</b>
	<b>\$'000s</b>	<b>rehabilitation</b>	
	<b>\$'000s</b>	<b>\$'000s</b>	<b>\$'000s</b>
<b>2021</b>			
Balance at beginning of the financial year	19,086	3,236	22,322
Additional provisions	7,018	(175)	6,843
Amounts used	(5,912)	(202)	(6,114)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(350)	(74)	(424)
<b>Balance at the end of the financial year</b>	<b>19,842</b>	<b>2,785</b>	<b>22,627</b>
<b>2020</b>			
Balance at beginning of the financial year	16,169	5,656	21,825
Additional provisions	7,779	(2,272)	5,507
Amounts used	(5,405)	(270)	(5,675)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	543	122	665
<b>Balance at the end of the financial year</b>	<b>19,086</b>	<b>3,236</b>	<b>22,322</b>

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5.4 Provisions</b>		
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	3,020	2,644
Long service leave	1,036	1,021
Gratuities	69	74
	<b>4,125</b>	<b>3,739</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	3,750	3,190
Long service leave	10,107	10,389
Gratuities	648	689
	<b>14,505</b>	<b>14,268</b>
<b>Total current employee provisions</b>	<b>18,630</b>	<b>18,007</b>
<b>Non-current</b>		
Long service leave	1,212	1,079
<b>Total non-current employee provisions</b>	<b>1,212</b>	<b>1,079</b>
<b>Aggregate carrying amount of employee provisions:</b>		
Current	18,630	18,007
Non-current	1,212	1,079
<b>Total aggregate carrying amount of employee provisions</b>	<b>19,842</b>	<b>19,086</b>

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

**Wages and salaries and annual leave**

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

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

**Long service leave**

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

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	<b>2021</b>	<b>2020</b>
<b>Key Assumptions - AL:</b>		
• Weighted average discount rate	0.03%	0.14%
• Weighted average index rate	2.26%	2.42%
• Average settlement period (years)	2	2
<b>Key Assumptions - LSL:</b>		
• Weighted average discount rate - current	1.09%	0.72%
• Weighted average discount rate - non-current	0.39%	0.31%
• Weighted average index rate - current	2.21%	2.20%
• Weighted average index rate - non-current	2.46%	2.60%
• Average settlement period (years)	17	18
<b>Gratuity retirement allowance</b>		
A Gratuity retirement allowance exists for employees who commenced prior to 3 May 1996, with new employees who commenced after that date not being eligible, and is recognised in the provision for employee benefits as a current liability. Liabilities expected to be wholly settled within 12 months of the reporting date are measured at their nominal values. Liabilities that are not expected to be wholly settled within 12 months of the reporting date are 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.		
<b>Key Assumptions - Gratuity:</b>		
• Weighted average discount rate	0.08%	0.23%
• Weighted average index rate	2.17%	2.20%
• Average settlement period (years)	24	23
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Landfill rehabilitation</b>		
<b>Current</b>		
Cathies Lane landfill site	273	277
Llewellyn Reserve landfill site	116	108
	<b>389</b>	<b>385</b>
<b>Non-current</b>		
Cathies Lane landfill site	1,683	2,021
Llewellyn Reserve landfill site	713	830
<b>Total non-current provisions</b>	<b>2,396</b>	<b>2,851</b>
<b>Total aggregate carrying amount of landfill rehabilitation provisions</b>	<b>2,785</b>	<b>3,236</b>

Council owns two former landfill sites - Cathies Lane and Llewellyn Reserve. Under the terms of Post Closure Pollution Abatement Notices issued by the Environment Protection Authority (EPA), Council is required to monitor, progressively rehabilitate and conduct rectification works. The provision for landfill rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken including site aftercare and monitoring costs. The expected cost of works has been estimated based on current understanding of work required to progressively rehabilitate the sites to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

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	<b>2021</b>	<b>2020</b>
<b>Key assumptions - Cathies Lane landfill site:</b>		
• Weighted average discount rate	2.10%	1.83%
• Inflation rate	2.00%	2.00%
• Settlement period (years)	13	14
• Estimated cost to rehabilitate	<b>\$2.031m</b>	<b>\$2.317m</b>

<b>Key assumptions - Llewellyn Reserve landfill site:</b>		
• Weighted average discount rate	2.09%	1.83%
• Inflation rate	2.00%	2.00%
• Settlement period (years)	13	14
• Estimated cost to rehabilitate	<b>\$0.860m</b>	<b>\$0.945m</b>

**Cathies Lane landfill site**

Council operated the Cathies Lane landfill site, Wantirna South from 1986 to 2004, under a licence issued by the Environment Protection Authority (EPA). The site is closed as a landfill but a portion of the site is still being used as a resource recovery centre (transfer station) to receive, process and transport waste to other sites for refuse and/or disposal. In 2015-16 the EPA issued a Post Closure Pollution Abatement notice and Council has surrendered the landfill licence.

In the financial report for June 2021, Council has an amount of \$1.957 million as a provision for the restoration of the Cathies Lane landfill site and includes an ongoing commitment of approximately \$0.147 million per annum for site aftercare to meet EPA obligations where restoration works have been completed. This is based on the assessment undertaken in 2015 and a reassessment of the provision at balance date in which the provision was measured at the net present value of the future rehabilitation costs including aftercare and site monitoring costs. Included in the aftercare is the cost to provide a bank guarantee to meet the Financial Assurance requirements imposed by the EPA on Council for thirty years post closure of this site.

**Llewellyn Reserve landfill site**

Council's landfill site at Llewellyn Reserve was closed in 1985. In 2015-16 the EPA issued a Post Closure Pollution Abatement notice.

In the financial report for June 2021, Council has an amount of \$0.829 million as a provision for the restoration of the Llewellyn Reserve landfill site and includes an ongoing commitment of approximately \$0.062 million per annum to cover sampling, testing and reporting requirements as required by the EPA. This is based on an assessment undertaken in 2015 and a reassessment of the provision at balance date in which the provision was measured at the net present value of the future rehabilitation costs including aftercare and site monitoring costs.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summary of provisions</b>		
Current	19,019	18,392
Non-current	3,608	3,930
<b>Total provisions</b>	<b><u>22,627</u></b>	<b><u>22,322</u></b>

**5.5 Financing arrangements**

The Council has the following funding arrangements in place as at 30th June 2021

Bank overdraft	1,500	1,500
Credit card facilities	200	200
<b>Total facilities</b>	<b><u>1,700</u></b>	<b><u>1,700</u></b>
Used facilities	17	11
<b>Unused facilities</b>	<b><u>1,683</u></b>	<b><u>1,689</u></b>

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**5.6 Commitments**

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet.

<b>2021</b>	<b>Not later than 1 year</b>	<b>Later than 1 year and not later than 2 years</b>	<b>Later than 2 years and not later than 5 years</b>	<b>Later than 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
Garbage collection and recycling	6,903	7,075	7,252	-	21,230
Library services	4,472	4,510	9,157	-	18,139
Infrastructure management	2,350	1,547	367	48	4,312
Consultancies	975	390	176	-	1,541
Cleaning contracts for council building	816	691	-	-	1,507
Open space management	-	-	-	-	-
<b>Total</b>	<b>15,516</b>	<b>14,213</b>	<b>16,952</b>	<b>48</b>	<b>46,729</b>
<b>Capital</b>					
Buildings	14,461	-	-	-	14,461
Other infrastructure	1,369	120	100	-	1,589
<b>Total</b>	<b>15,830</b>	<b>120</b>	<b>100</b>	<b>-</b>	<b>16,050</b>
<b>2020</b>	<b>Not later than 1 year</b>	<b>Later than 1 year and not later than 2 years</b>	<b>Later than 2 years and not later than 5 years</b>	<b>Later than 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
Garbage collection and recycling	12,239	6,345	13,169	-	31,753
Library services	4,376	4,472	9,066	-	17,914
Infrastructure management	1,068	739	242	-	2,049
Consultancies	3,850	1,353	466	-	5,669
Cleaning contracts for council building	1,036	832	204	-	2,072
Open space management	1,564	-	-	-	1,564
<b>Total</b>	<b>24,133</b>	<b>13,741</b>	<b>23,147</b>	<b>-</b>	<b>61,021</b>
<b>Capital</b>					
Buildings	622	58	-	-	680
Other infrastructure	2,980	-	-	-	2,980
<b>Total</b>	<b>3,602</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>3,660</b>

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**5.7 Leases**

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

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

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

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

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

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

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

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

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

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

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

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Right-of-use assets	Property	Computers and Telecommuni cations	Plant and Equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>	457	356	-	813
Additions	400	884	81	1,365
Amortisation charge	(195)	(434)	(16)	(645)
<b>Balance at 30 June 2021</b>	<b>662</b>	<b>806</b>	<b>65</b>	<b>1,533</b>
<b>Balance at 1 July 2019</b>	560	44	-	604
Additions	71	437	-	508
Amortisation charge	(174)	(125)	-	(299)
<b>Balance at 30 June 2020</b>	<b>457</b>	<b>356</b>	<b>-</b>	<b>813</b>
<b>Lease liabilities</b>			<b>2021</b>	<b>2020</b>
Maturity analysis - contractual undiscounted cash flows			<b>\$'000</b>	<b>\$'000</b>
Less than one year			633	368
One to five years			959	625
More than five years			-	-
<b>Total undiscounted lease liabilities as at 30 June</b>			<b>1,592</b>	<b>993</b>
Lease liabilities included in Balance Sheet at 30 June:				
Current			605	362
Non-current			934	459
<b>Total lease liabilities</b>			<b>1,539</b>	<b>821</b>
<b>Short-term and low value leases</b>				
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.				
			<b>2021</b>	<b>2020</b>
<b>Expenses relating to:</b>			<b>\$'000</b>	<b>\$'000</b>
Short-term leases			206	415
Leases of low value assets			13	9
<b>Total</b>			<b>219</b>	<b>424</b>
Variable lease payments (not included in measurement of lease liabilities)			-	-
<b>Non-cancellable lease commitments - short-term and low-value leases</b>				
Payable:				
Within one year			11	10
Later than one year but not later than five years			9	11
<b>Total lease commitments</b>			<b>20</b>	<b>21</b>

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 6 Assets we manage</b>		
<b>6.1 Non-current assets classified as held for sale</b>		
Buildings	227	808
Land at fair value	1,845	386
<b>Total non-current assets classified as held for sale</b>	<b>2,072</b>	<b>1,194</b>

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



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**6.2 Property, infrastructure, plant and equipment**

**Summary of property, infrastructure, plant and equipment**

	At Fair Value 30 June 2020	At cost 30 June 2020	Additions	Contributions	Revaluation	Depreciation	Disposal	Impairment	Transfers and write offs	At fair value 30 June 2021	At cost 30 June 2021	Total WDV 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	949,183	7,139	582	-	-	-	(1,310)	-	-	947,874	7,720	955,594
Buildings	179,691	-	7,295	-	-	(4,820)	(1,380)	(50)	-	173,665	7,071	180,736
Plant and equipment	-	9,391	1,290	-	-	(1,536)	(269)	-	-	-	8,876	8,876
Infrastructure	742,614	64,254	27,868	-	5,926	(16,061)	(3,068)	-	-	732,234	89,300	821,534
Work in progress	-	14,000	13,033	-	-	-	(39)	-	(10,926)	-	16,068	16,068
	<b>1,871,488</b>	<b>94,784</b>	<b>50,068</b>	<b>-</b>	<b>5,926</b>	<b>(22,417)</b>	<b>(6,066)</b>	<b>(50)</b>	<b>(10,926)</b>	<b>1,853,773</b>	<b>129,035</b>	<b>1,982,808</b>

**Summary of work in progress**

	Opening work \$'000	Additions \$'000	Transfers \$'000	Write offs \$'000	Closing work \$'000
Property	3,836	4,581	(3,380)	(11)	5,026
Infrastructure	10,164	8,452	(7,546)	(28)	11,042
	<b>14,000</b>	<b>13,033</b>	<b>(10,926)</b>	<b>(39)</b>	<b>16,068</b>

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**6.2 Property, infrastructure, plant and equipment**

**(a) Property**

	Land - specialised	Land - non specialised	Land improvements	Total land	Buildings - specialised	Total buildings	Work in progress	Total property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	774,287	174,897	-	<b>949,184</b>	301,173	<b>301,173</b>	-	<b>1,250,357</b>
At cost 1 July 2020	3,984	-	3,154	<b>7,138</b>	-	-	3,836	<b>10,974</b>
Accumulated depreciation at 1 July 2020	-	-	-	-	(121,482)	<b>(121,482)</b>	-	<b>(121,482)</b>
	<b>778,271</b>	<b>174,897</b>	<b>3,154</b>	<b>956,322</b>	<b>179,691</b>	<b>179,691</b>	<b>3,836</b>	<b>1,139,849</b>
<b>Movements</b>								
Additions at cost	-	582	-	<b>582</b>	7,295	<b>7,295</b>	4,582	<b>12,459</b>
Contributions	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Disposal at fair value	(1,310)	-	-	<b>(1,310)</b>	(4,661)	<b>(4,661)</b>	-	<b>(5,971)</b>
Disposal at cost	-	-	-	-	-	-	(11)	(11)
Impairment losses recognised in operating result	-	-	-	-	(50)	<b>(50)</b>	-	<b>(50)</b>
Transfers and write offs	-	-	-	-	-	-	(3,380)	<b>(3,380)</b>
	<b>(1,310)</b>	<b>582</b>	<b>-</b>	<b>(728)</b>	<b>2,584</b>	<b>2,584</b>	<b>1,191</b>	<b>3,047</b>
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	-	-	-	-	(4,820)	<b>(4,820)</b>	-	<b>(4,820)</b>
Accumulated depreciation of disposals	-	-	-	-	3,281	<b>3,281</b>	-	<b>3,281</b>
Revaluation	-	-	-	-	-	-	-	-
	<b>(1,310)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,539)</b>	<b>(1,539)</b>	<b>-</b>	<b>(1,539)</b>
At fair value 30 June 2021	772,977	174,897	-	<b>947,874</b>	296,462	<b>296,462</b>	-	<b>1,244,336</b>
At cost 30 June 2021	3,984	582	3,154	<b>7,720</b>	7,295	<b>7,295</b>	5,026	<b>20,041</b>
Accumulated depreciation at 30 June 2021	-	-	-	-	(123,021)	<b>(123,021)</b>	-	<b>(123,021)</b>
	<b>776,961</b>	<b>175,479</b>	<b>3,154</b>	<b>955,594</b>	<b>180,736</b>	<b>180,736</b>	<b>5,026</b>	<b>1,141,356</b>

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**(b) Plant and equipment**

At cost 1 July 2020  
Accumulated depreciation at 1 July 2020

**Movements**

Additions at cost  
Disposal at cost

**Movements in accumulated depreciation**

Depreciation and amortisation  
Accumulated depreciation of disposals

At cost 30 June 2021  
Accumulated depreciation at 30 June 2021

	Plant, machinery and equipment \$'000	Fixtures, fittings and furniture \$'000	Computers and telecomms \$'000	Artworks \$'000	<b>Total plant and equipment \$'000</b>
At cost 1 July 2020	13,049	2,291	4,286	437	<b>20,063</b>
Accumulated depreciation at 1 July 2020	(5,306)	(1,986)	(3,380)	-	<b>(10,672)</b>
	<b>7,743</b>	<b>305</b>	<b>906</b>	<b>437</b>	<b>9,391</b>
<b>Movements</b>					
Additions at cost	1,218	-	72	-	<b>1,290</b>
Disposal at cost	(966)	-	-	(8)	<b>(974)</b>
	<b>252</b>	<b>-</b>	<b>72</b>	<b>(8)</b>	<b>316</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(1,220)	(81)	(235)	-	<b>(1,536)</b>
Accumulated depreciation of disposals	705	-	-	-	<b>705</b>
	<b>(515)</b>	<b>(81)</b>	<b>(235)</b>	<b>-</b>	<b>(831)</b>
At cost 30 June 2021	13,301	2,291	4,358	429	<b>20,379</b>
Accumulated depreciation at 30 June 2021	(5,821)	(2,067)	(3,615)	-	<b>(11,503)</b>
	<b>7,480</b>	<b>224</b>	<b>743</b>	<b>429</b>	<b>8,876</b>

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**(c) Infrastructure**

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Off street car parks	Other infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	685,131	16,054	146,741	326,669	-	25,056	5,646	-	<b>1,205,297</b>
At cost 1 July 2020	8,867	-	2,804	-	68,490	1,049	295	10,164	<b>91,669</b>
Accumulated depreciation at 1 July 2020	(202,669)	(4,172)	(84,864)	(161,111)	(17,146)	(7,014)	(2,958)	-	<b>(479,934)</b>
	<b>491,329</b>	<b>11,882</b>	<b>64,681</b>	<b>165,558</b>	<b>51,344</b>	<b>19,091</b>	<b>2,983</b>	<b>10,164</b>	<b>817,032</b>
<b>Movements</b>									
Additions at cost	7,883	1,225	5,497	4,071	7,815	1,377	-	8,451	<b>36,319</b>
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	(2,221)	-	<b>(2,221)</b>
Disposal at fair value	(2,898)	-	(3,288)	-	-	-	(3,425)	-	<b>(9,611)</b>
Disposal at cost	-	-	-	-	(1,337)	-	(236)	(28)	<b>(1,601)</b>
Transfers and write offs at cost	-	-	-	-	-	-	-	(7,546)	<b>(7,546)</b>
	<b>4,985</b>	<b>1,225</b>	<b>2,209</b>	<b>4,071</b>	<b>6,478</b>	<b>1,377</b>	<b>(5,882)</b>	<b>877</b>	<b>15,340</b>
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	(6,634)	(170)	(2,969)	(4,105)	(1,749)	(432)	(2)	-	<b>(16,061)</b>
Accumulated depreciation of disposals	2,097	-	2,150	-	919	-	2,950	-	<b>8,116</b>
Revaluation	409	-	7,738	-	-	-	-	-	<b>8,147</b>
	<b>(4,128)</b>	<b>(170)</b>	<b>6,919</b>	<b>(4,105)</b>	<b>(830)</b>	<b>(432)</b>	<b>2,948</b>	<b>-</b>	<b>202</b>
At fair value 30 June 2021	682,233	16,053	143,453	326,669	-	25,056	-	-	<b>1,193,464</b>
At cost 30 June 2021	16,750	1,225	8,300	4,071	74,968	2,426	60	11,042	<b>118,842</b>
Accumulated depreciation at 30 June 2021	(206,797)	(4,341)	(77,944)	(165,216)	(17,976)	(7,446)	(10)	-	<b>(479,730)</b>
	<b>492,186</b>	<b>12,937</b>	<b>73,809</b>	<b>165,524</b>	<b>56,992</b>	<b>20,036</b>	<b>50</b>	<b>11,042</b>	<b>832,576</b>

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**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.

<b>Asset recognition thresholds and depreciation periods</b>	<b>Depreciation Period Years</b>	<b>Threshold Limit \$'000</b>
<b>Land &amp; land improvements</b>		
Land	n/a	10
Land improvements	n/a	10
Land under roads	n/a	10
<b>Buildings</b>		
Buildings	20-200	10
<b>Plant and equipment</b>		
Plant, machinery and equipment	3-10	10
Fixtures, fittings and furniture	3-10	10
Computers and telecommunications	3-10	10
Artworks	n/a	10
<b>Infrastructure</b>		
Roads – surfacing	2-50	5
Roads – kerb and channel	70	5
Roads – substructure	30-185	20
Roads – earthworks	n/a	20
Bridges	30-100	5
Footpaths and cycleways	2-50	5
Drainage	80	5
Recreational, leisure and community facilities	15-60	10
Off street car parks	2-185	10
Other infrastructure	7-30	2
<b>Intangible assets</b>		
Software	5	10

**Land under roads**

Land under roads acquired after 30 June 2008 is brought to account at cost. Council does not recognise land under roads that it controlled prior to that date.

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**Depreciation and amortisation**

Buildings, plant and equipment, infrastructure and intangible 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.

Land, land improvements, land under roads, roads - earthworks and artworks 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 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.

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**Valuation of land and buildings**

Valuation of land and buildings were undertaken by Brian Robinson from Westlink Consulting, a qualified independent valuer, registration number 62215. 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 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 2021 are as follows:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Date of</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>valuation</b>
Land	-	174,897	-	June 2020
Specialised land	-	-	772,977	June 2020
Specialised buildings	-	-	173,665	June 2020
<b>Total</b>	<b>-</b>	<b>174,897</b>	<b>946,642</b>	

**Valuation of infrastructure**

The valuation of fire hydrants (other infrastructure) was to have been determined in accordance with a valuation undertaken by Mr Alexander Bourke, BE (Hons)(Civil), Asset Engineer, Knox City Council. However a determination has been made that Council does not own the fire hydrants listed on the asset register under the class of fire hydrants, and accordingly there has been a derecognition of fire hydrants in the financial accounts.

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

A full revaluation of roads, footpaths and off street car parks will be conducted in 2021-22 and a full revaluation of bridges, cycleways and drainage will be conducted in 2022-23.

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Date of</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>valuation</b>
Roads	-	-	475,829	June 2019
Bridges	-	-	11,716	June 2020
Footpaths and cycleways	-	-	65,587	June 2019 / June 2020
Drainage	-	-	161,461	June 2020
Off street car parks	-	-	17,641	June 2019
Other Infrastructure	-	-	-	June 2021
<b>Total</b>	<b>-</b>	<b>-</b>	<b>732,234</b>	

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

**Specialised land** is valued using a market based direct comparison technique. Significant unobservable input 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 50%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$8 and \$1,317 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$320 to \$8,130 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary up to 145 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary up to 185 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.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of specialised land at fair value</b>		
Parks and reserves	705,817	707,126
Community facilities	30,967	30,967
Civic precinct	24,856	24,856
Transfer station	11,337	11,337
<b>Total specialised land at fair value</b>	<b><u>772,977</u></b>	<b><u>774,286</u></b>



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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>

**6.3 Investments in associates, joint arrangements and subsidiaries**

**(a) Investment in associates**

Investment in associate accounted for by the equity method is:

Eastern Regional Libraries Corporation (ERLC)	5,074	4,920
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**Eastern Regional Libraries Corporation (ERLC)**

**Background**

The principal activity of ERLC is the operation of libraries. Council's ownership interest of ERLC as at 30 June 2021 was 36.39% (2020 - 36.39%) based on Council's contribution of the net assets to the entity on its commencement on 1 July 1996. Council's proportion of voting power as at 30 June 2021 was 33.33% (2020 - 33.33%).

<b>Fair value of Council's investment in Eastern Regional Libraries Corporation</b>	<b>5,074</b>	<b>4,920</b>
<b>Council's share of accumulated surplus</b>		
Council's share of accumulated surplus at start of year	4,920	4,604
Reported surplus for year	154	316
<b>Council's share of accumulated surplus at end of year</b>	<b>5,074</b>	<b>4,920</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	4,920	4,604
Share of surplus for year	154	316
<b>Carrying value of investment at end of year</b>	<b>5,074</b>	<b>4,920</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	69	115
Capital commitments	-	-
<b>Council's share of expenditure commitments</b>	<b>69</b>	<b>115</b>

Council directly provides a number of additional resources free of charge to the Eastern Regional Libraries Corporation in relation to the mobile library and library branches in the Knox municipality. The annual operating cost to Council for providing these facilities are as follows:

Mobile library	36	36
Knox City, Rowville, Ferntree Gully, Boronia and Bayswater Library Branches	668	745

An associate is an entity over which Council has significant influence but not control or joint control. Investment in an associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Changes in the net assets of the ERLC are brought to account as an adjustment to the carrying value of the investment.

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**Note 7 People and relationships****7.1 Council and key management remuneration****(a) Related parties****Parent Entity**

Knox City Council

**Associates**

Eastern Regional Libraries Corporation (ERLC). Interests in associates are detailed in Note 6.3.

**(b) Key management personnel**

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

**Councillors**

Councillor Nicole Seymour (Mayor)	Mayor from 1 July 2020 to 24 October 2020 Councillor from 9 November 2020 to current
Councillor Lisa Cooper (Mayor)	Mayor from 16 November 2020 to current Councillor from 1 July 2020 to 24 October 2020 and from 9 November 2020 to 16 November 2020
Councillor Marcia Timmers-Leitch (Deputy Mayor)	Deputy Mayor from 1 July 2020 to 24 October 2020 Councillor from 9 November 2020 to current
Councillor Susan Laukens (Deputy Mayor)	Deputy Mayor from 16 November 2020 to current Councillor from 9 November 2020 to 16 November 2020
Councillor Yvonne Allred	Councillor from 9 November 2020 to current
Councillor Meaghan Baker	Councillor from 9 November 2020 to current
Councillor Jude Dwight	Councillor from 9 November 2020 to current
Councillor Adam Gill	Councillor from 1 July 2020 to 24 October 2020
Councillor Sorina Grasso	Councillor from 9 November 2020 to current
Councillor Tony Holland	Councillor from 1 July 2020 to 24 October 2020
Councillor Jake Keogh	Councillor from 1 July 2020 to 24 October 2020
Councillor Peter Lockwood	Councillor from 1 July 2020 to 24 October 2020
Councillor John Mortimore	Councillor from 1 July 2020 to 24 October 2020
Councillor Darren Pearce	Councillor from 1 July 2020 to 24 October 2020 and from 9 November 2020 to current

**Chief Executive Officer and other key management personnel**

Tony Doyle – Chief Executive Officer	
Dr Ian Bell – Director of Special Projects	
Tanya Scicluna – Director Connected Communities	
Matt Hanrahan – Acting Director Infrastructure	1 July 2020 to 11 September 2020
Matt Kelleher – Director City Strategy and Integrity	
Samantha Mazer – Director City Centre	
Grant Thorne - Director Infrastructure	14 September 2020 to 30 June 2021
Sam Stanton – Executive Manager Strategy, People and Culture	

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	<b>2021 No.</b>	<b>2020 No.</b>
Total number of Councillors	14	9
Chief Executive Officer and other key management personnel	8	8
<b>Total key management personnel</b>	<b>22</b>	<b>17</b>

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

	<b>2021 \$'000</b>	<b>2020 \$'000</b>
Total remuneration of Key Management Personnel was as follows:		
Short-term benefits	2,483	2,473
Long-term benefits	64	52
Termination benefits	-	95
<b>Total</b>	<b>2,547</b>	<b>2,620</b>

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

	<b>2021 No.</b>	<b>2020 No.</b>
\$1 - \$9,999	5	-
\$20,000 - \$29,999	5	-
\$30,000 - \$39,999	2	7
\$50,000 - \$59,999	1	1
\$80,000 - \$89,999	1	-
\$90,000 - \$99,999	-	1
\$200,000 - \$209,999	1	-
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	-	2
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	-	1
\$290,000 - \$299,999	1	-
\$310,000 - \$319,999	1	1
\$320,000 - \$329,999	1	-
\$340,000 - \$349,999	1	-
\$370,000 - \$379,999	-	1
	<b>22</b>	<b>17</b>

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**(d) Senior Officer remuneration**

A senior officer is an officer of Council, other than key management personnel who:

- (a) has management responsibilities and reports directly to the Chief Executive Officer; or
- (a) whose total annual remuneration exceeds \$151,000 (\$151,000 in 2019-20).

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

<b>Income range</b>	<b>2021 No.</b>	<b>2020 No.</b>
<\$151,000	8	10
\$151,000 - \$159,999	1	2
\$160,000 - \$169,999	8	2
\$170,000 - \$179,999	3	2
\$180,000 - \$189,999	5	4
\$190,000 - \$199,999	1	3
\$200,000 - \$209,999	-	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	1	1
\$260,000 - \$269,999	-	1
	<b>27</b>	<b>26</b>
	<b>2021 \$'000</b>	<b>2020 \$'000</b>
<b>Total remuneration for the reporting year for senior officers included above amounted to:</b>	<b>3,975</b>	<b>3,884</b>

**7.2 Related party disclosure****(a) Transactions with related parties**

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

Contributions to Eastern Regional Libraries Corporation	4,192	4,282
<b>Total transactions with related parties</b>	<b>4,192</b>	<b>4,282</b>

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

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

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

There were no loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party.

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

There were no commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party.

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

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

**(a) Contingent assets****Developer contributions**

As a result of development activity within the Knox municipality, Council has identified as a contingent asset the developer contributions of infrastructure assets and open space contributions to be received in respect of subdivisions that are currently under development totalling \$15.700 million (2019-20, \$15.346 million).

**Operating lease receivables**

Council has a number of leases with external entities where they pay for the use of Council land and buildings. A number of these leases include a CPI based revision of the rental charge annually.

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Not later than one year	536	505
Later than one year and not later than five years	1,956	1,717
Later than five years	7,567	8,809
	<b><u>10,059</u></b>	<b><u>11,031</u></b>

**(b) Contingent liabilities****Superannuation**

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

*Future superannuation contributions*

In addition to the disclosed contributions, Knox City Council has paid unfunded liability payments to Vision Super totalling \$Nil during the 2020-21 (2019-20 \$Nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 are \$0.252 million.

**Landfill**

Council has identified a previously unknown former landfill at Wantirna Reserve. Council is engaging an environmental consultant to undertake a risk assessment via additional data collection over an estimated two year period. Depending on the risk assessment outcome, Council may have to carry out site rehabilitation works in the future. The additional costs to be incurred would be determined following assessment of the data collected. At balance date Council is unable to accurately assess the financial implications of such works.

Council is currently carrying out site rehabilitation at its two former landfill sites at Cathies Lane and Llewellyn Reserve. Council has calculated its ongoing rehabilitation costs for a period up to 30 June 2034. The Environment Protection Authority (EPA) has issued Council with a requirement to review and have financial assurances for both landfill sites verified by an environmental auditor, with this work expected to be completed by December 2021. This process will determine whether the after care period and the provisions put aside for both landfill sites should extend beyond 30 June 2034.

## **Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021**

### **Knox City Council Depot**

During the 2020 financial year, Council ceased operations at the Knox City Council Depot located in Bridgewood Court, Wantirna South. Council is now managing the rehabilitation of this site. It is expected that works could continue for up to another two years, however at balance date Council is unable to accurately assess the financial implications of such works.

### **Insurance Claims**

As a large local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council is regularly met with claims and demands allegedly arising from an incident that occurs on land belonging to the Council, or allegedly arising from incidents relating to Council business, services or activities. There are ten outstanding insurance claims against the Council in this regard. The Council carries \$600.000 million of public liability and professional indemnity insurance and has an excess of \$0.020 million per claim on this policy. Therefore, the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is Liability Mutual Insurance (MAV Insurance). There are no claims that Council is aware of which would fall outside the terms of the Council's policy.

### **8.2 Change in accounting standards**

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

### **8.3 Financial instruments**

#### **(a) Objectives and policies**

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

#### **(b) Market risk**

Market risk is the risk that the fair value or future cash flows of council 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 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

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

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

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.

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.

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.

All financial liabilities are expected to be settled within normal terms of trade.

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

- has an investment policy which specifies the need to meet Council's cash flow requirements;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

## Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the Balance Sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

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

All financial liabilities are expected to be settled within normal terms of trade.

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 twelve months:

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 0.218%.

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

## 8.4 Fair value measurement

### *Fair value hierarchy*

Knox City Council does not have any financial assets that are measured at fair value subsequent to initial recognition.

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

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

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

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

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

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

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



**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

***Revaluation***

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuations are performed either by experienced Council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the relevant 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 asset, revaluation increments and decrements within the year are offset.

***Impairment of assets***

At each reporting date, 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 asset's carrying value. Any excess of the asset's 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**

Due to the significant uncertainty surrounding the COVID-19 outbreak and the government's response to this, it is not possible to estimate the full impact on Council's operations, financial position and cashflows at this point in time. This being the case, Council does not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on Council at this time.

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

**Note 9 Other Matters****9.1 Reserves****(a) Asset revaluation reserve**

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>2021</b>			
<b>Property</b>			
Land	777,063	-	777,063
Buildings	60,601	(50)	60,551
	<b>837,664</b>	<b>(50)</b>	<b>837,614</b>
<b>Plant and equipment</b>			
Artworks	31	-	31
	<b>31</b>	<b>-</b>	<b>31</b>
<b>Infrastructure</b>			
Roads	288,163	409	288,572
Bridges	2,272	-	2,272
Footpaths and cycleways	15,541	7,738	23,279
Drainage	105,475	-	105,475
Off street car parks	4,272	-	4,272
Other infrastructure	2,221	(2,221)	-
	<b>417,944</b>	<b>5,926</b>	<b>423,870</b>
<b>Total asset revaluation reserve</b>	<b>1,255,639</b>	<b>5,876</b>	<b>1,261,515</b>
<b>2020</b>			
<b>Property</b>			
Land	884,034	(106,971)	777,063
Buildings	64,842	(4,241)	60,601
	<b>948,876</b>	<b>(111,212)</b>	<b>837,664</b>
<b>Plant and equipment</b>			
Artworks	31	-	31
	<b>31</b>	<b>-</b>	<b>31</b>
<b>Infrastructure</b>			
Roads	287,071	1,092	288,163
Bridges	5,462	(3,190)	2,272
Footpaths and cycleways	15,538	3	15,541
Drainage	97,153	8,322	105,475
Off street car parks	4,217	55	4,272
Other infrastructure	2,221	-	2,221
	<b>411,662</b>	<b>6,282</b>	<b>417,944</b>
<b>Total asset revaluation reserve</b>	<b>1,360,569</b>	<b>(104,930)</b>	<b>1,255,639</b>

**Nature and purpose of asset revaluation reserve**

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

**Knox City Council**  
**Notes to the Financial Report**  
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**(b) Other reserves**

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
<b>2021</b>				
<b>Restricted reserves</b>				
Open space reserve	12,955	5,900	(3,225)	15,630
Basketball stadium infrastructure reserve	100	-	-	100
State Basketball Centre asset renewal fund	597	-	-	597
Football pitch replacement fund	727	-	(115)	612
<b>Total restricted reserves</b>	<b>14,379</b>	<b>5,900</b>	<b>(3,340)</b>	<b>16,939</b>
<b>Unrestricted reserves</b>				
Mountain Gate reserve	140	-	-	140
City futures fund	2,915	-	-	2,915
Revegetation net gain	406	55	-	461
Revolving energy fund	136	-	(76)	60
Aged care reserve	4,949	-	(58)	4,891
Unexpended grant reserve (Financial Assistance Grants)	3,885	4,038	(3,885)	4,038
Stamford Park	10,883	-	(1,960)	8,923
Blue Hills	3	-	-	3
Scoresby Recreation Reserve	117	27	-	144
HACC capital reserve	635	-	-	635
<b>Total unrestricted reserves</b>	<b>24,069</b>	<b>4,120</b>	<b>(5,979)</b>	<b>22,210</b>
<b>Total other reserves</b>	<b>38,448</b>	<b>10,020</b>	<b>(9,319)</b>	<b>39,149</b>
<b>2020</b>				
<b>Restricted reserves</b>				
Open space reserve	16,707	5,225	(8,977)	12,955
Basketball stadium infrastructure reserve	100	-	-	100
State Basketball Centre asset renewal fund	491	106	-	597
Football pitch replacement fund	726	1	-	727
<b>Total restricted reserves</b>	<b>18,024</b>	<b>5,332</b>	<b>(8,977)</b>	<b>14,379</b>
<b>Unrestricted reserves</b>				
Mountain Gate Reserve	140	-	-	140
City futures fund	2,915	-	-	2,915
Revegetation net gain	351	55	-	406
Revolving energy fund	136	-	-	136
Aged care reserve	4,970	-	(21)	4,949
Unexpended grant reserve (Financial Assistance Grants)	3,849	3,885	(3,849)	3,885
Stamford Park	11,739	-	(856)	10,883
Blue Hills	3	-	-	3
Scoresby Recreation Reserve	67	50	-	117
HACC capital reserve	849	-	(214)	635
<b>Total unrestricted reserves</b>	<b>25,019</b>	<b>3,990</b>	<b>(4,940)</b>	<b>24,069</b>
<b>Total other reserves</b>	<b>43,043</b>	<b>9,322</b>	<b>(13,917)</b>	<b>38,448</b>

**Knox City Council  
Notes to the Financial Report  
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**Nature and purpose of other reserves****Open space reserve**

The Open Space Reserve is used to provide funding for future purchases and improvements of open space. Funding is provided from developer's contributions for open space which is initially recognised in the comprehensive income statement and then transferred to the reserve from accumulated surplus to facilitate separate tracking of the total funds received but not yet spent.

**Basketball stadium infrastructure reserve**

The purpose of this reserve is to improve basketball stadium facilities within the Knox municipality.

**State basketball centre asset renewal fund**

The purpose of this reserve is to provide for asset renewal works at the State Basketball Centre (Knox Regional Sports Park).

**Football pitch replacement fund**

The purpose of this reserve is to provide for future football pitch replacement at Knox Regional Sports Park.

**Mountain Gate reserve**

The purpose of this reserve is to enhance community facilities within Mountain Gate.

**City futures fund**

The purpose of this reserve is to enhance community facilities within Knox municipality.

**Revegetation net gain**

The purpose of this reserve is to ensure any loss of vegetation through development is re-established in a sustainable location.

**Revolving energy fund**

The purpose of this reserve is to re-invest savings in energy costs to be invested in further works to minimise energy consumption.

**Aged care reserve**

The purpose of this reserve is to set aside the proceeds from the divestment of the Amaroo Gardens Aged Care Facility by Council on 2 November 2011 for aged services and infrastructure within the Knox municipality.

**Unexpended grant reserve (Victoria Grants Commission)**

The purpose of this reserve is to quarantine early payment of Victoria Grants Commission General Purpose and Local Roads Federal Grant funding for use in the following year.

**Stamford Park**

The purpose of this reserve is to develop the Stamford Park site for the benefit of the Knox Community.

**Blue Hills**

The purpose of this reserve is to construct the Early Years Hubs facilities for the benefit of the Knox Community.

**Scoresby Recreation reserve**

The purpose of this reserve is to invest the income derived from lease of this site into the Scoresby Recreation Reserve.

**HACC capital reserve**

The purpose of this reserve is to refurbish, upgrade and maintain minor capital within the Home and Community Care funded programs.

**Knox City Council**  
**Notes to the Financial Report**  
**For the Year Ended 30 June 2021**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus for the year	9,575	9,786
Depreciation/amortisation	22,417	22,374
Amortisation - intangible assets	478	429
Amortisation - right of use assets	645	299
Bad and doubtful debts	278	344
Finance costs - leases	33	18
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	3,575	1,624
Contributions - non-monetary assets	-	(1,801)
Increment in investment in associate	(154)	(316)
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	(3,521)	1,788
(Increase)/decrease in prepayments	(837)	349
(Increase)/decrease in accrued income	100	143
Increase/(decrease) in trade and other payables	1,496	(220)
Increase/(decrease) in unearned income	10,323	1,202
Increase/(decrease) in provisions	305	497
Increase/(decrease) in other liabilities	273	(451)
(Increase)/decrease in inventories	(5)	3
<b>Net cash provided by operating activities</b>	<b>44,982</b>	<b>36,068</b>

### 9.3 Superannuation

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

#### Accumulation

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

#### Defined Benefit

Knox City 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 Knox City 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.

## Knox City Council Notes to the Financial Report For the Year Ended 30 June 2021

### Funding arrangements

Knox City 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. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019-20).

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

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

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

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

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

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

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

### Employer contributions

#### Regular contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019-20). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

#### Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Knox City 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.

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

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

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

**The 2020 triennial actuarial investigation surplus amounts**

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

The Fund's actuarial investigation as at 30 June 2020 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$100.0 million (2019: \$151.3 million)
- A total service liability surplus of \$200.0 million (2019: 233.4 million)
- A discounted accrued benefits surplus of \$217.8 million (2019: \$256.7 million)

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

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

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

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

**The 2021 interim actuarial investigation**

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

**Superannuation contributions**

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

Scheme	Type of scheme	Rate	2021	2020
			\$'000	\$'000
Vision super	Defined Benefit	9.50%	273	295
Other funds	Defined Benefit	9.50%	-	-
Vision super	Accumulation Fund	9.50%	3,237	3,154
Other funds	Accumulation Fund	9.50%	2,595	2,209

There were \$Nil contributions outstanding and \$Nil loans issued from or to the above schemes as at 30 June 2021.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$0.252 million.

**Knox City Council  
Notes to the Financial Report  
For the Year Ended 30 June 2021**

**Note 10 Change in accounting policy**

***AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for the Local Government Sector)***

Council has adopted *AASB 1059 Service Concession Arrangements: Grantors*, from 1 July 2020. This has not resulted in changes in accounting policies or adjustments to the amounts recognised in the financial statements.

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

Council has adopted *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material*, from 1 July 2020. This has not resulted in changes in accounting policies or adjustments to the amounts recognised in the financial statements.

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

Council has adopted *AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework* from 1 July 2020. This has not resulted in changes in accounting policies or adjustments to the amounts recognised in the financial statements.

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



# Performance Statement

## Year ending 30 June 2021

### Description of the municipality

Located approximately 25 kilometres from Melbourne's central business district, the Knox municipality is a major hub of cultural, commercial, business and innovative activity in the eastern suburbs of Melbourne. It is a diverse municipality, with residents from 130 different countries who speak 54 languages. The City of Knox has an estimated resident population of 166,791 (as at 30 June 2021) and covers an area of 113.84 square kilometres. The area boasts a green, leafy image extending to the foothills of the picturesque Dandenong Ranges. Knox consists of the following suburbs: Bayswater, Boronia, Ferntree Gully, Knoxfield, Lysterfield, Rowville, Scoresby, The Basin, Upper Ferntree Gully, Wantirna and Wantirna South.

### Understanding the Performance Statement

Council is required to prepare and include a performance statement within its Annual Report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures, together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989 and Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)*.

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

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures and the results forecast by Council's Strategic Resource Plan. The Regulations require explanation of any material variations in the results contained in the Performance Statement. The materiality thresholds have been set as +/-10% of the 2019-20 results.

The forecast figures included in the statement are those adopted by Council in its Strategic Resource Plan on 22 June 2020, which forms part of the Annual Budget. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and are aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the general purpose financial statements. The Strategic Resource Plan is available on Council's website.

The following statement provides the results of the prescribed service performance indicators and measures, including an explanation of material variations.

## Sustainable capacity indicators

For the year ended 30 June 2021

Service/indicator/ measure	Results				Material variation comment
	2017-18	2018-19	2019-20	2020-21	
<b>Population</b>					
<b>Expenses per head of municipal population</b> [Total expenses/Municipal population]	\$897.28	\$947.71	\$1,009.15	<b>\$1,047.69</b>	
<b>Infrastructure per head of municipal population</b> [Value of infrastructure/Municipal population]	\$5,729.82	\$6,012.97	\$6,138.10	<b>\$6,220.00</b>	
<b>Population density per length of road</b> [Municipal population/Kilometres of local roads]	224.54	225.42	227.26	<b>227.91</b>	
<b>Own-source revenue</b>					
<b>Own-source revenue per head of municipal population</b> [Own-source revenue/Municipal population]	\$804.21	\$828.59	\$835.22	<b>\$846.27</b>	
<b>Recurrent grants</b>					
<b>Recurrent grants per head of municipal population</b> [Recurrent grants/Municipal population]	\$153.57	\$156.50	\$153.90	<b>\$174.66</b>	Recurrent operational grants increased by \$1.7m (including a \$1.2m increase for Early Years services), while recurrent capital grants increased by \$1.8m.
<b>Disadvantage</b>					
<b>Relative socio-economic disadvantage</b> [Index of Relative Socio-economic Disadvantage by decile]	9.00	9.00	9.00	<b>9.00</b>	
<b>Workforce turnover</b>					
<b>Percentage of staff turnover</b> [Number of permanent staff resignations and terminations/Average number of permanent staff for the financial year] x100	13.2%	13.0%	9.3%	<b>15.0%</b>	

**Definitions**

"adjusted underlying revenue" means total income other than:

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

(b) non-monetary asset contributions; and

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

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

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

"population" means the resident population estimated by council

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

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

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

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

## Service performance indicators

For the year ended 30 June 2021

Service/indicator/ measure	Results				Material variation comment
	2017-18	2018-19	2019-20	2020-21	
<b>Aquatic Facilities Utilisation</b> <b>Utilisation of aquatic facilities</b> [Number of visits to aquatic facilities/Municipal population]	3.49	2.68	1.69	<b>0.85</b>	The COVID-19 pandemic resulted in multiple closures of Council's aquatic facilities and a decrease in attendance for 2020-21.
<b>Animal Management</b> <b>Health and safety</b> <b>Animal management prosecutions</b> [Number of successful animal management prosecutions/Number of animal management prosecutions]	New in 2020	New in 2020	100%	<b>100%</b>	
<b>Food safety</b> <b>Health and safety</b> <b>Critical and major non-compliance outcome notifications</b> [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 food premises] x100	90.16%	100.00%	100.00%	<b>98.04%</b>	
<b>Governance</b> <b>Satisfaction</b> <b>Satisfaction with Council decisions</b> [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	56	60	58	<b>60</b>	
<b>Libraries</b> <b>Participation</b> <b>Active library borrowers in municipality</b> [Number of active library borrowers in the last three years/The sum of the population for the last three years] x100	13.39%	13.28%	12.87%	<b>11.41%</b>	Active library borrowers in the municipality were impacted by the COVID-19 pandemic and library closures in 2020-21.

Service/indicator/ measure	Results				Material variation comment
	2017-18	2018-19	2019-20	2020-21	
<b>Maternal and Child Health (MCH)</b> <b>Participation</b> <b>Participation in the MCH service</b> [Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service] x100	81.25%	79.12%	76.27%	<b>75.82%</b>	
<b>Participation</b> <b>Participation in the MCH service by Aboriginal children</b> [Number of Aboriginal children who attend the MCH service at least once (in the year)/Number of Aboriginal children enrolled in the MCH service] x100	75.47%	77.97%	80.36%	<b>85.48%</b>	
<b>Roads</b> <b>Satisfaction</b> <b>Satisfaction with sealed local roads</b> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	69	73	68	<b>70</b>	
<b>Statutory Planning</b> <b>Decision-making</b> <b>Council planning decisions upheld at VCAT</b> [Number of VCAT decisions that did not set aside Council's decisions in relation to a planning application/Number of VCAT decisions in relation to planning applications] x100	54.05%	33.33%	58.62%	<b>47.06%</b>	The percentage of Council decisions upheld at VCAT dropped in 2020-21. Factors that influenced this outcome include a reduction in the number of appeals and the individual circumstances of each case.
<b>Waste Collection</b> <b>Waste Diversion</b> <b>Kerbside collection waste diverted from landfill</b> [Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins] x100	51.97%	55.89%	53.44%	<b>52.10%</b>	

**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 authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health

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

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

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

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

"population" means the resident population estimated by council

## Financial performance indicators

For the year ended 30 June 2021

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments	
	2018	2019	2020	2021	2022	2023	2024	2025		
<b>Efficiency</b>										
<b>Expenditure level</b>										
<i>Expenses per property assessment</i> [Total expenses/Number of property assessments]	\$2,237.89	\$2,308.49	\$2,441.81	<b>\$2,544.46</b>	\$3,365.01	\$2,637.88	\$2,661.24	\$2,692.61		The 2021-22 forecast expenses per property assessment is impacted by the budgeted loss on disposal of property of \$40.6 million, including the budgeted transfer of Knox Regional Sports Park assets to the State Government.
<b>Revenue level</b>										
<i>Average rate per property assessment</i> [Total rate revenue (general rates and municipal charges)/Number of property assessments]	New in 2020	New in 2020	\$1,523.82	<b>\$1,563.94</b>	\$1,591.44	\$1,607.16	\$1,627.31	\$1,679.76		
<b>Liquidity</b>										
<b>Working capital</b>										
<i>Current assets compared to current liabilities</i> [Current assets/Current liabilities] x100	236.21%	236.52%	168.76%	<b>144.58%</b>	99.70%	98.05%	100.17%	98.47%		Unearned income has increased by \$10.3 million, with the majority of this related to capital grants received late in the financial year and not yet expended. This accounts for the majority of the \$12.8 million increase in current liabilities. Cash and cash equivalents, combined with other financial assets, have increased by \$5.1 million, which is half of the increase of \$10.2 million in current assets. Trade and other receivables increased by \$3.4 million. This ratio will decrease over the forecast period due to an increase in the capital works program, and the requirement to borrow funds to finance major projects.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash/Current liabilities] x100	-11.22%	27.20%	36.99%	<b>30.88%</b>	31.45%	33.59%	35.12%	41.17%	Unearned income has increased by \$10.3 million, with the majority of this related to capital grants received late in the financial year and not yet expended. This accounts for the majority of the \$12.8 million increase in current liabilities.
<b>Obligations</b>									
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings/Rate revenue] x100	0.00%	0.00%	0.00%	<b>0.00%</b>	68.23%	81.53%	73.58%	68.45%	
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings/Rate revenue] x100	0.00%	0.00%	0.00%	<b>0.00%</b>	3.63%	7.63%	9.53%	9.50%	
<b>Indebtedness</b> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities/Own source revenue] x100	3.63%	4.37%	3.19%	<b>3.25%</b>	55.57%	63.40%	55.51%	51.73%	Borrowings are forecast to increase significantly from 2021-22 to fund major projects within the capital works program.
<b>Asset renewal and upgrade</b> <i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and asset upgrade expense/Asset depreciation] x100	New in 2020	New in 2020	139.94%	<b>150.75%</b>	294.12%	213.56%	202.91%	181.36%	



Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Operating position</b>									
<b>Adjusted underlying result</b>									
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100	10.95%	9.37%	2.87%	<b>4.66%</b>	-25.10%	2.28%	4.97%	6.02%	Operating grants increased by \$6.1 million, with non-recurrent operating grants increasing by \$4.4 million. This increase is mainly due to COVID-19 related grants. This more than offset the decrease in user and statutory fees. The 2021-22 forecast adjusted underlying result is impacted by the budgeted loss on disposal of property of \$40.6 million, including the budgeted transfer of Knox Regional Sports Park assets to the State Government.
<b>Stability</b>									
<b>Rates concentration</b>									
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue/Adjusted underlying revenue] x100	66.74%	66.92%	68.58%	<b>67.40%</b>	69.03%	70.06%	68.98%	70.16%	
<b>Rates effort</b>									
<i>Rates compared to property values</i> [Rate revenue/Capital improved value of rateable properties in the municipality] x100	0.26%	0.22%	0.24%	<b>0.23%</b>	0.24%	0.23%	0.23%	0.22%	

**Definitions**

"adjusted underlying revenue" means total income other than:

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

(b) non-monetary asset contributions; and

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

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

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

"current assets" has the same meaning as in the Australian Accounting Standards (AAS)

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

## Certification of the Performance Statement 2020-21

### Statement by Principal Accounting Officer

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 2020)*.

**Navec Lorkin**

**Chief Financial Officer**

Date:

Wantirna South

### Statement by Councillors and Chief Executive Officer

In our opinion, the accompanying Performance Statement of Knox City Council for the year ended 30 June 2021 presents fairly the results of Council's performance in accordance with the *Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2014 (as per the transitional provisions of the Local Government Act 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 by the Local Government (Planning and Reporting) Regulations 2014 to certify this performance statement in its final form.

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Cr Lisa Cooper

**Mayor**

Date:

Wantirna South

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Cr Susan Laukens

**Deputy Mayor**

Date:

Wantirna South

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Ian Bell

**Acting Chief Executive Officer**

Date:

Wantirna South

## Governance and management checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Governance and management items	Assessment
<b>1 Community engagement policy</b> (policy under section 55 of the Act outlining Council's commitment to engaging with the community on matters of public interest)	Adopted in accordance with section 55 of the Act Date of adoption: <b>22 February 2021</b>
<b>2 Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: <b>22 February 2021</b>
<b>3 Financial Plan</b> (plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years)	To be adopted in accordance with section 91 of the Act by 31 October 2021
<b>4 Asset Plan</b> (plan under section 92 of the Act setting out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Adopted in accordance with section 92 of the Act Date of operation of current plans: Knox Council has endorsed the following asset management plans: <ul style="list-style-type: none"> <li>• Footpath and Shared Path—June 2016</li> <li>• Road— June 2021</li> <li>• Building— September 2019</li> <li>• Drainage—November 2010</li> <li>• Open Space—December 2011</li> <li>• Bridge—February 2013</li> <li>• Car Park—February 2013</li> <li>• Playground—December 2013</li> <li>• Street Tree—May 2016</li> <li>• Strategic—December 2014</li> </ul>
<b>5 Revenue and Rating Plan</b> (plan under section 93 of the Act setting out the rating structure of Council to levy rates and charges)	Adopted in accordance with section 93 of the Act Date of adoption: <b>28 June 2021</b>
<b>6 Annual budget</b> (plan under section 94 of the Act setting out the services to be provided and initiatives to be undertaken during the budget year and the funding and other resources required)	Adopted in accordance with section 94 of the Act Date of adoption: <b>28 June 2021</b>
<b>7 Risk policy</b> (policy outlining council's commitment and approach to minimising the risks to council's operations)	Policy Date of commencement of current policy: <b>September 2018</b>

Governance and management items	Assessment
<b>8 Fraud &amp; Corruption policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)	Policy Date of commencement of current policy: <b>25 June 2018</b>
<b>9 Municipal emergency management plan</b> (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: <b>29 January 2019</b>
<b>10 Procurement policy</b> (policy under section 108 of the Act outlining the principles, processes and procedures that will apply to the purchase of goods and services by the council)	Adopted in accordance with section 108 of the Act Date of adoption: <b>4 June 2020</b>
<b>11 Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Date of operation of current plan: Council's business continuity framework was approved in <b>March 2020</b>
<b>12 Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Date of operation of current plan: <b>June 2021</b>
<b>13 Risk management framework</b> (framework outlining council's approach to managing risks to the council's operations)	Framework Date of commencement of current framework: <b>September 2018</b>
<b>14 Audit and Risk Committee</b> (see sections 53 and 54 of the Act)	Established in accordance with section 53 of the Act Date of establishment: <b>24 August 2020</b>
<b>15 Internal audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: <b>1 December 2018</b>
<b>16 Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the <i>Local Government Act 1989</i> )	Framework Date of adoption of current framework: <b>26 June 2017</b>
<b>17 Council Plan report</b> (report reviewing the performance of the council against the council plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Reports Dates of reports: <b>13 August 2020, 27 January 2021, 24 May 2021</b>

Governance and management items	Assessment
<p><b>18 Financial reporting</b> (quarterly statements to the council under section 138(1) of the <i>Local Government Act 1989</i>, comparing actual and budgeted results and an explanation of any material variations)</p>	<p>Reports presented to the Council in accordance with section 138(1) of the <i>Local Government Act 1989</i> Dates reports presented: <b>24 August 2020, 30 November 2020, 22 February 2021, 24 May 2021</b></p>
<p><b>19 Risk reporting</b> (6-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Reports Dates of reports: <b>21 July 2020, 20 October 2020, 23 February 2021, 20 April 2021</b></p>
<p><b>20 Performance reporting</b> (6-monthly reports of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the <i>Local Government Act 1989</i>)</p>	<p>Reports Dates of reports: <b>13 August 2020, 27 January 2021, 24 May 2021</b></p>
<p><b>21 Annual report</b> (annual report under sections 131, 132 and 133 of the <i>Local Government Act 1989</i> containing a report of operations and audited financial and performance statements)</p>	<p>Presented at a meeting of the Council in accordance with section 134 of the Act Date statements presented: <b>21 December 2020</b></p>
<p><b>22 Councillor Code of Conduct</b> (code under section 139 of the Act setting out the standards of conduct to be followed by Councillors and other matters)</p>	<p>Reviewed and adopted in accordance with section 139 of the Act Date reviewed: <b>22 February 2021</b></p>
<p><b>23 Delegations</b> (documents setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff, in accordance with sections 11 and 47 of the Act)</p>	<p>Reviewed in accordance with section 11(7) of the Act and a register kept in accordance with sections 11(8) and 47(7) of the Act Date of review: Council to CEO—<b>27 July 2020</b> Council to SPC—<b>4 February 2021</b> Council to staff—Cemeteries and Crematory—<b>26 April 2021</b> Council to staff—Domestic Animals, Environmental Protection and Food—<b>26 April 2021</b> Council to staff—Road Management Responsibilities—<b>26 April 2021</b> Council to staff—Planning—<b>31 July 2020</b> VicSmart—<b>7 July 2020</b> CEO Powers—<b>14 February 2021</b> CEO sub-delegation to staff—<b>14 February 2021</b> MBS to Building Department—<b>29 April 2021</b></p>

**Governance and management items****Assessment****24 Meeting procedures**

(governance rules under section 60 of the Act governing the conduct of meetings of council and delegated committees)

Governance rules adopted in accordance with section 60 of the Act

Date governance rules adopted:

**24 August 2020**

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

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Ian Bell  
Acting Chief Executive Officer  
DATED:  
WANTIRNA SOUTH

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Cr Lisa Cooper  
Mayor  
DATED:  
WANTIRNA SOUTH