

## **7 Presentation of officer reports**

### **7.1 Recommendations of the Audit and Risk Committee - Annual Financial Statements and Performance Statement for the year ended 30 June 2022**

#### **Executive Summary**

##### Purpose

To present to Council the recommendations of the Audit and Risk Committee meeting held on 8 September 2022 pertaining to the Annual Financial Statements and Performance Statement for the year ended 30 June 2022.

##### Background

The Annual Financial Statements and Performance Statement were reviewed by the Audit and Risk Committee and have been endorsed for consideration by Council.

##### Key Issues

The year-end Audit draft Closing Report and draft Final Management Letter were presented to Audit and Risk Committee. The Auditors advised the Committee the Auditor-General has given preliminary approval subject to Council's endorsement.

The final audit opinion will be issued by the Auditor-General and final audit clearance in the form of an "unqualified" audit opinion is expected.

##### Next Steps

Following adoption of the recommendations below, the Annual Financial Statements and Performance Statement for the year ended 30 June 2022 will be forwarded to the Auditor-General's office. Final sign-off from the Auditor-General is expected by late September/early October in time to meet the statutory deadline of 31 October 2022 for submission of Council's Annual Report to the Minister.

#### **Officers' recommendation**

That Council resolve to:

1. Record its approval in principle of the Annual Financial Statements and Performance Statement for the year ended 30 June 2022.
2. Authorise the Chief Executive Officer to provide the Annual Financial Statements and Performance Statement to the Auditor-General.
3. Authorise the Mayor, Councillor Jane Addis and Councillor Nick Stavrou (representing the Audit and Risk Committee) to certify the Annual Financial Statements and Performance Statement in their final form.
4. Authorise the Principal Accounting Officer to implement any non-material changes to the Annual Financial Statements and Performance Statement as recommended by the Auditor-General. A summary of these changes if any will be presented at the next Audit and Risk Committee meeting.



5. Note that any material changes requested by Victorian Auditor-General's Office will be completed by the Chief Financial Officer after consultation with the Chair of the Audit and Risk Committee and reported to Council.



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**Responsible director:**     **Phillip Storer, Chief Executive Officer**

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## **1. Purpose**

This report presents to Council the Annual Financial Statements and Performance Statement for the year ended 30 June 2022 (**Attachment 1**). Both reports were presented to the Audit and Risk Committee at its meeting held on 8 September 2022.

## **2. Policy implications and relevance to community plan and council plan**

The Annual Financial Statements and Performance Statement for the year ended 30 June 2022 have been prepared in accordance with the Local Government (Planning and Reporting) Regulations 2014, the *Local Government Act 2020*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and internal accounting policies.

The Financial Statements have been prepared in accordance with the “Local Government Model Financial Report” issued by the Department of Jobs, Precincts and Regions in February 2022.

This report is consistent with the 10-year Boroondara Community Plan 2021-31. In particular, the Council Plan theme of Civic Leadership & Governance and the strategy “Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet community needs”.

## **3. Background**

The Audit and Risk Committee met on 8 September 2022 to consider the Annual Financial Statements and Performance Statement for the year ended 30 June 2022. Representatives from the Victorian Auditor-General’s office were in attendance.

## **4. Outline of key issues/options**

Council’s Annual Financial Statements and Performance Statement (**Attachment 1**) have been successfully finalised in accordance with the timelines set down in the year end timetable.

Detailed analysis of operational financial performance for the year ended 30 June 2022 is contained in the June 2022 Quarterly Financial Report which was presented to Council at the Council meeting on 22 August 2022.

The year-end Audit draft Closing Report and draft Final Management Letter were presented to the Audit and Risk Committee. The draft Closing Report raised no issues in relation to the statements and the Auditors advised the Committee the Auditor-General has given preliminary approval subject to Council’s endorsement.

The Annual Financial Statements and Performance Statement for the year ended 30 June 2022 were reviewed by the Audit and Risk Committee and were endorsed for Council’s consideration.



## **5. Consultation/communication**

The Victorian Auditor-General's office has completed the audit of the Annual Financial Statements and Performance Statement for the year ended 30 June 2022. These statements and accompanying documents were presented to the Audit and Risk Committee on 8 September 2022.

## **6. Financial and resource implications**

Audit fieldwork and examination of the Annual Financial Statements and the Performance Statement has been completed on time within legislative deadlines.

## **7. Governance issues**

Officers involved in the preparation of this report have no conflict of interest. The list of prescribed human rights contained in the Victorian Charter of Human Rights and Responsibilities has been reviewed in accordance with Council's Human Rights Compatibility Assessment Tool and it is considered that the proposed actions contained in this report present no breaches of, or infringements upon, those prescribed rights.

All related party transactions are fully disclosed in accordance with Australian Accounting Standards in Note 7 of the Annual Financial Statements.

## **8. Social and environmental issues**

Consideration has been given to environmental issues. As a result, Council's Annual Report (which includes the Annual Financial Statements and Performance Statement) is available online to minimise the impact on the environment.

## **9. Evaluation and review**

Following adoption of the above recommendations, the Annual Financial Statements and Performance Statement for the year ended 30 June 2022 will be forwarded to the Auditor-General's office. Final sign-off from the Auditor-General is expected by late September/early October in time to meet the statutory deadline of 31 October 2022 for submission of Council's Annual Report to the Minister.

## **10. Conclusion**

The Victorian Auditor-General's office has completed their audit and has found no issues that would warrant a qualification of the Financial Statements. The final audit opinion will be issued by the Auditor-General and final audit clearance in the form of an "unqualified" audit opinion is expected.

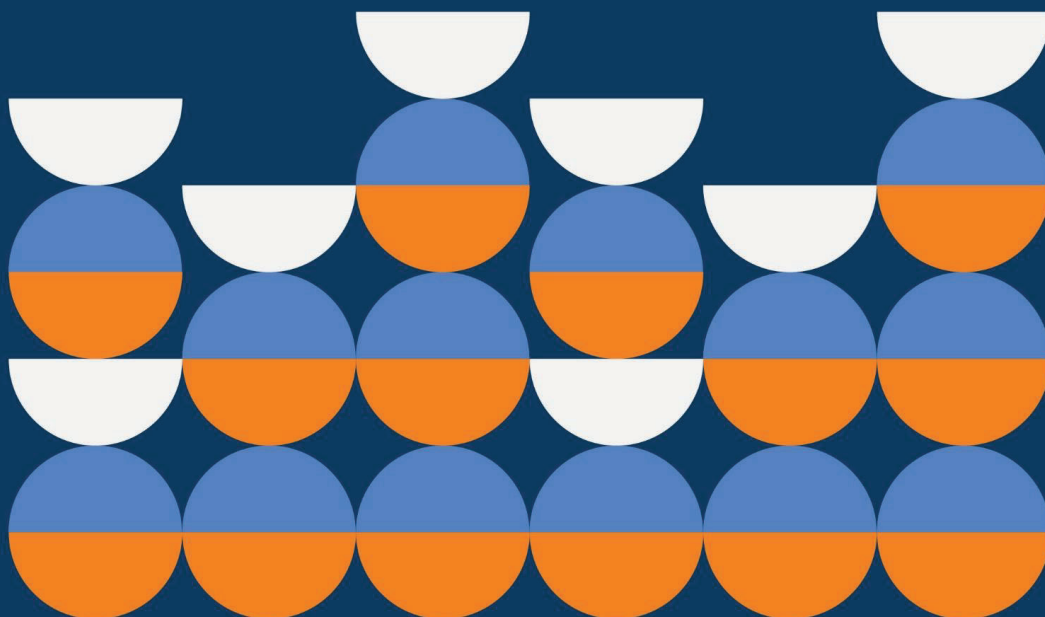
**Manager:** Amy Montalti, Chief Financial Officer

**Report officer:** Nicole Montague, Coordinator Financial Accounting



# Draft Annual Financial Report

For the Year Ended 30 June 2022









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**City of Boroondara**  
**2021/2022 Financial Report**

## **Certification of the Financial Statements**

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

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Amy Montalti, CPA  
Principal Accounting Officer

Date:  
*Camberwell*

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

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

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

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Cr Jane Addis  
Mayor

Date:  
*Camberwell*

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Cr Nick Stavrou  
Councillor

Date:  
*Camberwell*

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Phillip Storer  
Chief Executive Officer

Date:  
*Camberwell*



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**City of Boroondara**  
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## Comprehensive Income Statement

### For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Rates and charges	3.1	200,064	192,919
Statutory fees and fines	3.2	11,404	7,412
User fees	3.3	9,382	8,316
Grants - operating	3.4	16,989	14,202
Grants - capital	3.4	4,547	5,159
Contributions - monetary	3.5	4,901	6,994
Contributions - non-monetary assets	3.5	-	112
Other income	3.7	6,632	4,865
<b>Total income</b>		<b>253,919</b>	<b>239,979</b>
<b>Expenses</b>			
Employee costs	4.1 (a)	(101,825)	(102,785)
Materials and services	4.2	(85,598)	(83,307)
Depreciation	4.3	(36,602)	(35,655)
Amortisation - intangible assets	4.4	(335)	(498)
Amortisation - right of use assets	4.5	(3,614)	(3,611)
Bad and doubtful debts	4.6	(2,121)	(1,891)
Borrowing costs	4.7	(1,419)	(1,339)
Finance costs - leases	4.8	(288)	(322)
Other expenses	4.9	(7,700)	(7,721)
Net loss on disposal of property, infrastructure, plant and equipment	3.6	(4,142)	(8,536)
Share of net gain/(loss) of joint ventures	6.3	687	(3,753)
<b>Total expenses</b>		<b>(242,957)</b>	<b>(249,418)</b>
<b>Surplus/(deficit) for the year</b>		<b>10,962</b>	<b>(9,439)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment	6.2	340,827	456,059
<b>Total other comprehensive income</b>		<b>340,827</b>	<b>456,059</b>
<b>Total comprehensive result</b>		<b>351,789</b>	<b>446,620</b>

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



**City of Boroondara**  
**2021/2022 Financial Report**

## Balance Sheet

### As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1 (a)	71,342	82,942
Trade and other receivables	5.1 (d)	26,021	24,479
Other financial assets	5.1 (b)	79,000	12,009
Inventories	5.2 (a)	72	83
Other assets	5.2 (b)	2,373	2,682
<b>Total current assets</b>		<u>178,808</u>	<u>122,195</u>
<b>Non-current assets</b>			
Other financial assets	5.1 (b)	4	4
Property, infrastructure, plant and equipment	6.2	4,410,082	4,038,119
Right-of-use assets	5.8	8,552	10,533
Investment property	6.4	8,756	8,745
Intangible assets	5.2 (c)	269	584
<b>Total non-current assets</b>		<u>4,427,663</u>	<u>4,057,985</u>
<b>Total assets</b>		<u>4,606,471</u>	<u>4,180,180</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3 (a)	27,669	22,809
Trust funds and deposits	5.3 (b)	13,411	9,342
Unearned income/revenue	5.3 (c)	11,985	11,219
Provisions	5.5	19,750	20,723
Interest-bearing liabilities	5.4	7,579	1,674
Lease liabilities	5.8	3,206	3,144
<b>Total current liabilities</b>		<u>83,600</u>	<u>68,911</u>
<b>Non-current liabilities</b>			
Provisions	5.5	2,120	2,024
Provision for investments in joint ventures	6.3	6,040	6,727
Interest-bearing liabilities	5.4	83,960	21,539
Lease liabilities	5.8	5,447	7,464
<b>Total non-current liabilities</b>		<u>97,567</u>	<u>37,754</u>
<b>Total liabilities</b>		<u>181,167</u>	<u>106,665</u>
<b>Net assets</b>		<u>4,425,304</u>	<u>4,073,515</u>
<b>Equity</b>			
Accumulated surplus		935,342	926,851
Reserves	9.1	3,489,962	3,146,664
<b>Total equity</b>		<u>4,425,304</u>	<u>4,073,515</u>

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



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2021/2022 Financial Report

## Statement of Changes in Equity

### For the year ended 30 June 2022

		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
	Note	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Balance at beginning of the financial year		4,073,515	926,851	3,125,778	20,886
Surplus/(Deficit) for the year		10,962	10,962	-	-
Net asset revaluation increment/ (decrement)	6.2	340,827	-	340,827	-
Transfers to other reserves	9.1	-	(2,581)	-	2,581
Transfers from revaluation reserve	9.1	-	110	(110)	-
<b>Balance at end of the financial year</b>		<b>4,425,304</b>	<b>935,342</b>	<b>3,466,495</b>	<b>23,467</b>

		Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Balance at beginning of the financial year		3,626,895	939,324	2,668,868	18,703
Deficit for the year		(9,439)	(9,439)	-	-
Net asset revaluation increment/ (decrement)	6.2	456,059	-	456,059	-
Transfers to other reserves	9.1	-	(2,183)	-	2,183
Transfers from revaluation reserve	9.1	-	(851)	851	-
<b>Balance at end of the financial year</b>		<b>4,073,515</b>	<b>926,851</b>	<b>3,125,778</b>	<b>20,886</b>

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



**City of Boroondara**  
**2021/2022 Financial Report**

## Statement of Cash Flows

### For the year ended 30 June 2022

		2022	2021
		Inflows/ (Outflows)	Inflows/ (Outflows)
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Rates and charges		199,666	188,720
Statutory fees and fines		9,701	6,816
User charges		9,265	8,383
Grants - operating		17,497	16,106
Grants - capital		5,131	13,349
Contributions - monetary		5,050	7,276
Interest received		249	556
Trust funds and deposits taken		28,433	25,157
Other receipts		6,524	4,545
Net GST refund		15,521	15,474
Employee costs		(104,147)	(100,864)
Materials and services		(91,507)	(92,827)
Short-term, low value and variable lease payments		(914)	(1,067)
Trust funds and deposits repaid		(24,365)	(21,566)
Other payments		(7,587)	(7,437)
<b>Net cash provided by operating activities</b>	9.2	<b>68,517</b>	<b>62,621</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(76,317)	(75,229)
Proceeds from sale of property, infrastructure, plant and equipment		2	44
Payments for investments		(79,000)	(12,000)
Proceeds from sale of investments		12,009	15,069
<b>Net cash provided (used in) investing activities</b>		<b>(143,306)</b>	<b>(72,116)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(1,261)	(1,362)
Proceeds from borrowings		70,000	-
Repayments of borrowings		(1,674)	(1,573)
Interest paid - lease liability		(288)	(322)
Repayment of lease liabilities		(3,588)	(3,565)
<b>Net cash provided by/(used in) financing activities</b>		<b>63,189</b>	<b>(6,822)</b>
Net increase/(decrease) in cash and cash equivalents		(11,600)	(16,317)
Cash and cash equivalents at the beginning of the financial year		82,942	99,259
<b>Cash and cash equivalents at the end of the financial year</b>	5.1 (a)	<b>71,342</b>	<b>82,942</b>
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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



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## Statement of Capital Works

### For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
<b>Property</b>		
Land improvements	-	-
<b>Total land</b>	-	-
Buildings	45,707	41,655
Building improvements	83	289
<b>Total buildings</b>	<b>45,790</b>	<b>41,944</b>
<b>Total property</b>	<b>45,790</b>	<b>41,944</b>
 <b>Plant and equipment</b>		
Plant, machinery and equipment	1,182	2,687
Fixtures, fittings and furniture	1,348	569
Computers and telecommunications	456	874
Library books	928	787
<b>Total plant and equipment</b>	<b>3,914</b>	<b>4,917</b>
 <b>Infrastructure</b>		
Roads	10,275	11,797
Bridges	197	10
Footpaths and cycleways	2,096	3,291
Drainage	3,691	4,582
Recreational, leisure and community facilities	3,963	2,829
Parks, open space and streetscapes	6,408	5,502
Off street car parks	590	803
<b>Total infrastructure</b>	<b>27,220</b>	<b>28,814</b>
 <b>Total capital works expenditure</b>	<b>76,924</b>	<b>75,675</b>
 <b>Represented by:</b>		
New asset expenditure	15,987	11,844
Asset renewal expenditure	49,644	51,948
Asset expansion expenditure	8,852	9,190
Asset upgrade expenditure	2,441	2,693
<b>Total capital works expenditure</b>	<b>76,924</b>	<b>75,675</b>

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



**City of Boroondara  
2021/2022 Financial Report**

## **Notes to the Financial Statements**

### **Note 1 OVERVIEW**

#### **Introduction**

The Boroondara City Council, referred to as City of Boroondara throughout this report, was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. The Council's main office is located at 8 Inglesby Road, Camberwell.

#### **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 Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

### **Significant accounting policies**

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgments

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.



**City of Boroondara  
2021/2022 Financial Report**

## **Notes to the Financial Statements**

### **(b) Impacts of Covid-19**

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

- **Additional revenue** – Additional revenue of \$729K was received in grant funding during the year, largely relating to outdoor dining, business concierge and hospitality support programs.

- **Revenue reductions** – Revenue reductions of \$829K were experienced in the current financial year predominately due to reduced usage of the transfer station (\$521K) and capacity restrictions at the Freeway Golf Course (\$91K) and Boroondara Tennis Centre (\$58K).

- **Revenue foregone** – Council experienced foregone revenue of \$9.856 million predominately due to COVID-19 related closures and restrictions in the leisure and aquatic facility (\$3.9m) and in parking income (\$1m) and parking infringement income (\$4.8m) due to leniency in the enforcement of parking restrictions.

- **Additional costs** – Additional COVID-19 related expenditure was incurred of \$5.869 million was incurred predominately due to Boroondara's pandemic preparedness project (\$3.1m).



City of Boroondara  
2021/2022 Financial Report

## Notes to the Financial Statements

### Note 2.1 - Performance against budget

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

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

#### 2.1.1 Income and Expenditure

		Budget 2022	Actual 2022	Variance	Variance
	Ref	\$'000	\$'000	\$'000	%
<b>Income</b>					
Rates and charges		199,247	200,064	817	0.4%
Statutory fees and fines	1	16,516	11,404	(5,112)	-31%
User fees	2	15,750	9,382	(6,368)	-40%
Grants - operating	3	13,460	16,989	3,529	26%
Grants - capital	4	7,935	4,547	(3,388)	-43%
Contributions - monetary		5,150	4,901	(249)	-5%
Other income	5	5,605	6,632	1,027	18%
<b>Total income</b>		<b>263,663</b>	<b>253,919</b>	<b>(9,744)</b>	<b>-4%</b>
<b>Expenses</b>					
Employee costs	6	103,469	101,825	(1,644)	-2%
Materials and services	7	94,991	85,598	(9,393)	-10%
Depreciation		37,023	36,602	(421)	-1%
Amortisation - intangible assets	8	-	335	335	100%
Amortisation - right of use assets	9	4,108	3,614	(494)	-12%
Bad and doubtful debts	10	1,790	2,121	331	18%
Borrowing costs	11	2,121	1,419	(702)	-33%
Finance costs - leases	12	342	288	(54)	-16%
Other expenses		8,044	7,700	(344)	-4%
Net loss on disposal of property, infrastructure, plant and equipment	13	2,763	4,142	1,379	50%
Share of net losses of joint ventures	14	-	(687)	(687)	100%
<b>Total expenses</b>		<b>254,651</b>	<b>242,957</b>	<b>(11,694)</b>	<b>-5%</b>
<b>Surplus for the year</b>		<b>9,012</b>	<b>10,962</b>	<b>1,950</b>	



City of Boroondara  
2021/2022 Financial Report

## Notes to the Financial Statements

### Note 2.1 - Performance against budget (cont.)

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

##### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Statutory fees and fines are unfavourable to budget as a result of COVID-19 lockdowns and subsequent restrictions unknown at the time of adopting the 2021/22 budget. The adopted budget was reviewed as part of Council's amended budget process in September 2021 and in this process the statutory fees and fines were reduced to \$10.648 million to account for the expected impact of these events. Key areas adjusted were parking infringements (\$4.8million), street furniture (\$228K) and infringement court charges (\$800K).
2	User fees	User fees are unfavourable to budget primarily due to the closure, restrictions/capacity limits as a result of COVID-19 on Leisure and Aquatic Facilities. Further general waste fees were unfavourable to budget due to reduced usage in the transfer station during COVID-19 restrictions. These COVID related events were unknown at the time of adopting the 21/22 budget. The adopted budget was reviewed as part of Council's amended budget process in September 2021 and in this process the user fees were reduced to \$11.164 million to account for the expected impact of these events.
3	Grants - operating	The favourable variance to budget is predominately due to the bought forward FY22/23 Federal Financial Assistance grants, where 75% was received for 2022/23 financial year in advance, that amounted to \$3.93 million and was budgeted at 50%.
4	Grants - capital	Timing of projects completed and when the grant revenue was anticipated to be recognised as per the budget, still remains in the balance sheet as unearned income for actual results, as those projects have not yet been completed and hence the grant revenue cannot be recognised in accordance with AASB15. Additionally, there are also a number of grants that were budgeted to be received and will now be received in the 2022/23 financial year.
5	Other income	Other income was favourable to budget as a result of financial recovery from Ashburton Plant that was not budgeted (\$350K). In addition to this, asset protection income was \$450K favourable to budget. Council also received \$392K in unbudgeted income from the North East Link project for the temporary use of council land.
6	Employee Costs	This is primarily in Liveable Communities as staff vacancies remained unfilled due to a reduced demand for services as a result of COVID-19 and clients transitioning to alternate service providers.
7	Materials and services	Materials and services are favourable to budget by \$9.3 million. This was largely due to the completion rates on a number of operating projects that were carried forward from the previous financial year, that were impacted by the ongoing affects of COVID-19 restrictions and disruptions.
8	Amortisation - intangible assets	Amortisation for intangible assets was budgeted under depreciation and is disclosed separately in the financial statements.
9	Amortisation - right of use assets	Amortisation of vehicles are budgeted based on an assumption of a full fleet of vehicles and there is movement during the year that varies the amount of amortisation charge.
10	Bad and doubtful debts	Bad and doubtful debts expense is unfavourable as a result of an increase in the number of debts outstanding greater than 12 months.
11	Borrowing costs	Borrowing costs is favourable to budget, as there was a lower amount of loan interest paid as a result of taking out the Treasury Corporation of Victoria loan later than anticipated.
12	Finance costs - leases	Finance costs are budgeted based on an assumption of a full fleet of vehicles and there is movement during the year that varies the amount of finance costs incurred.
13	Net loss on disposal of property, infrastructure, plant and equipment	Net loss on disposal of property, infrastructure, plant and equipment is higher than budget due to the timing of the delivery of capital works.
14	Share of net losses of associates and joint ventures	The timing of budget information received for the Regional Landfill Clayton South does not allow for its inclusion in Council's budget document and hence this is not budgeted for.



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## Notes to the Financial Statements

### Note 2.1 - Performance against budget (cont.)

#### 2.1.2 Capital works

		Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %
	Ref				
<b>Property</b>					
Buildings	1	62,610	45,707	(16,903)	-27%
Building improvements		57	83	26	46%
<b>Total buildings</b>		<b>62,667</b>	<b>45,790</b>	<b>(16,877)</b>	<b>-27%</b>
<b>Total property</b>		<b>62,667</b>	<b>45,790</b>	<b>(16,877)</b>	<b>-27%</b>
<b>Plant and equipment</b>					
Plant, machinery and equipment	2	1,338	1,182	(156)	-12%
Fixtures, fittings and furniture	3	1,187	1,348	161	14%
Computers and telecommunications	4	1,381	456	(925)	-67%
Library books		990	928	(62)	-6%
<b>Total Plant and equipment</b>		<b>4,896</b>	<b>3,914</b>	<b>(982)</b>	<b>-20%</b>
<b>Infrastructure</b>					
Roads		11,196	10,275	(921)	-8%
Bridges	5	2,461	197	(2,264)	-92%
Footpaths and cycleways	6	3,110	2,096	(1,014)	-33%
Drainage	7	4,539	3,691	(848)	-19%
Recreational, leisure and community facilities		3,721	3,963	242	7%
Parks, open space and streetscapes		6,486	6,408	(78)	-1%
Off street car parks	8	2,510	590	(1,920)	-76%
<b>Total infrastructure</b>		<b>34,023</b>	<b>27,220</b>	<b>(6,803)</b>	<b>-20%</b>
<b>Total capital works expenditure</b>		<b>101,586</b>	<b>76,924</b>	<b>(24,662)</b>	<b>-24%</b>
New asset expenditure		18,108	15,987	(2,121)	-12%
Asset renewal expenditure		64,144	49,644	(14,500)	-23%
Asset expansion expenditure		14,182	8,852	(5,330)	-38%
Asset upgrade expenditure		5,152	2,441	(2,711)	-53%
<b>Total capital works expenditure</b>		<b>101,586</b>	<b>76,924</b>	<b>(24,662)</b>	<b>-24%</b>



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## Notes to the Financial Statements

### Note 2.1 - Performance against budget (cont.)

#### 2.1.2 Capital works (cont.)

##### (i) Explanation of material variations

Variance Item Ref	Explanation
1 Buildings	The favourable variance to budget is primarily due to project timing of multi year projects for Canterbury Community Precinct and the Diversity Inclusion and Participation (DIP) Pavilion Program where project timeframes were impacted to ensure adequate community consultation could be undertaken. In addition to this, the Fordham Kindergarten experienced timing delays to align construction work with term holidays across multi years.
2 Plant, machinery and equipment	Plant, machinery and equipment had a favourable variance to budget predominately due to an underspend on outdoor exercise equipment in parks (\$187K). This has been delayed due to the price of steel quoting and manufacturing of equipment due to COVID-19.
3 Fixtures, fittings and furniture	Furniture, fixtures and fittings had an unfavourable variance to budget predominately due to a higher than anticipated spend required on the maintenance sheds at the Freeway Golf Course which was approved through the amended budget process (\$251K).
4 Computers and telecommunications	Computers and telecommunications is favourable to budget predominately due to the timing of the spend on the future Information technology project (\$411K) and Audio-visual equipment replacement (\$103K). The COVID-19 restrictions and impact on global supply of technology equipment has impacted and delayed both projects.
5 Bridges	Bridges is favourable to budget as a result of the Walmer Street Bridge been delayed due to external statutory approvals to ensure compliance with heritage requirements and environmental values are protected. Works are anticipated to commence mid August 2022.
6 Footpaths and cycleways	Footpaths and cycleways is favourable to budget due to a delay in the Fordham Gardens Path Reconstruction project (\$463K). In addition to this, there was an underspend to budget in the safe on road bike lanes project (\$190K) due to delays in the design process, condition 4 footpath renewal (\$187K) due to issues with site access which impacted the ability to undertake the work and shared paths (\$120K) - delay due to more extensive community consultation undertaken.
7 Drainage	Drainage expenditure is favourable to budget, primarily due to the delay in authority approvals for Glenferrie Road drain relining with works been carried forward to 2022-23.
8 Off street car parks	Off street car parks is favourable to budget due to works planned to support broader building projects. Due to slightly delayed programs the funding has been scheduled to align with broader precinct works.



**City of Boroondara  
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## **Notes to the Financial Statements**

### **Note 2.2 Analysis of Council results by program**

**2.2.1** Council delivers its functions and activities through the following programs.

#### **Community Support**

The Community Support directorate are the community care specialists. We foster equity, connectedness and inclusivity through the provision of services & programs that meet community needs, support community jobs and a thriving economy, while also caring for our community throughout their health, learning and wellbeing journeys. The directorate includes the following departments:

- Arts & Culture
- Library Services
- Liveable Communities
- Community Planning & Development
- Health & Wellbeing Services

#### **Places and Spaces**

The Places and Spaces directorate are specialists who create and maintain our facilities, open spaces and infrastructure. We design and champion the physical environment to deliver the experience our community desires - we do this to keep Boroondara clean, beautiful and working. The directorate includes the following departments:

- Asset & Capital Planning
- Traffic & Transport
- Capital Projects
- Environmental Sustainability & Open Spaces
- Facilities, Waste & Infrastructure

#### **Urban Living**

The Urban Living directorate are specialists who provide expertise to our community in navigating land use and development controls, guidelines and policy applying to their property and neighbourhood. We endeavour to protect neighbourhood character, amenity and the health of the community to deliver high liveability and community prosperity. The directorate includes the following departments:

- Civic Services
- Building Services
- Strategic & Statutory Planning

#### **Customer and Transformation**

The Customer and Transformation directorate lead the organisation to place the customer at the centre of everything we do and deliver a more seamless, convenient and empowering customer experience when interacting with council. We also lead the organisation into the future, helping set the strategy for the organisation through two way consultation with our highly valued SMEs in conjunction with a strong customer segment insight led approach. We deliver on strategic priorities through our multi-disciplinary delivery and innovation teams that make sure to leverage business SMEs:

- Customer & Communication
- Strategy & Performance
- Transformation & Technology

#### **Office of the CEO**

Includes the Chief Executive Office, Chief Financial Office, People Culture & Development and Governance department. We provide a range of specialised expertise and support services to the rest of the business, enabling them to focus on their specialist areas to provide maximum value to our community and stakeholders.



**City of Boroondara**  
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## Notes to the Financial Statements

### Note 2.2. Analysis of Council results by program

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

	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Community Support	13,041	42,106	(29,065)	8,881	780,623
Customer and Transformation	1	38,365	(38,364)	-	15,476
Office of the CEO*	213,293	63,262	150,031	6,564	177,566
Places & Spaces	8,184	75,862	(67,678)	5,353	3,611,802
Urban Living	19,400	23,362	(3,962)	738	21,005
	<b>253,919</b>	<b>242,957</b>	<b>10,962</b>	<b>21,536</b>	<b>4,606,472</b>
	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
Community Support	11,848	43,223	(31,375)	7,634	703,638
Customer and Transformation	3	38,918	(38,915)	-	15,088
Office of the CEO*	206,301	71,645	134,657	5,367	119,712
Places & Spaces	8,583	73,657	(65,074)	5,647	3,322,478
Urban Living	13,244	21,975	(8,731)	713	19,263
	<b>239,979</b>	<b>249,418</b>	<b>(9,439)</b>	<b>19,361</b>	<b>4,180,180</b>

\* Includes Revenue and Property Services function - rates and charges income.



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## Notes to the Financial Statements

	2022	2021
	\$'000	\$'000

### 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 of a property is the value of the land and all improvements. The valuation base used to calculate general rates for 2021-22 was \$120.63 billion (2020-21: \$117.72 billion). The 2021-22 rate in the CIV dollar was 0.0013720849 (2020-21: 0.0013851685).

General rates	164,674	160,996
Supplementary rates and rate adjustments	1,336	895
Waste management charge	31,402	28,956
Special rates and charges	1,416	1,520
Interest on rates and charges	1,236	552
<b>Total rates and charges</b>	<b>200,064</b>	<b>192,919</b>

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

#### 3.2 - Statutory fees and fines

Infringements and costs	6,614	3,438
Court recoveries	586	354
Town planning fees	2,795	2,665
Land information certificates	251	203
Swimming pool registrations	239	182
Permits	919	570
<b>Total statutory fees and fines</b>	<b>11,404</b>	<b>7,412</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

Aged and health services	1,719	731
Building services	1,498	1,474
Road occupancy, traffic and drainage	901	693
Child care/children's program	209	172
Parking	1,199	529
Leisure centre and recreation	690	1,750
Registrations and other permits	1,415	1,382
Waste management services	833	892
Other fees and charges	918	693
<b>Total user fees</b>	<b>9,382</b>	<b>8,316</b>

<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	111	56
User fees recognised at a point in time	9,271	8,260
<b>Total user fees</b>	<b>9,382</b>	<b>8,316</b>

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



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## Notes to the Financial Statements

	2022	2021
	\$'000	\$'000

### 3.4 - Funding from other levels of government

Grants were received in respect of the following :

#### Summary of grants

Commonwealth funded grants	14,484	10,021
State funded grants	7,052	9,340
<b>Total grants received</b>	<b>21,536</b>	<b>19,361</b>

#### (a) Operating Grants

##### Recurrent - Commonwealth Government

Financial Assistance Grants	6,485	4,658
Aged care	3,545	2,715
Community transport	461	217
Senior citizen centres	149	147
Volunteer services	85	146

##### Recurrent - State Government

Aged care	847	835
Libraries	1,148	1,115
Maternal and child health	1,284	1,152
School crossing supervisors	703	689
Family and children	209	237
Community safety	258	194
Senior citizen centres	4	-
<b>Total recurrent operating grants</b>	<b>15,178</b>	<b>12,105</b>

##### Non-recurrent - Commonwealth Government

Environmental planning	-	22
Libraries	7	-
Other	4	14

##### Non-recurrent - State Government

Community health	42	104
Community safety	15	38
Community transport	642	283
Family and children	527	649
Maternal and child health	168	172
Libraries	43	47
Other	363	768
<b>Total non-recurrent operating grants</b>	<b>1,811</b>	<b>2,097</b>
<b>Total operating grants</b>	<b>16,989</b>	<b>14,202</b>

#### (b) Capital Grants

##### Recurrent - Commonwealth Government

Roads to recovery	594	594
<b>Total recurrent capital grants</b>	<b>594</b>	<b>594</b>



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## Notes to the Financial Statements

	2022 \$'000	2021 \$'000
<b>3.4 - Funding from other levels of government (cont.)</b>		
<b>Non-recurrent - Commonwealth Government</b>		
Community health	208	268
Environmental planning	431	419
Buildings	314	67
Community Safety	566	-
Footpath	-	534
Roads	1,605	154
Sports and recreation	30	66
<b>Non-recurrent - State Government</b>		
Roads	240	661
Environmental planning	33	50
Buildings	526	2,150
Sports and recreation	-	196
<b>Total non-recurrent capital grants</b>	<b>3,953</b>	<b>4,565</b>
<b>Total capital grants</b>	<b>4,547</b>	<b>5,159</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	2,486	1,080
Received during the financial year and remained unspent at balance date	1,905	1,586
Received in prior years and spent during the financial year	(1,733)	(180)
<b>Balance at year end</b>	<b>2,658</b>	<b>2,486</b>
<b>Capital</b>		
Balance at start of year	8,622	432
Received during the financial year and remained unspent at balance date	2,414	8,622
Received in prior years and spent during the financial year	(1,830)	(432)
<b>Balance at year end</b>	<b>9,206</b>	<b>8,622</b>
<b>(d) Recognition of grant income</b>		
Before recognising funding from government grants as revenue the Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with <i>AASB 15 Revenue from Contracts with Customers</i> . When both these conditions are satisfied, the Council:		
- identifies each performance obligation relating to revenue under the contract/agreement		
- determines the transaction price		
- recognises a contract liability for its obligations under the agreement		
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.		
Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies <i>AASB 1058 Income for Not-for-Profit Entities</i> .		
Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.		
<b>Income recognised under AASB 1058 Income of Not-for-Profit Entities</b>		
General purpose	6,485	4658
Other specific purpose grants	9,421	4700
<b>Revenue recognised under AASB 15 Revenue from Contracts with Customers</b>		
Specific purpose grants	5,630	10,003
	<b>21,536</b>	<b>19,361</b>



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## Notes to the Financial Statements

	2022 \$'000	2021 \$'000
<b>3.5 - Contributions</b>		
Monetary	4,901	6,994
Non-monetary	-	112
<b>Total contributions</b>	<b>4,901</b>	<b>7,106</b>

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

Off-street car park	-	76
Artworks	-	7
Other	-	29
<b>Total non-monetary contributions</b>	<b>-</b>	<b>112</b>

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

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

Proceeds of sale	2	44
Written down value of assets sold, replaced and disposed	(4,144)	(8,580)
<b>Total net loss on disposal of property, infrastructure, plant and equipment</b>	<b>(4,142)</b>	<b>(8,536)</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

Interest	300	496
Other rental income	3,185	1,863
Reimbursements	979	1,200
Right-of-way sales	147	49
Traffic and drainage	1,285	1,072
Other income	736	185
<b>Total other income</b>	<b>6,632</b>	<b>4,865</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.



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## Notes to the Financial Statements

2022	2021
\$'000	\$'000

### Note 4 - The cost of delivering services

#### 4.1 - (a) Employee Costs

Wages and salaries	78,938	78,731
Workcover	1,294	1,028
Casual staff	5,064	5,294
Annual leave and long service leave	7,718	7,567
Superannuation	8,203	7,709
Fringe benefits tax	356	397
Other	252	2,059
<b>Total employee costs</b>	<b>101,825</b>	<b>102,785</b>

#### (b) Superannuation

##### Superannuation

Council made contributions to the following funds:

##### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	310	386
Employer contributions - other funds	-	-
	<b>310</b>	<b>386</b>

Employer contributions payable at reporting date.	-	-
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##### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,792	3,535
Employer contributions - other funds	4,101	3,431
	<b>7,893</b>	<b>6,966</b>

Employer contributions payable at reporting date.	66	192
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Refer to Note 9.3 for further information relating to Council's superannuation obligations.



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## Notes to the Financial Statements

	2022 \$'000	2021 \$'000
<b>4.2 - Materials and services</b>		
Contract payments and trade services:		
-Waste Collection	11,992	11,561
-Open Space	11,477	12,235
-Minor Projects	10,465	10,747
-Leisure and Aquatic Centre	1,195	1,375
-Other*	14,546	12,145
Building maintenance	4,111	4,186
General maintenance	4,411	4,045
Plant and equipment maintenance	2,309	1,880
Utilities	4,554	4,747
Consultants and Professional services & advice	6,137	6,337
Office and administration	4,673	3,961
Financial and legal	1,986	1,979
Information technology	5,092	5,197
Insurance	2,495	2,715
Other	155	195
<b>Total materials and services</b>	<b>85,598</b>	<b>83,307</b>

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

\*This includes amounts individually under \$1 million where Council engages contractors to deliver services to the community.

### 4.3 - Depreciation

Property	14,445	13,917
Plant and equipment	4,189	4,150
Infrastructure	17,775	17,397
Investment property	193	191
<b>Total depreciation</b>	<b>36,602</b>	<b>35,655</b>

Refer to note 6.2 and 6.4 for a more detailed breakdown of depreciation charges and accounting policy.

### 4.4 - Amortisation - intangible assets

Software	335	498
<b>Total Amortisation - intangible assets</b>	<b>335</b>	<b>498</b>

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

### 4.5 - Amortisation - right of use assets

Vehicles	3,595	3,592
Other	19	19
<b>Total Amortisation - right of use assets</b>	<b>3,614</b>	<b>3,611</b>

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

### 4.6 - Bad and doubtful debts

Parking fines and local laws debtors	1,849	1,564
Other debtors	272	327
<b>Total bad and doubtful debts</b>	<b>2,121</b>	<b>1,891</b>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	2,750	2,462
New provisions recognised during the year	2,121	1,891
Amounts already provided for and written off as uncollectible	(2,057)	(1,603)
<b>Balance at end of year</b>	<b>2,814</b>	<b>2,750</b>

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



City of Boroondara  
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## Notes to the Financial Statements

	2022 \$'000	2021 \$'000
<b>4.7 - Borrowing costs</b>		
Interest on borrowings	1,419	1,339
<b>Total borrowing costs</b>	<b>1,419</b>	<b>1,339</b>
Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.		
<b>4.8 - Finance Costs - leases</b>		
Interest - Lease Liabilities	288	322
<b>Total finance costs</b>	<b>288</b>	<b>322</b>
<b>4.9 - Other expenses</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	92	70
Auditors' remuneration - Internal Audit	201	99
Councillors' allowances	480	416
Operating lease rentals	1,278	1,452
Community grants and contributions	2,866	2,971
Training and professional development	955	826
Special rate scheme expenditure	1,421	1,520
Other expenditure	407	367
<b>Total other expenses</b>	<b>7,700</b>	<b>7,721</b>

## Note 5 - Our financial position

### 5.1 - Financial assets

#### (a) Cash and cash equivalents

##### Current

Cash on hand	5	6
Cash at bank	25,920	29,592
Term deposits	45,417	53,344
<b>Total cash and cash equivalents</b>	<b>71,342</b>	<b>82,942</b>

#### (b) Other financial assets

##### Current

Term deposits - current	79,000	12,009
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##### Non-current

Unlisted shares	4	4
<b>Total other financial assets</b>	<b>79,004</b>	<b>12,013</b>
<b>Total financial assets</b>	<b>150,346</b>	<b>94,955</b>

#### (c) Restricted funds

Councils 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)	13,411	9,342
<b>Total restricted funds</b>	<b>13,411</b>	<b>9,342</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>57,931</b>	<b>73,600</b>



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## Notes to the Financial Statements

2022	2021
\$'000	\$'000

### 5.1 - Financial assets (cont.)

#### Intended allocations

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

- Cash held to fund carried forward capital works	13,530	15,711
- Cash held to fund carried forward priority projects	15,528	14,614
- Reserves (Note 9.1)	23,467	20,886
<b>Total funds subject to intended allocations</b>	<b>52,525</b>	<b>51,211</b>

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

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

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

The unlisted shares are held with Procurement Australasia Limited.

#### (d) Trade and other receivables

##### Current

##### Statutory receivables

Rates debtors	15,311	14,591
Parking infringement debtors	6,701	7,055
Provision for doubtful debts - parking infringements	(2,500)	(2,570)
Net GST receivable	2,369	1,872

##### Non statutory receivables

Other debtors	4,454	3,711
Provision for doubtful debts - other debtors	(314)	(180)
<b>Total current trade and other receivables</b>	<b>26,021</b>	<b>24,479</b>

#### Total trade and other receivables

<b>26,021</b>	<b>24,479</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.

#### (e) Ageing of receivables

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

Current (not yet due)	1,313	2,540
Past due by up to 30 days	821	566
Past due between 31 and 180 days	1,630	248
Past due between 181 and 365 days	446	75
Past due by more than 1 year	244	282
<b>Total trade and other receivables</b>	<b>4,454</b>	<b>3,711</b>

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

At balance date there were no other debtors representing financial assets that were impaired (2021: Nil).



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	2022 \$'000	2021 \$'000
<b>5.2 - Non - financial assets</b>		
<b>(a) Inventories</b>		
<b>Current</b>		
Inventories held for distribution	17	24
Inventories held for sale	55	59
<b>Total inventories</b>	<b>72</b>	<b>83</b>
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.		
<b>(b) Other assets</b>		
<b>Current</b>		
Prepayments	2,373	2,682
<b>Total other assets</b>	<b>2,373</b>	<b>2,682</b>
<b>(c) Intangible assets</b>		
<b>Non-current</b>		
Software	269	584
<b>Total intangible assets</b>	<b>269</b>	<b>584</b>
<b>Software</b>		
<b>Gross carrying amount</b>		
Balance at 1 July 2021	4,589	
Additions from internal developments	20	
<b>Balance at 30 June 2022</b>	<b>4,609</b>	
<b>Accumulated amortisation and impairment</b>		
Balance at 1 July 2021	(4,005)	
Amortisation expense	(335)	
<b>Balance at 30 June 2022</b>	<b>(4,340)</b>	
<b>Net book value at 30 June 2021</b>	<b>584</b>	
<b>Net book value at 30 June 2022</b>	<b>269</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.

### 5.3 - Payables, trust funds and deposits and unearned income/revenue

	2022 \$'000	2021 \$'000
<b>(a) Trade and other payables</b>		
<i>Non-statutory payables - Current</i>		
Trade and other payables	23,954	13,019
Accrued expenses	3,715	9,790
<b>Total trade and other payables</b>	<b>27,669</b>	<b>22,809</b>
<b>(b) Trust funds and deposits</b>		
<b>Current</b>		
Refundable deposits	12,462	8,093
Fire services levy	700	999
Refundable contract deposits and retention monies	4	4
Balwyn Rotary Sunday Market trust funds	245	246
<b>Total trust funds and deposits</b>	<b>13,411</b>	<b>9,342</b>



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## Notes to the Financial Statements

### 5.3 - Payables, trust funds and deposits and unearned income/revenue (cont.)

	2022	2021
	\$'000	\$'000
<b>(c) Unearned income/revenue</b>		
<b>Current</b>		
Grants received in advance - operating	2,658	2,486
Grants received in advance - capital	9,206	8,622
Other	121	111
<b>Total unearned income/revenue</b>	<b>11,985</b>	<b>11,219</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 quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

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

Trust funds held on behalf of the operation of the Balwyn Rotary Sunday Market - Profits and losses are transferred each month when they exceed \$5,000.

### 5.4 - Interest-bearing liabilities

	2022	2021
	\$'000	\$'000
<b>Current</b>		
Treasury Corporation of Victoria borrowings - secured	5,789	-
Other Borrowings - secured	1,790	1,674
	<b>7,579</b>	<b>1,674</b>
<b>Non-current</b>		
Treasury Corporation of Victoria borrowings - secured	64,211	-
Other Borrowings - secured	19,749	21,539
	<b>83,960</b>	<b>21,539</b>
<b>Total</b>	<b>91,539</b>	<b>23,213</b>

Borrowings are secured over the General Rates of Council.

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

Not later than one year	7,579	1,674
Later than one year and not later than five years	33,238	7,696
Later than five years	50,722	13,843
	<b>91,539</b>	<b>23,213</b>

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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



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## Notes to the Financial Statements

### 5.5 - Provisions

	Annual leave	Long service leave	Rostered day off	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2022</b>				
Balance at beginning of the financial year	7,939	14,299	509	22,747
Additional provisions	7,231	4,705	2,229	14,165
Amounts used	(7,418)	(5,216)	(2,215)	(14,849)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(61)	(132)	-	(193)
Balance at the end of the financial year	<b>7,691</b>	<b>13,656</b>	<b>523</b>	<b>21,870</b>
<b>2021</b>				
Balance at beginning of the financial year	6,930	13,934	542	21,406
Additional provisions	8,010	3,143	2,509	13,662
Amounts used	(7,008)	(2,769)	(2,542)	(12,319)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	7	(9)	-	(2)
Balance at the end of the financial year	<b>7,939</b>	<b>14,299</b>	<b>509</b>	<b>22,747</b>
<b>(a) Employee provisions</b>			<b>2022</b>	<b>2021</b>
<b>Current provisions expected to be settled within 12 months</b>			<b>\$'000</b>	<b>\$'000</b>
Annual leave			5,500	5,551
Long service leave			1,603	1,624
Other			523	509
			<b>7,626</b>	<b>7,684</b>
<b>Current provisions expected to be settled after 12 months</b>				
Annual leave			2,191	2,388
Long service leave			9,933	10,651
			<b>12,124</b>	<b>13,039</b>
Total current employee provisions			<b>19,750</b>	<b>20,723</b>
<b>Non-current</b>				
Long service leave			2,120	2,024
Total non-current employee provisions			<b>2,120</b>	<b>2,024</b>
Aggregate carrying amount of employee provisions:				
Current			19,750	20,723
Non-current			2,120	2,024
Total aggregate carrying amount of employee provisions			<b>21,870</b>	<b>22,747</b>

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

#### *Annual leave*

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

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

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

#### *Long service leave*

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

Key assumptions:	<b>2022</b>	<b>2021</b>
- discount rate	3.69%	1.49%
- wage inflation rate	1.80%	1.80%



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	2022	2021
	\$'000	\$'000
<b>5.6 - Financing arrangements</b>		
Council has the following funding arrangements in place as at 30 June 2022:		
Credit card facilities	357	300
Other borrowing facilities	21,539	23,213
Treasury Corporation of Victoria facilities	70,000	-
Total facilities	<b>91,896</b>	<b>23,513</b>
Used facilities	<b>91,605</b>	<b>23,318</b>
Unused facilities	<b>291</b>	<b>195</b>

### 5.7 - Commitments

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

**(a) Commitments for expenditure**

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
<b>Operating</b>					
Cleaning contracts for council buildings	2,632	2,562	2,555	-	7,749
Consultancies	805	380	920	-	2,105
Home care services	61	-	-	-	61
Information systems and technology	1,174	267	-	-	1,441
Maintenance	325	8	-	-	333
Open space management	16,929	11,984	25,483	1,020	55,416
Other	8,378	7,208	4,876	167	20,629
Food and garden organics processing	6,249	6,817	20,452	568	34,086
Recycling	1,670	986	428	-	3,084
<b>Total</b>	<b>38,223</b>	<b>30,212</b>	<b>54,714</b>	<b>1,755</b>	<b>124,904</b>
<b>Capital</b>					
Buildings	19,154	5,001	1,685	-	25,840
Computers and telecommunications	419	68	-	-	487
Drainage	971	-	-	-	971
Footpaths, shopping centre improvements, laneways, car parks	2,900	-	-	-	2,900
Information systems and technology	381	262	256	-	899
Library materials - Books and furnishings	2,244	2,250	4,482	-	8,976
Open Space Management	709	710	803	-	2,222
Other capital related	4,192	3,138	629	-	7,959
Recreational, leisure and community facilities	648	431	-	-	1,079
Landscaping	1,175	1,178	3,521	-	5,874
Roads	3,560	-	-	-	3,560
<b>Total</b>	<b>36,353</b>	<b>13,038</b>	<b>11,376</b>	<b>-</b>	<b>60,767</b>



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## Notes to the Financial Statements

### 5.7 - Commitments (cont.)

2021	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Cleaning contracts for council buildings	116	78	-	-	194
Consultancies	1,045	741	659	-	2,445
Home care services	179	61	-	-	240
Information systems and technology	1,545	1,174	267	-	2,986
Maintenance	1,336	325	8	-	1,669
Open space management	11,103	8,881	10,010	-	29,994
Other	9,250	7,101	8,125	448	24,924
Recycling	3,089	1,670	1,415	-	6,174
<b>Total</b>	<b>27,663</b>	<b>20,031</b>	<b>20,484</b>	<b>448</b>	<b>68,626</b>
<b>Capital</b>					
Buildings	41,191	13,218	351	-	54,760
Computers and telecommunications	1,159	419	68	-	1,646
Drainage	4,858	971	-	-	5,829
Footpaths, shopping centre improvements, laneways, car parks	8,641	2,900	-	-	11,541
Information systems and technology	311	311	346	-	968
Library materials - Books and furnishings	2,312	2,244	4,488	-	9,044
Open Space Management	110	110	330	25	575
Other capital related	3,793	3,783	3,657	-	11,233
Recreational, leisure and community facilities	909	648	431	-	1,988
Landscaping	1,175	1,175	3,524	-	5,874
Roads	6,336	555	-	-	6,891
<b>Total</b>	<b>70,795</b>	<b>26,334</b>	<b>13,195</b>	<b>25</b>	<b>110,349</b>

**(b) Operating lease receivables**  
**Operating lease receivables**

The Council has entered into commercial property leases on its investment properties as disclosed in note 6.4. These properties held under operating leases have remaining non-cancellable lease terms of between 0 and 23 years. All leases include a CPI based revision of the rental charge annually.

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

	2022 \$'000	2021 \$'000
Not later than one year	266	672
Later than one year and not later than five years	1,650	1,330
Later than five years	4,405	4,575
	<b>6,321</b>	<b>6,577</b>



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## Notes to the Financial Statements

### 5.8 - Leases

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

- The contract involves the use of an identified asset;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The contract 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 re-measured 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. Peppercorn Leases that Council has entered into include leasing of land, car parks and footpaths. Due to the temporary relief granted under AASB 2018-8, peppercorn leases have not been recognised in the balance sheet.



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## Notes to the Financial Statements

### 5.8 - Leases (cont.)

Right-of-use assets	Vehicles \$'000	Other \$'000	Total \$'000
Balance at 1 July 2021	10,500	33	10,533
Additions	1,633	-	1,633
Amortisation charge	(3,595)	(19)	(3,614)
Balance at 30 June 2022	<u>8,538</u>	<u>14</u>	<u>8,552</u>

Lease liabilities	2022 \$'000	2021 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	3,415	3,407
One to five years	4,936	6,747
More than five years	846	1,191
Total undiscounted lease liabilities as at 30 June:	<u>9,197</u>	<u>11,345</u>

Lease liabilities included in the Balance Sheet at 30 June:

Current	3,206	3,144
Non-current	5,447	7,464
Total lease liabilities	<u>8,653</u>	<u>10,608</u>

#### Short-term and low value leases

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

Expenses relating to:	2022 \$'000	2021 \$'000
Short-term leases	284	256
Leases of low value assets	537	558
Total	<u>821</u>	<u>814</u>

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

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

Payable:		
Within one year	538	689
Later than one year but not later than five years	2,151	746
Total lease commitments	<u>2,689</u>	<u>1,435</u>

### Note 6 - Assets we manage

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

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification. Council has no non-current assets held for sale at reporting date.



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## Notes to the Financial Statements

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

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

	Carrying amount 30 June 2021 \$'000	Additions \$'000	Contributions \$'000	Revaluations \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Impairment Reversals \$'000	**Transfers \$'000	Carrying amount 30 June 2022 \$'000
Land	3,113,445	-	-	280,581	-	-	-	-	-	3,394,026
Buildings	316,645	-	-	42,925	(14,447)	(611)	-	-	8,748	353,260
Plant and Equipment	21,637	-	-	-	(4,188)	(651)	-	-	3,703	20,500
Infrastructure	541,564	-	-	17,321	(17,774)	(2,882)	-	-	21,352	559,581
Work in progress	44,828	76,924	-	-	-	-	(5,010)	-	(34,027)	82,715
	<b>4,038,119</b>	<b>76,924</b>	<b>-</b>	<b>340,827</b>	<b>(36,409)</b>	<b>(4,144)</b>	<b>(5,010)</b>	<b>-</b>	<b>(224)</b>	<b>4,410,082</b>

#### Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	**Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Buildings	32,144	45,791	(9,082)	(1,176)	67,677
Plant and Equipment	264	3,914	(2,728)	(1,091)	359
Infrastructure	12,420	27,219	(22,217)	(2,743)	14,679
Total	<b>44,828</b>	<b>76,924</b>	<b>(34,027)</b>	<b>(5,010)</b>	<b>82,715</b>

\* The \$0.22m is additions for Investment Property and Intangibles shown in Note 6.4 and Note 5.2 (c) respectively.

\*\* The differences between the two transfer totals relate to the classification of each project as budgeted, which appears in the WIP disclosure, compared to the actual classification of the asset determined at the time of capitalisation which appears in the summary of property, infrastructure, plant and equipment table.



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## Notes to the Financial Statements

### 6.2 - Property, infrastructure, plant and equipment (cont.)

#### (a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total Land \$'000	Buildings - non specialised \$'000	Total Buildings \$'000	Work in Progress \$'000	TOTAL PROPERTY \$'000
At fair value 1 July 2021	2,690,827	422,618	3,113,445	512,658	512,658	32,144	3,658,247
Accumulated depreciation at 1 July 2021	-	-	-	(196,013)	(196,013)	-	(196,013)
	2,690,827	422,618	3,113,445	316,645	316,645	32,144	3,462,234
<b>Movements in fair value</b>							
Additions	-	-	-	8,749	8,749	45,791	54,540
Revaluation	254,725	25,856	280,581	17,366	17,366	-	297,947
Disposals	-	-	-	(1,284)	(1,284)	-	(1,284)
Write-offs	-	-	-	-	-	(1,176)	(1,176)
Transfers in (out)	-	-	-	-	-	(9,082)	(9,082)
	254,725	25,856	280,581	24,831	24,831	35,533	340,945
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	-	-	(14,447)	(14,447)	-	(14,447)
Accumulated depreciation of disposals	-	-	-	672	672	-	672
Revaluation	-	-	-	25,559	25,559	-	25,559
	-	-	-	11,784	11,784	-	11,784
At fair value 30 June 2022	2,945,552	448,474	3,394,026	537,489	537,489	67,677	3,999,192
Accumulated depreciation at 30 June 2022	-	-	-	(184,229)	(184,229)	-	(184,229)
Carrying amount	2,945,552	448,474	3,394,026	353,260	353,260	67,677	3,814,963



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## Notes to the Financial Statements

### 6.2 - Property, infrastructure, plant and equipment (cont.)

#### (b) Plant and Equipment

	Plant, machinery and equipment	Fixtures fittings and furniture	Computers and telecommunication	Library books	Work in Progress	TOTAL PLANT AND EQUIPMENT
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	42,196	9,909	7,757	2,226	264	62,352
Accumulated depreciation at 1 July 2021	(27,361)	(7,316)	(4,708)	(1,066)	-	(40,451)
	14,835	2,593	3,049	1,160	264	21,901
<b>Movements in fair value</b>						
Additions	1,784	380	609	930	3,914	7,617
Disposals	(16)	(2)	-	(1,247)	-	(1,265)
Write-offs	-	-	-	-	(1,091)	(1,091)
Transfers in (out)	-	-	-	-	(2,728)	(2,728)
	1,768	378	609	(317)	95	2,533
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(2,273)	(584)	(1,014)	(318)	-	(4,189)
Accumulated depreciation of disposals	15	2	-	597	-	614
	(2,258)	(582)	(1,014)	279	-	(3,575)
At fair value 30 June 2022	43,964	10,287	8,366	1,909	359	64,885
Accumulated depreciation at 30 June 2022	(29,619)	(7,898)	(5,722)	(787)	-	(44,026)
Carrying amount	14,345	2,389	2,644	1,122	359	20,859



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## Notes to the Financial Statements

### 6.2 - Property, infrastructure, plant and equipment (cont.)

#### (c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Off street car parks	Work in Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	626,737	15,343	153,023	220,428	55,952	40,929	40,447	12,420	1,165,279
Accumulated depreciation at 1 July 2021	(361,401)	(9,607)	(89,031)	(98,222)	(23,671)	(14,127)	(15,236)	-	(611,295)
	265,336	5,736	63,992	122,206	32,281	26,802	25,211	12,420	553,984
<b>Movements in fair value</b>									
Additions	9,159	-	3,068	3,394	1,784	3,543	404	27,219	48,571
Contributions	-	-	-	-	-	-	-	-	-
Revaluation	28,020	128	2,833	17,936	-	-	762	-	49,679
Disposals	(3,908)	-	(1,843)	(210)	-	(138)	-	-	(6,099)
Write-offs	-	-	-	-	-	-	-	(2,743)	(2,743)
Transfers in (out)	-	-	-	-	-	-	-	(22,217)	(22,217)
	33,271	128	4,058	21,120	1,784	3,405	1,166	2,259	67,191
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	(8,453)	(88)	(1,881)	(2,628)	(2,288)	(1,749)	(687)	-	(17,774)
Revaluation	(22,212)	(43)	(1,915)	(7,916)	-	-	(272)	-	(32,358)
Accumulated depreciation of disposals	2,209	-	706	208	-	92	2	-	3,217
	(28,456)	(131)	(3,090)	(10,336)	(2,288)	(1,657)	(957)	-	(46,915)
At fair value 30 June 2022	660,008	15,471	157,081	241,548	57,736	44,334	41,613	14,679	1,232,470
Accumulated depreciation at 30 June 2022	(389,857)	(9,738)	(92,121)	(108,558)	(25,959)	(15,784)	(16,193)	-	(658,210)
Carrying amount	270,151	5,733	64,960	132,990	31,777	28,550	25,420	14,679	574,260
<b>Total property, infrastructure, plant and equipment</b>									4,410,082



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## Notes to the Financial Statements

### 6.2 - Property, infrastructure, plant and equipment (cont.)

#### *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.

Asset recognition thresholds and depreciation periods	Depreciation Period Years	Threshold Limit \$'000
<b>Property</b>		
Land	N/A	-
<b>Buildings</b>		
Buildings	2-55	5
<b>Plant and Equipment</b>		
Plant, machinery and equipment	5-30	2
Arts and heritage	100	0
Fixtures, fittings and furniture	10	2
Computers and telecommunications	3-5	2
Library books	6	0
<b>Infrastructure</b>		
Road pavements and seals	30-100	7
Road substructure	100-150	7
Road kerb, channel and minor culverts	75	7
Bridges deck	50-130	7
Bridges substructure	50-130	7
Footpaths and cycle ways	20-85	7
Drainage	20-100	7
Recreational, leisure and community facilities	10-80	2
Parks, open space and streetscapes	15-100	2
Off street car parks	30-100	7
Intangible assets	3	5

#### *Land under roads*

Council recognises land under roads it controls on a fair value basis.

#### *Depreciation and amortisation*

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

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



## Notes to the Financial Statements

### 6.2 - Property, infrastructure, plant and equipment (cont.)

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Straight line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

#### *Repairs and maintenance*

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

#### *Leasehold improvements*

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. Council does not have any leasehold improvements at reporting date.

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

Valuation of land and buildings were undertaken by a qualified independent valuer Matheson Stephen Valuations Property Consultants. 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.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	186,706	261,768	Jan-22
Specialised land	-	73,971	2,871,581	Jan-22
Buildings	-		353,261	Jan-22
Total	-	260,677	3,486,610	



## Notes to the Financial Statements

### 6.2 - Property, infrastructure, plant and equipment (cont.)

#### Valuation of infrastructure

Valuation of infrastructure assets has been determined by Eric van Toor, Coordinator Strategic Asset Management, Bachelor of Engineering, Civil Engineering.

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	270,154	Jun-22
Bridges	-	-	5,732	Jun-22
Footpaths and cycleways	-	-	64,959	Jun-22
Drainage	-	-	132,989	Jun-22
Recreational, leisure and community facilities	-	-	31,777	
Parks, open space and streetscapes	-	-	28,550	
Other infrastructure	-	-	25,420	Jun-22
Total	-	-	559,581	

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

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$37 and \$12,593 per square metre.

**Specialised buildings** are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 25 years to 55 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 150 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2022 \$'000	2021 \$'000
<b>Reconciliation of specialised land</b>		
Land under roads	2,170	2,220
Parks and reserves	1,248,579	1,166,097
Sports Grounds	1,065,405	941,895
Other	629,398	580,615
<b>Total specialised land</b>	<b>2,945,552</b>	<b>2,690,827</b>



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	2022	2021
	\$'000	\$'000

### 6.3 - Investments in joint arrangements

#### Background

The City of Boroondara has entered into a joint venture arrangement called Regional Landfill Clayton South, which has developed a refuse tip for a number of municipalities. The Council has a 35.22% interest in the assets, liabilities, revenues and expenses of the joint venture. The remaining joint venture partners include City of Glen Eira, City of Monash, City of Whitehorse and City of Stonnington.

#### **Council's share of accumulated surplus(deficit)**

Council's share of accumulated surplus(deficit) at start of year	(8,367)	(4,614)
* Reported surplus/(deficit) for year	687	(3,753)
Council's share of accumulated deficit at end of year	<b>(7,680)</b>	<b>(8,367)</b>

#### **Movement in carrying value of specific investment**

Carrying value of investment at start of year	(6,727)	(2,974)
* Share of surplus/(deficit) for year	687	(3,753)
Carrying value of investment at end of year	<b>(6,040)</b>	<b>(6,727)</b>

\* Share of surplus/(deficit) is based on unaudited financial statements for 2022.

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

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

Council continues to account for Clayton Landfill under the equity method on the basis that Clayton Landfill operating results, assets and liabilities are not material individually or in aggregate. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income respectively.

The landfill closed on the 29 January 2016. At balance date the landfill itself retains sufficient liquidity however it is likely that Council funds will be required to be expended in support of the entity to fund the post closure capital works and the post closure after care expenses.

Rehabilitation of the landfill comprising construction of the final cap and the installation of landfill gas and leachate extraction infrastructure has been completed. Remaining capital works to be undertaken is the construction of a stormwater detention basin. The provision was formally assessed in 2015. A review was undertaken during the 2020-21 financial year by Mackenzie Environmental Pty Ltd on estimates of future costs to operate the closed landfill site in accordance with the *Environment Protection Act 2017* (the Act). The increase in provision relates to the expected post closure maintenance period costs after capping works are completed. The provision is based on the best information available to management at year end. This indicates aftercare costs of approximately \$1.034 million annually.



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## Notes to the Financial Statements

	2022 \$'000	2021 \$'000
<b>6.4 - Investment property</b>		
<b>Gross carrying amount</b>		
Balance at beginning of financial year	10,552	10,533
Additions	204	19
Balance at end of financial year	<u>10,756</u>	<u>10,552</u>
<b>Accumulated amortisation and impairment</b>		
Balance at beginning of the year	(1,807)	(1,618)
Depreciation expense	(193)	(189)
Balance at end of financial year	<u>(2,000)</u>	<u>(1,807)</u>
Net book value	<u>8,756</u>	<u>8,745</u>

Investment property is carried at cost and is depreciated on a straight line basis.

Investment property, comprising fresh food market stalls and a commercial shop is held to generate long-term rental yields. All tenant leases are on an arms length basis. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Rental income from the leasing of investment properties is recognised in the Comprehensive Income Statement on a straight line basis over the lease term.



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## Notes to the Financial Statements

### Note 7 - People and relationships

#### 7.1 Council and key management remuneration

##### (a) Related parties

Parent entity

City of Boroondara is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

##### (b) Key management personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of City of Boroondara. The Councillors, Chief Executive Officer, Executive Directors, Executive Manager People Culture and Development, Chief Financial Officer and Executive Manager Governance are deemed KMP.

##### Councillors

Councillor Jane Addis (Mayor: 23 November 2021 - current)  
Councillor Garry Thompson (Mayor: 1 July 2021 - 22 November 2021)  
Councillor Wes Gault (Deputy Mayor: 23 November 2021 - current)  
Councillor Cynthia Watson (Deputy Mayor: 1 July 2021 - 22 November 2021)  
Councillor Jim Parke  
Councillor Lisa Hollingsworth  
Councillor Felicity Sinfield  
Councillor Susan Biggar  
Councillor Di Gillies  
Councillor Victor Franco  
Councillor Nick Stavrou

**Chief Executive Officer** Phillip Storer

##### Other KMPs

Director Customer and Transformation - Bruce Dobson (1 July 2021 - 7 September 2021)  
Director Customer and Transformation - Mans Bassi (8 September 2021 - current)  
Director Places and Spaces - Daniel Freer  
Director Community Support - Carolyn McClean  
Director Urban Living - Shiran Wickramasinghe (1 July 2021 - 27 July 2021)  
Director Urban Living - Nick Lund (28 July 2021 - 26 September 2021)  
Director Urban Living - Scott Walker (27 September - current)  
Executive Manager People Culture and Development - Carolyn Terry (1 July 2021 - 28 January 2022)  
Executive Manager People Culture and Development - Ashlee Camm (29 January 2022 - 10 May 2022)  
Executive Manager People Culture and Development - Mary-Anne Palatsides (11 May 2022 to current)  
Executive Manager Governance and Legal - Bryan Wee (2 May 2022 - current)  
Chief Financial Officer - Amy Montalti (22 November 2021 - current)

	2022	2021
	No.	No.
Total Number of Councillors	11	15
Chief Executive Officer and other Key Management Personnel	13	6
<b>Total Key Management Personnel</b>	<b>24</b>	<b>21</b>

##### (c) Remuneration of key management personnel

Total remuneration of key management personnel was as follows:

	2022	2021
	\$'000	\$'000
Short-term benefits	2,737	2,297
Post-employment benefits	162	179
Long-term benefits	44	48
Termination costs	244	-
<b>Total</b>	<b>3,187</b>	<b>2,524</b>



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## Notes to the Financial Statements

### 7.1 Council and key management remuneration (cont.)

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

	2022 No.	2021 No.
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	1	5
\$30,000 - \$39,999	9	4
\$40,000 - \$49,999	2	-
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	1	-
\$130,000 - \$139,999	1	-
\$150,000 - \$159,999	1	-
\$190,000 - \$199,999	1	-
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	1	-
\$280,000 - \$289,999	-	1
\$330,000 - \$339,999	-	4
\$340,000 - \$349,999	2	-
\$350,000 - \$359,999	1	-
\$470,000 - \$479,999	-	1
\$480,000 - \$489,999	1	-
	<b>24</b>	<b>21</b>

#### (d) Senior Officer Remuneration

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

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

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

Income range:	2022 No.	2021 No.
< \$151,000	11	17
\$151,000 - \$159,999	1	10
\$160,000 - \$169,999	2	12
\$170,000 - \$179,999	10	6
\$180,000 - \$189,999	8	5
\$190,000 - \$199,999	6	2
\$200,000 - \$209,999	8	3
\$210,000 - \$219,999	4	5
\$220,000 - \$229,999	3	3
\$230,000 - \$239,999	4	2
\$240,000 - \$249,999	1	1
\$250,000 - \$259,999	1	-
\$260,000 - \$269,999	1	-
\$280,000 - \$289,999	-	1
\$300,000 - \$309,999	1	-
\$310,000 - \$319,999	-	1
	<b>61</b>	<b>68</b>

Total remuneration for the reporting year for Senior Officers included above, amounted to:

\$'000	\$'000
<b>11,071</b>	<b>10,825</b>



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## Notes to the Financial Statements

### 7.2 Related party disclosure

**(a) Transactions with related parties**

There were no transactions entered into with related parties.

**(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 aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the Council to a responsible person of the Council, or a related party of a responsible person.

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

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



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## Notes to the Financial Statements

### Note 8 - Managing uncertainties

#### 8.1 - Contingent assets and liabilities

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

##### (a) Contingent assets

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

As part of the State Government's North East Link project, there will be compulsory acquisition of Council land to enable the project to progress. Council will be compensated in accordance with the Land Acquisition and Compensation Act 1986.

##### (b) Contingent liabilities

Contingent liabilities are:

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

The following are potential contingencies to be considered by council:

##### 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. In addition to the disclosed contributions, City of Boroondara has not paid any unfunded liability payments to Vision Super (2020-21 \$nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

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

Council has guaranteed one loan for Hawthorn Malvern Hockey Club in the amount of \$300,000.

#### 8.2 - Change in accounting standards

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



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## Notes to the Financial Statements

### 8.3 - Financial instruments

#### (a) Objectives and policies

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

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

##### **Interest rate risk**

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

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

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

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

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

#### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. Council have exposure to credit risk on all financial assets included in our balance sheet. 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 our investment policy.



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## **Notes to the Financial Statements**

### **8.3 - Financial instruments (cont.)**

#### **(c) Credit risk (cont.)**

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 we 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.

#### **(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or 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:

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

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

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

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

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

#### **(e) Sensitivity disclosure analysis**

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

- A parallel shift of +1.75% and -1.75% in market interest rates (AUD) from year-end rates of 0.85%.

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.



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## Notes to the Financial Statements

### 8.4 - Fair value measurement

#### *Fair value hierarchy*

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

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

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.

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

#### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use 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 5 years. The valuation is performed either by experienced Council officers or independent experts.

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

#### *Impairment of assets*

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.



City of Boroondara  
2021/2022 Financial Report

## Notes to the Financial Statements

### 8.5 - Events occurring after balance date

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

### Note 9 - Other matters

#### 9.1 - Reserves

	Balance at beginning of reporting period	Increment (decrement)	Reversal of previous revaluations for assets disposed	Balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000
<b>(a) Asset revaluation reserves</b>				
<b>2022</b>				
<b>Property</b>				
Land	2,797,547	280,581	-	3,078,128
Buildings	70,710	42,925	(110)	113,525
	<b>2,868,257</b>	<b>323,506</b>	<b>(110)</b>	<b>3,191,653</b>
<b>Infrastructure</b>				
Roads	170,487	5,808	-	176,295
Bridges	5,253	85	-	5,338
Footpaths and cycleways	38,415	918	-	39,333
Drainage	29,816	10,020	-	39,836
Carparks and access roads	13,550	490	-	14,040
	<b>257,521</b>	<b>17,321</b>	<b>-</b>	<b>274,842</b>
<b>Total asset revaluation reserves</b>	<b>3,125,778</b>	<b>340,827</b>	<b>(110)</b>	<b>3,466,495</b>
<b>2021</b>				
<b>Property</b>				
Land	2,341,488	456,059	-	2,797,547
Buildings and other structures	69,859	-	851	70,710
	<b>2,411,347</b>	<b>456,059</b>	<b>851</b>	<b>2,868,257</b>
<b>Infrastructure</b>				
Roads	170,487	-	-	170,487
Bridges	5,253	-	-	5,253
Footpaths and cycleways	38,415	-	-	38,415
Drainage	29,816	-	-	29,816
Carparks and access roads	13,550	-	-	13,550
	<b>257,521</b>	<b>-</b>	<b>-</b>	<b>257,521</b>
<b>Total asset revaluation reserves</b>	<b>2,668,868</b>	<b>456,059</b>	<b>851</b>	<b>3,125,778</b>

The asset revaluation reserve is used to record the movement in fair value of Council's assets over time.



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## Notes to the Financial Statements

### 9.1 - Reserves (cont.)

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2022</b>				
Strategic Acquisition fund	434	-	-	434
Defined Benefit future call up fund	8,000	1,000	-	9,000
Open Space development fund	12,452	1,581	-	14,033
<b>Total other reserves</b>	<b>20,886</b>	<b>2,581</b>	<b>-</b>	<b>23,467</b>
<b>2021</b>				
Strategic Acquisition fund	434	-	-	434
Defined Benefit future call up fund	7,000	1,000	-	8,000
Open Space development fund	11,269	1,183	-	12,452
<b>Total other reserves</b>	<b>18,703</b>	<b>2,183</b>	<b>-</b>	<b>20,886</b>

The Strategic Acquisition fund will be available for the purpose of acquiring new strategic assets where they are required for the provision of community services or for additional public open space.

The Open Space development fund allows for the acquisition of land within the municipality for conversion to public open space as it becomes available.

The Defined Benefit future call up fund has been created for use should a shortfall in the defined benefit superannuation fund be called by the Local Government Defined Benefit Superannuation Fund trustee.



**City of Boroondara**  
**2021/2022 Financial Report**

## Notes to the Financial Statements

	2022 \$'000	2021 \$'000
<b>9.2 - Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the period	10,962	(9,439)
Depreciation and amortisation	40,551	39,764
Loss on disposal of property, infrastructure, plant and equipment	4,142	8,536
Share of joint venture (profits) / losses net of distributions	(687)	3,753
Impairment losses & reversals of impairment losses		
Works in progress not capitalised (expensed)	5,010	4,558
Contributions of non-monetary assets	-	(112)
Borrowing costs	1,419	1,339
Finance costs leases	288	322
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(919)	(3,020)
(Increase)/decrease in prepayments	309	(726)
(Increase)/decrease in inventories	11	(52)
(Decrease)/increase in trust funds and deposits	4,069	3,590
(Decrease)/increase in trade and other payables	3,495	3,130
(Decrease)/increase in unearned income/revenue		
(Decrease)/increase in other liabilities	766	9,650
(Decrease)/increase in provisions	(899)	1,328
Net cash provided by operating activities	<b>68,517</b>	<b>62,621</b>

### 9.3 - Superannuation

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

#### Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

#### Defined Benefit

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

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



**City of Boroondara**  
**2021/2022 Financial Report**

## Notes to the Financial Statements

### 9.3 - Superannuation (cont.)

#### **Funding arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

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

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

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

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

Net investment returns 5.5% pa  
 Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter  
 Price inflation (CPI) 3% pa.

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

#### **Employer contributions**

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

On the basis of the results of the 2021 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 2022, this rate was 10% of members' salaries (9.5% in 2020-2021). 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.

##### *(b) Funding Calls*

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

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

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

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

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

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



City of Boroondara  
2021/2022 Financial Report

## Notes to the Financial Statements

### 9.3 - Superannuation (cont.)

#### The 2021 interim actuarial investigation surplus amounts

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

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

	2021 (Interim)	2020 (Triennial)
	\$m	\$m
- A VBI Surplus	214.7	100
- A total service liability surplus	270.3	200
- A discounted accrued benefits surplus	285.2	217.8

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

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

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

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

#### The 2022 interim actuarial investigation

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

#### Superannuation contributions

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

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision Super	Defined benefit	10% (2021:9.5%)	310	386
Vision Super	Accumulation fund	10% (2021:9.5%)	3,792	3,535
Other scheme	Accumulation fund	10% (2021:9.5%)	4,101	3,431

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$0 paid during the 2021-22 year (2020-21 \$0).

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$400,000.



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## **Notes to the Financial Statements**

### **10 · Change in accounting policy**

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

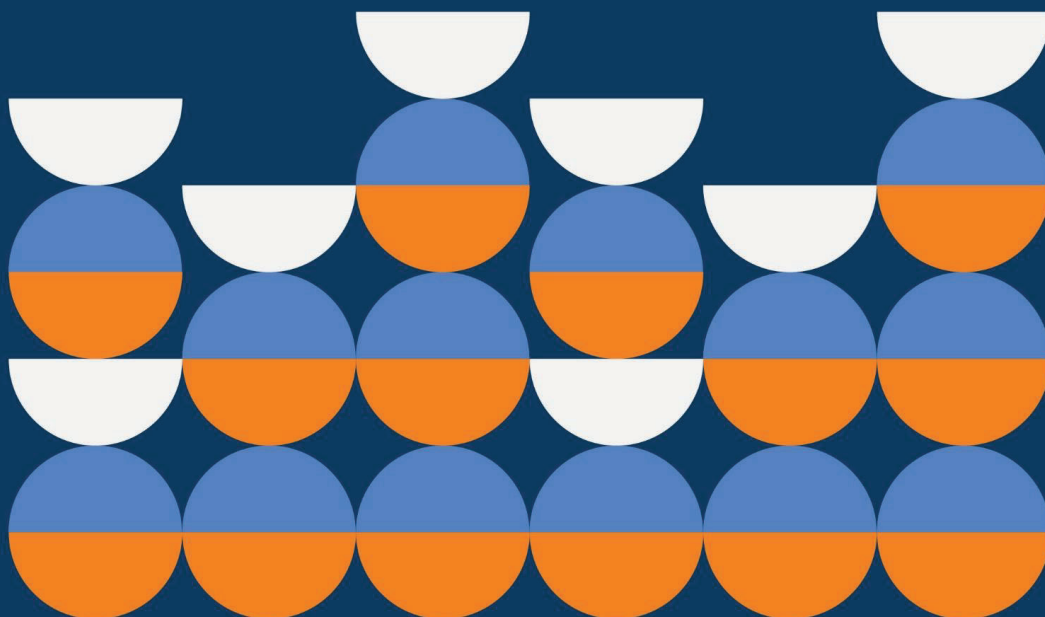






# Performance Statement

For the Year Ended 30 June 2022









Performance Statement for the year ended 30 June 2022

## **Performance Statement For the year ended 30 June 2022**

### **Description of municipality**

The City of Boroondara (the Council) is located in the inner eastern suburbs of Melbourne, between 5 and 10 kilometres east of the Melbourne Central Business District and covers an area of 60 square kilometres. The Council includes the suburbs of Ashburton, Balwyn, Balwyn North, Camberwell, Canterbury, Deepdene, Hawthorn, Hawthorn East, Kew and Kew East, and parts of Glen Iris, Surrey Hills and Mont Albert.

Boroondara has an estimated residential population of 176,632 people (at 30 June 2021). In 2021, we had lower proportion of children (under 18) and a higher proportion of persons aged 60 or older than Greater Melbourne.

Boroondara is culturally and linguistically diverse. In 2021, 32.5% of residents were born overseas, compared with 35.7% in Greater Melbourne. Residents were born in more than 145 countries and spoke more than 120 languages and 28.7% of people spoke a language other than English at home in 2021.

By area, Boroondara has one of the highest concentrations of schools of all Victorian local government areas, with 58 secondary, primary and special education schools, including 12 combined primary and secondary schools, as well as Swinburne University, Swinburne TAFE, the Hawthorn-Melbourne English Language Centre and two Universities of the Third Age.

Currently, 75 organisations offer a kindergarten program in Boroondara spanning across standalone kindergartens, long day care centres and independent schools. The City also has 11 neighbourhood and community centres where residents can participate in programs focussing on health and wellbeing, languages, creative pursuits, the arts, cooking and technology.



Performance Statement for the year ended 30 June 2022

## Sustainable Capacity Indicators

### For the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> (Own-source revenue/Municipal population)	\$1,206	\$1,214	\$1,167	\$1,288	Own-source revenue has been impacted by the COVID-19 pandemic for 2019-20, 2020-21 and 2021-22 years, with a reduction in revenue streams across user fees and charges.
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> (Recurrent grants/Municipal population)	\$79	\$73	\$69	\$89	The 2021-22 result includes the Victoria Local Government Grants Commission (VLGGC) early receipt of the 2022-23 allocation (75% or \$3.93 million). There has also been a slight reduction in the population by 3.5% for 2021-22.



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Population</b> <i>Expenses per head of municipal population</i> (Total expenses/Municipal population)	\$1,167	\$1,265	\$1,363	\$1,375	Council continues to deliver services in accordance with its Long Term Financial Plan. There has been a decrease in the overall expenditure primarily due to the net loss disposal of property, plant and equipment and the joint venture arrangement with Regional Landfill Clayton South. This is partially offset by an increase in materials and services costs.
<i>Infrastructure per head of municipal population</i> (Value of infrastructure/Municipal population)	\$4,772	\$4,903	\$5,052	\$5,752	The result reflects Council's continued commitment to invest in high quality infrastructure. The increase in 2021-22 is primarily due to building works associated with Kew Recreation Centre and Canterbury Community Precinct as the facilities near completion. There has also been a slight reduction in the population by 3.5% for 2021-22.



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<i>Population density per length of road</i> (Municipal population/Kilometres of local roads)	321.86	323.22	321.66	269.92	As part of our Road Management Plan review in 2021 as per the Road Management Act, Council agreed to include additional laneways under the revised plan, which has increased the road length reported against Local Government Reporting. The length of roads reported in 2021-22 was 654 kilometres compared to 569 kilometres in 2020-21.
<b>Disadvantage</b> <i>Relative Socio-Economic disadvantage</i> (Index of Relative Socio-Economic Disadvantage by decile)	10	10	10	10	



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Workforce turnover</b> <i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.1%	9.5%	12.8%	17.2%	The turnover variance is largely attributed to 'The Big Resignation' effect that all industries, including local government have been experiencing since early 2022. The current trend could be due to the 'self correction' of low voluntary turnover in the previous 2 COVID-19 affected years; and the trend of career and lifestyle change that has emerged following the COVID-19 uncertainty and impact. There is no discernible pattern in the turnover rates. Turnover continues to be closely monitored, noting that turnover is also an important way of energising an organisation; particularly one going through a transformation process.



## Performance Statement for the year ended 30 June 2022

**Definitions**

"adjusted underlying revenue" means total income other than -

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

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

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

"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.



Performance Statement for the year ended 30 June 2022

## Service Performance Indicators

### For the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Aquatic facilities Utilisation</b> <i>Utilisation of aquatic facilities</i> (Number of visits to aquatic facilities/Municipal population)	15	10	5	8	The 2020-21 result was heavily impacted by COVID-19 restrictions. With the easing of restrictions in FY21-22 we have seen an increase in attendance numbers, although not at pre-pandemic levels.
<b>Animal management Health and safety</b> <i>Animal management prosecutions</i> (Number of successful animal management prosecutions / Total number of animal management prosecutions) x 100	N/A	100%	100%	100%	



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Food safety</b> <b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> (Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up/Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises) x 100	99%	99%	96%	93%	
<b>Governance</b> <b>Satisfaction</b> <i>Satisfaction with council decisions</i> (Community satisfaction rating out of 100 with how council has performance in making decisions in the interest of the community)	62	59	62	61	



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Libraries Participation</b> <i>Active library borrowers in municipality</i> (Number of active library borrowers in the last three years/The sum of the population for the last three years) x100	27%	25%	22%	21%	COVID-19 has impacted on how the community uses libraries by restricting access and movement during lockdowns, reducing visitation and participation in programs and group gatherings due to density limits, that resulted in a decrease on the number of members visiting libraries and borrowing.
<b>Maternal and child health Participation</b> <i>Participation in the MCH service</i> (Number of children who attend the MCH service at least once in the year/Number of children who enrolled in the MCH service) x 100	83%	82%	81%	81%	



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Participation</b> <i>Participation in the MCH service by Aboriginal children</i> (Number of Aboriginal children who attend the MCH service at least once in the year/Number of Aboriginal children enrolled in the MCH service) x 100	88%	100%	96%	93%	Not all children who identify as Aboriginal are due for a Maternal Child Health check every year.
<b>Roads Satisfaction</b> <i>Satisfaction with sealed local roads</i> (Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads)	71	72	74	71	
<b>Statutory Planning Decision making</b> <i>Planning decisions upheld at VCAT</i> (Number of VCAT decisions that did not set aside council's decision in relation to a planning application/Number of VCAT decisions in relation to planning applications)x100	41%	49%	55%	53%	



## Performance Statement for the year ended 30 June 2022

Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Material Variations
<b>Waste collection</b> <b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i> (Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins) x 100	49%	53%	69%	72%	With implementing Food Organics and Garden Organics (FOGO) to multi-unit developments; the diversion rate from landfill has increased.

RETIRED Indicator/measure	2019 Results	2020 Results	2021 Results	2022 Results	Comments
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	6.00	Retired in 2020	Retired in 2020	Retired in 2020	From 1 July 2019, this measure was replaced by AM7, calculated as a percentage of successful animal management prosecutions.



## Performance Statement for the year ended 30 June 2022

**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 member" means a member of a library who has borrowed a book from the library

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act

"class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act

"class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health

"food premises" has the same meaning as 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

"WorkSafe reportable aquatic facility safety incident" means an incident relating to a council aquatic facility that is required to be notified to the Victorian WorkCover Authority under Part 5 of the Occupational Health and Safety Act 2004.



Performance Statement for the year ended 30 June 2022

## Financial Performance Indicators

### For the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
<b>Operating position</b> <b>Adjusted underlying result</b> <i>Adjusted underlying surplus (or deficit)</i> (Adjusted underlying surplus (deficit) / Adjusted underlying revenue) x 100	9.66%	2.13%	-9.16%	0.90%	-0.12%	5.64%	7.54%	8.18%	An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives. The adjusted underlying result for 2019-20, 2020-21 and 2021-22 is due to the ongoing impacts of COVID-19 and the resulting impacts on revenue and expenditure streams. As Council continues to recover from the impacts of COVID-19, it is anticipated that the adjusted underlying result will improve over the future year projections.



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i> (Current assets / Current liabilities) x 100	300.8%	272.4%	177.3%	213.9%	167.9%	160.4%	143.7%	147.9%	During the 2019-20 financial year, implementation of two new Accounting standards was introduced. Australian Accounting Standards Board 16 Leases (AASB 16 Leases) require Council to bring the majority of operating leases on balance sheet. AASB15 - Revenue from Contracts and Customers also required Council to recognise unearned income on balance sheet. The indicator was lower in 2020-21 due to the reduction of cash reserves, an increase in unearned income due to additional capital grants received and an increase in trust funds and deposits. During 2021-22 current assets



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
									increased primarily due to Council holding \$79.00 million in other financial assets at 30 June 2022. Working capital remains well above the minimum sustainable level.
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> (Unrestricted cash / Current liabilities) x 100	160.6%	131.9%	49.8%	22.1%	90.3%	89.2%	78.0%	81.4%	The unrestricted cash is lower primarily due to a reduction of cash reserves. At 30 June 2022, Council held \$79.00 million in investments with a maturity date greater than three months. During 2022-23, term deposits will be redeemed and transferred to cash and cash equivalents. In 2020-21 and 2021-22, Council's own source revenue streams have significantly decreased as a result of the impacts



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
									of COVID-19. Also contributing to the result has been an increase in current liabilities for unearned income and trust funds and deposits. Unrestricted cash remains within a sustainable level.
<b>Obligations</b> <b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> (Interest bearing loans and borrowings / Rate revenue) x100	14.7%	13.2%	12.1%	46.1%	42.0%	36.8%	31.7%	26.7%	The decrease over years 2018-19 to 2020-21 is due to a combination of higher rate revenue and lower principal repayments as Council continued to reduce existing debt. In 2012-13, Council continued with substantial investment in major building redevelopment works and borrowed \$29 million. The borrowings were at a fixed interest rate for 10 years and are due to be repaid in full in 2022-23. Council is



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
									currently reviewing its existing loan portfolio and looking at the opportunity to refinance the remainder of this loan for a further 10 years. Council also took out borrowings of \$70 million in 2021-22 to fund significant infrastructure projects.
<b>Loans and borrowings</b> <i>Loans and borrowings repayments compared to rates (Interest and principal repayments on interest bearing loans and borrowings / Rate revenue) x100</i>	11.3%	1.6%	1.5%	1.5%	14.5%	5.2%	5.1%	4.9%	A 20 year loan refinanced in 2014-15 was repaid in full in 2018-19. In 2012-13, Council continued with substantial investment in major building redevelopment works and borrowed \$29 million. The borrowings were at a fixed interest rate for 10 years and are due to be repaid in full in 2022-23. Council is currently reviewing its existing loan portfolio



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
									and looking at the opportunity to refinance the remainder of this loan for a further 10 years.
<b>Indebtedness</b> <i>Non-current liabilities compared to own source revenue</i> (Non-current liabilities / Own source revenue) x 100	13.4%	15.9%	17.7%	42.9%	37.4%	33.3%	29.8%	24.9%	During the 2019-20 financial year the implementation of new Accounting standards was introduced. Australian Accounting Standards Board 16 Leases (AASB 16 Leases) require Council to bring the majority of operating leases on balance sheet. AASB15 - Revenue from Contracts and Customers also required Council to recognise unearned income on the balance sheet. In 2019-20, 2020-21 and 2021-22 Council's own source revenue decreased due to the ongoing impacts



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
									of COVID-19 on Councils revenue streams, primarily in user fees and fines. There has also been an increase in non-current liabilities in 2021-22 as Council took out borrowings of \$70 million to fund significant infrastructure projects.
<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	126.8%	153.2%	142.3%	145.4%	126.9%	129.0%	116.4%	The result is based on Asset Renewal budgets and the timing of major projects. Increases across 2020-21, 2021-22 and 2022-23 are due to planned major project expenditure, which demonstrates Council's ongoing commitment to invest in the renewal of its existing community infrastructure.



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
<b>Stability</b> <b>Rates concentration</b> <i>Rates compared to adjusted underlying revenue</i> (Rate revenue / Adjusted underlying revenue) x 100	76.2%	79.4%	83.8%	81.0%	80.2%	78.4%	78.6%	78.8%	Boroondara receives a very low level of financial assistance from the State Government therefore rate revenue will continue to be a key source of funding for the delivery of high quality services and infrastructure to the community. The adjusted underlying revenue for 2019-20, 2020-21 and 2021-22 was at reduced levels due to the ongoing impacts of COVID-19 on Councils revenue streams primarily in user fees and charges.



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
<b>Rates effort</b> <i>Rates compared to property values</i> (Rate revenue / Capital improved value of rateable properties in the municipality) x 100	0.14%	0.17%	0.16%	0.16%	0.15%	0.15%	0.15%	0.15%	
<b>Efficiency</b> <b>Expenditure level</b> <i>Expenses per property assessment</i> (Total expenses / Number of property assessments)	\$2,723	\$2,952	\$3,159	\$3,047	\$3,167	\$3,111	\$3,101	\$3,134	Council continues to deliver services in accordance with its Long Term Financial Plan. There has been a decrease in the overall expenditure primarily due to the net loss disposal of property, plant and equipment and the joint venture arrangement with Regional Landfill Clayton South. This is partially offset by an increase in materials and services costs.



## Performance Statement for the year ended 30 June 2022

Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Material Variations
<b>Revenue level</b> <i>Average rate per property assessment</i> (General rates and Municipal charges / Number of property assessments)	New in 2020	\$2,006	\$2,050	\$2,082	\$2,132	\$2,174	\$2,217	\$2,261	Council's budgeted rate increase in 2020-21 was capped at 1.50%. The rate cap is set by the State Government's Fair Go Rates System (FGRS) and Council's forecast rate increases have been aligned to the forecast FGRS. Council is delivering services in accordance with its Long Term Financial Plan.

RETIRED Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Comments
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$2,314	Retired in 2020	Retired in 2020	Retired in 2020	-	-	-	-	This measure was replaced by <i>Average rate per property assessment</i> for 2020.



## Performance Statement for the year ended 30 June 2022

RETIRED Dimension / Indicator / measure	2019 Results	2020 Results	2021 Results	2022 Results	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	Comments
<i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100]	133.6%	Retired in 2020	Retired in 2020	Retired in 2020	-	-	-	-	This measure was replaced by <i>Asset renewal and upgrade compared to depreciation</i> for 2020.

**Definitions**

"adjusted underlying revenue" means total income other than -

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

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

"asset renewal 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 AAS

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

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



Performance Statement for the year ended 30 June 2022

"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.



Performance Statement for the year ended 30 June 2022

## **Other Information**

### **For the year ended 30 June 2022**

#### **1. Basis of preparation**

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, 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.

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

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

The forecast figures included in the performance statement are based on those adopted by council in its strategic resource plan on 20 July 2020 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.



Performance Statement for the year ended 30 June 2022

## **Certification of Performance Statement**

In my opinion, the accompanying performance statement has been prepared in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2020.

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Amy Montalti, CP  
Principal Accounting Officer  
Date:  
Camberwell

In our opinion, the accompanying performance statement of the City of Boroondara for the year ended 30 June 2022 presents fairly the results of council's performance in accordance with the Local Government Act 1989 and the Local Government (Planning and Reporting) Regulations 2020.

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

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

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

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Cr Jane Addis  
Mayor  
Date:  
Camberwell

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Cr Nick Stavrou  
Councillor  
Date:  
Camberwell

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Phillip Storer  
Chief Executive Officer  
Date:  
Camberwell