

## Ordinary Council Meeting 5 October 2020 Attachments

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**1 Mary Street, Windsor**

Date printed: 31/08/2020  
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**CLIENT :** CLAY AND GEOGINA JOHNSTON

**PROJECT :** SECOND FLOOR EXTENSION TO EXISTING AND ASSOCIATED WORKS

**ADDRESS :** 1 MARY STREET, WINDSOR, VIC 3181

**PROJECT NO :** WD0248

**REV #:** TOWN PLANNING: B

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PROJECT :

SECOND FLOOR EXTENSION  
TO EXISTING AND ASSOCIATED  
WORKS

PLANNING

ADDRESS :

1 MARY STREET, WINDSOR VIC 3181

CLIENT :

CLAY & GEOGINA  
JOHNSTON

TITLE :

COVER SHEET

Date :  
DRAWN BY :  
SCALE @ A3:

JOB NO :

WD0248

DRAWING NO :

TP01

REVISION :

B

20/08/19  
N.R.

**WHELAN**design

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LEGEND	
	SUBJECT SITE
	EXISTING SECOND STOREY EXTENSION DEVELOPMENTS
	EXISTING THREE OR MORE UNIT DEVELOPMENTS
	NON-RESIDENTIAL - RESERVE

00 - AREA CONTEXT PLAN

2000

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PROJECT:  
SECOND FLOOR EXTENSION  
TO EXISTING AND ASSOCIATED  
WORKS  
PLANNING

ADDRESS:  
1 MARY STREET, WINDSOR VIC 3181

CLIENT:  
CLAY & GEORGINA  
JOHNSTON

TITLE:  
AREA CONTEXT PLAN

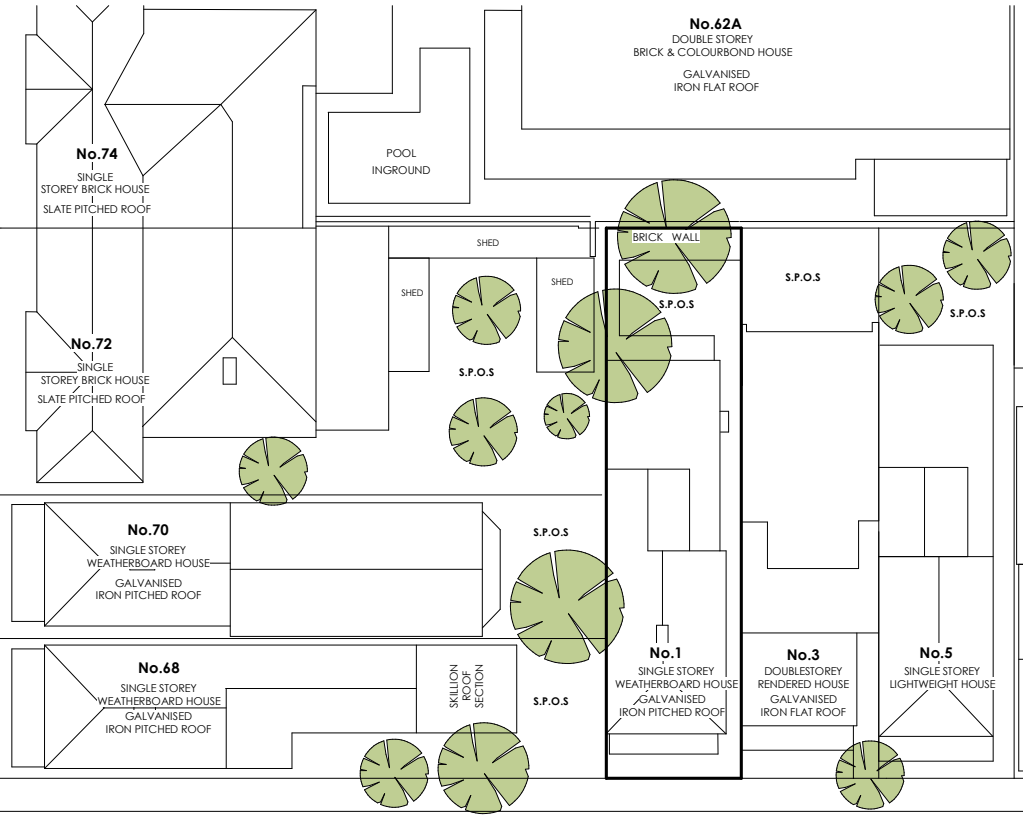
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DRAWN BY:  
SCALE @ A3:

20/08/19  
N.R.  
As indicated

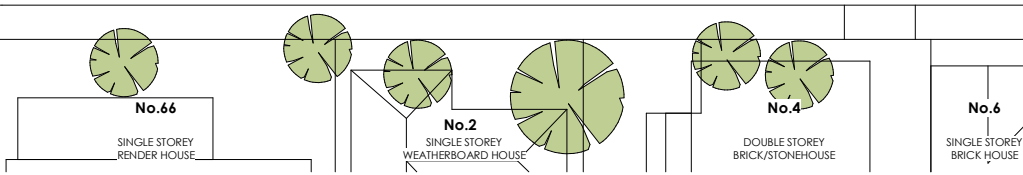
JOB NO: WD0248  
DRAWING NO: TP02  
REVISION: B

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MARY STREET



0.01 - SITE CONTEXT PLAN

1 : 200

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PROJECT :  
SECOND FLOOR EXTENSION  
TO EXISTING AND ASSOCIATED  
WORKS  
PLANNING

ADDRESS :  
1 MARY STREET, WINDSOR VIC 3181

CLIENT :  
CLAY & GEORGINA  
JOHNSTON

TITLE :  
SITE CONTEXT PLAN

Date :  
DRAWN BY :  
SCALE @ A3 :

20/08/19  
N.R.  
1 : 200

JOB NO :  
WD0248  
DRAWING NO :  
TP03  
REVISION :  
B



SUBJECT SITE  
1 MARY STREET, WINDSOR



68 HORNBY STREET, WINDSOR



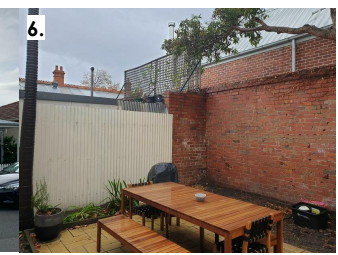
3 MARY STREET, WINDSOR



5 MARY STREET, WINDSOR



13 MARY STREET, WINDSOR



SUBJECT SITE  
1 MARY STREET, WINDSOR

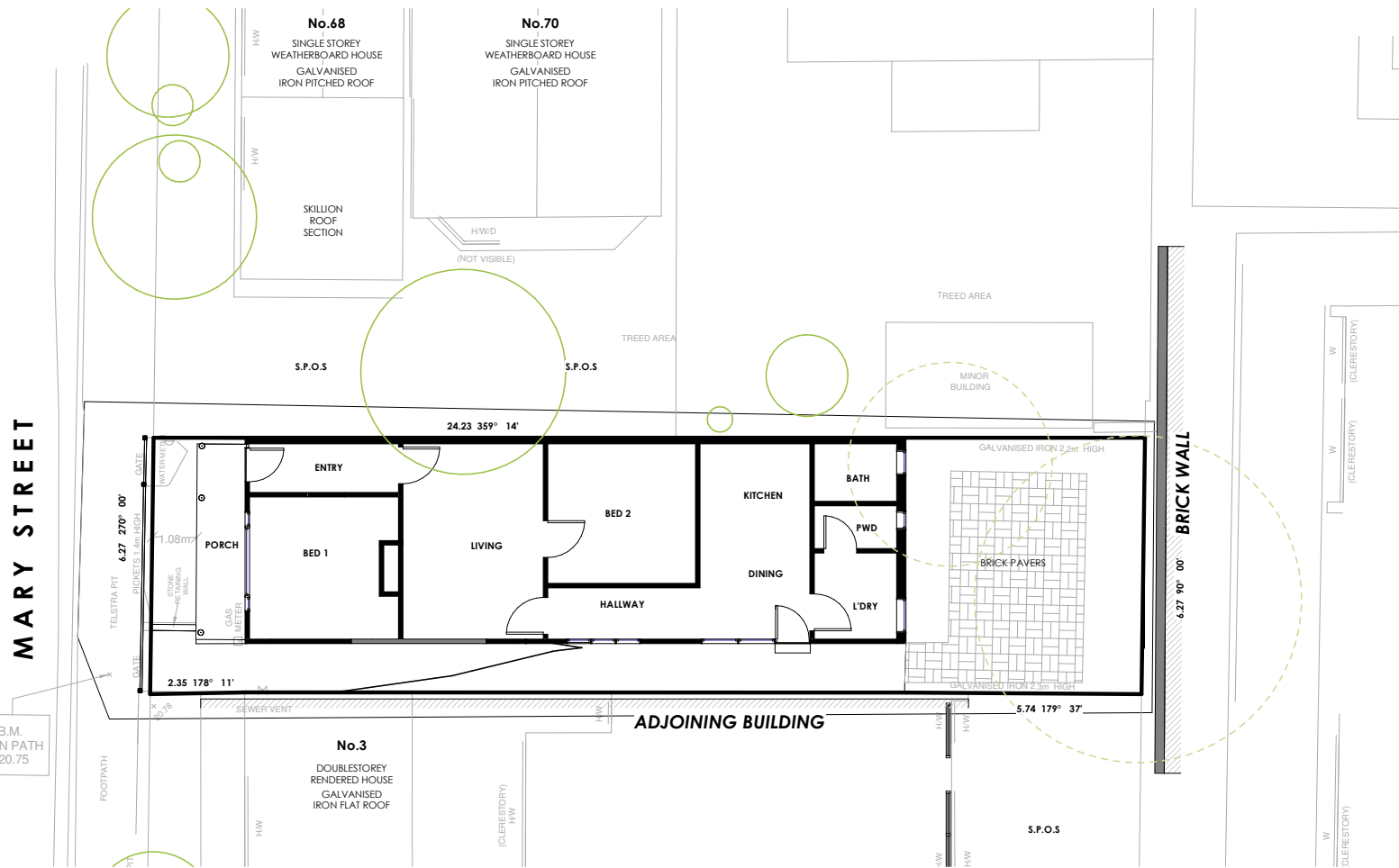


EAST  
MARY STREET, WINDSOR



WEST  
MARY STREET, WINDSOR

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02.00 - EXISTING GROUND FLOOR PLAN

1 : 100

EXISTING AREAS

AREA ANALYSIS	
GROUND FLOOR	81.0m <sup>2</sup>
PORCH	4.0m <sup>2</sup>
<b>TOTAL FLOOR AREA</b>	<b>87.0m<sup>2</sup></b>
PRIVATE OPEN SPACE	64.0m <sup>2</sup>

AREA SUMMARY		
SITE AREA	151.0m <sup>2</sup>	100.00%
SITE COVERAGE	87.0m <sup>2</sup>	57.6%
SITE PERMEABILITY	45.0m <sup>2</sup>	29.8%

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PROJECT:

SECOND FLOOR EXTENSION TO EXISTING AND ASSOCIATED WORKS

PLANNING

ADDRESS:

1 MARY STREET, WINDSOR VIC 3181

CLIENT:

CLAY & GEORGINA JOHNSTON

TITLE:

EXISTING CONDITIONS

Date: 20/08/19  
DRAWN BY: N.R.  
SCALE @ A3: As indicated

JOB NO:

WD0248

DRAWING NO.:

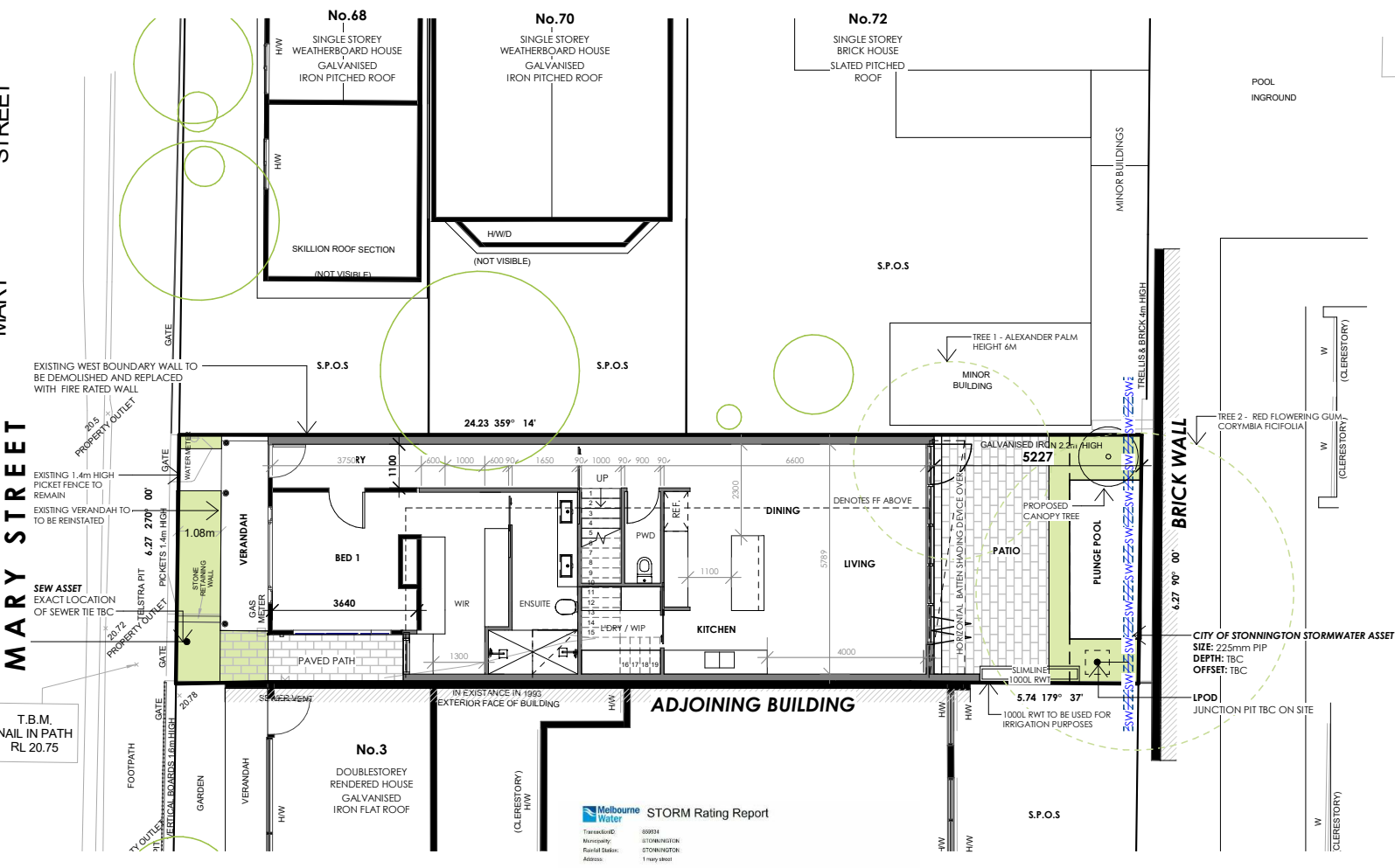
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REVISION:

B

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02.00 - PROPOSED GROUND FLOOR PLAN  
1 : 100

**Melbourne Water** STORM Rating Report

TransactionID: 66934  
Municipality: STONNINGTON  
Full-Id Status: STONNINGTON  
Address: 1 mary street

Address: Windsor VIC 3101  
Development Type: Residential - Extension  
Allotment Size (m<sup>2</sup>): 151.00  
STORM Rating %: 104

Description	Superior Area (m <sup>2</sup> )	Treatment Type	Theoretical Attenuation (m <sup>3</sup> /s)	Occurrence Factor	Treatment %	Total Water Supply Retention (%)
Existing Roof	33.80	Rainwater Tank	1,035.00	1	102.83	83.8
Existing Paving	5.50	None	0.31	0	0.00	0.00
Proposed FF Roof 1	54.50	Rainwater Tank	1,035.00	2	194.15	81.89
Proposed FF Roof 2	19.20	Rainwater Tank	1,035.00	0	0.00	100.00

- DENOTES EXISTING WALL
- DENOTES WALL TO BE DEMOLISHED
- DENOTES PROPOSED WALL

**TREE LEGEND**

- TREE TO BE REMOVED
- TREE RETAINED

EXISTING AREAS		PROPOSED AREAS	
AREA ANALYSIS	AREA ANALYSIS	AREA ANALYSIS	AREA ANALYSIS
GROUND FLOOR	81.0m <sup>2</sup>	GROUND FLOOR	91.0m <sup>2</sup>
FIRST FLOOR	0.0m <sup>2</sup>	FIRST FLOOR	55.0m <sup>2</sup>
VERANDAH	6.0m <sup>2</sup>	VERANDAH	6.0m <sup>2</sup>
<b>TOTAL FLOOR AREA</b>	<b>87.0m<sup>2</sup></b>	<b>TOTAL FLOOR AREA</b>	<b>152.0m<sup>2</sup></b>
PRIVATE OPEN SPACE	66.0m <sup>2</sup>	PRIVATE OPEN SPACE	52.0m <sup>2</sup>

AREA SUMMARY		
SITE AREA	151.0m <sup>2</sup>	100.00%
SITE COVERAGE	102.0m <sup>2</sup>	67.1%
SITE PERMEABILITY	44.0m <sup>2</sup>	29.1%

(C) COPYRIGHT :

PROJECT :  
SECOND FLOOR EXTENSION  
TO EXISTING AND  
ASSOCIATED WORKS  
PLANNING

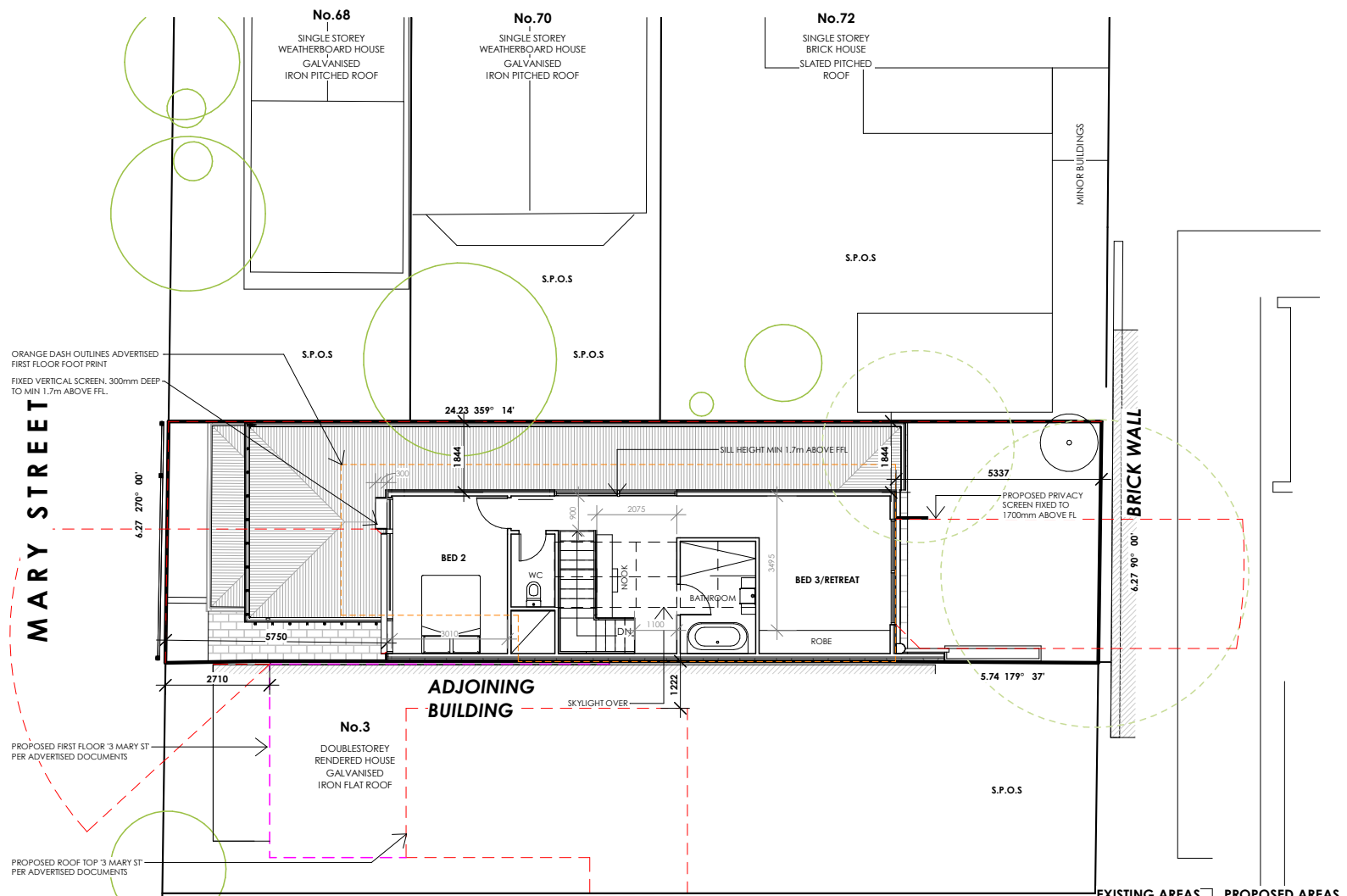
ADDRESS :  
1 MARY STREET, WINDSOR VIC 3181  
CLIENT :  
CLAY & GEORGINA  
JOHNSTON

TITLE :  
GROUND FLOOR PLAN  
Date : 28.07.2020  
DRAWN BY: N.R.  
SCALE @ A3: As indicated

JOB NO :  
WD0248  
DRAWING NO :  
TP06  
REVISION :  
E



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**02.01 - PROPOSED FIRST FLOOR PLAN**  
1 : 100



- DENOTES EXISTING WALL
- DENOTES WALL TO BE DEMOLISHED
- DENOTES PROPOSED WALL

EXISTING AREAS		PROPOSED AREAS	
AREA ANALYSIS		AREA ANALYSIS	
GROUND FLOOR	81.0m <sup>2</sup>	GROUND FLOOR	91.0m <sup>2</sup>
FIRST FLOOR	0.0m <sup>2</sup>	FIRST FLOOR	55.0m <sup>2</sup>
VERANDAH	6.0m <sup>2</sup>	VERANDAH	6.0m <sup>2</sup>
<b>TOTAL FLOOR AREA</b>	<b>87.0m<sup>2</sup></b>	<b>TOTAL FLOOR AREA</b>	<b>152.0m<sup>2</sup></b>
PRIVATE OPEN SPACE	66.0m <sup>2</sup>	PRIVATE OPEN SPACE	52.0m <sup>2</sup>

**TREE LEGEND**

- TREE TO BE REMOVED
- TREE RETAINED

AREA SUMMARY	
SITE AREA	151.0m <sup>2</sup> 100.00%
SITE COVERAGE	102.0m <sup>2</sup> 67.1%
SITE PERMEABILITY	44.0m <sup>2</sup> 29.1%

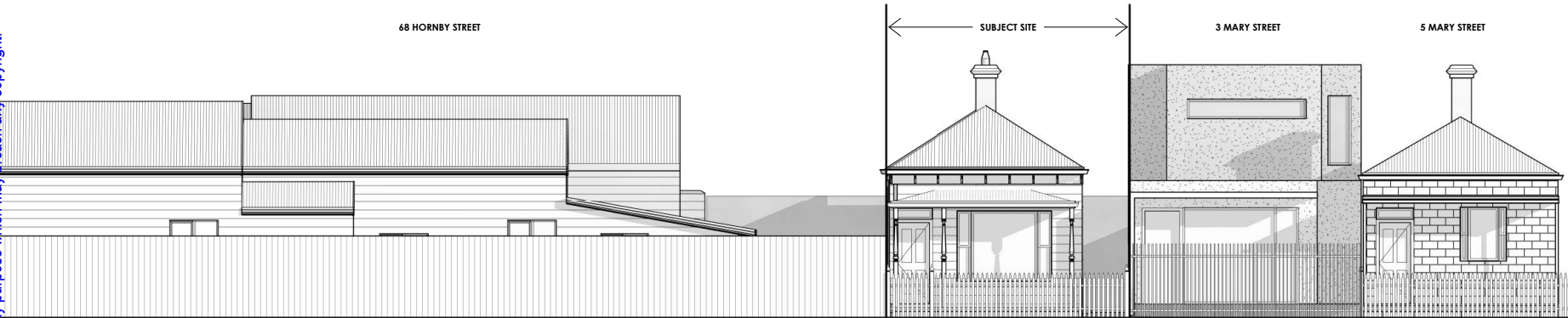
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PROJECT : SECOND FLOOR EXTENSION TO EXISTING AND ASSOCIATED WORKS  
ADDRESS : 1 MARY STREET, WINDSOR VIC 3181  
CLIENT : CLAY & GEORGINA JOHNSTON  
TITLE : FIRST FLOOR PLAN  
Date : 28.07.2020  
DRAWN BY : N.R.  
SCALE @ A3 : As indicated

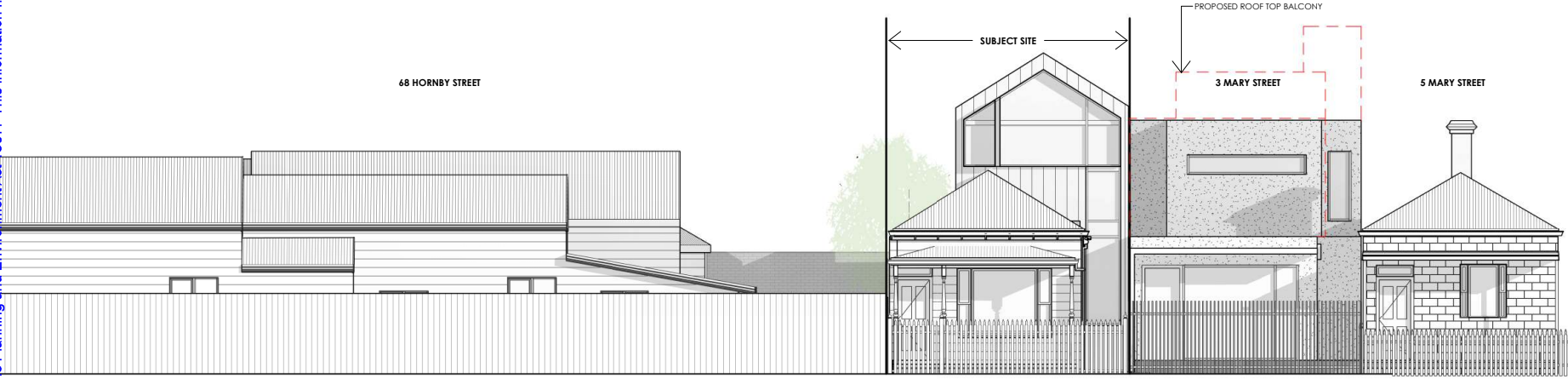
JOB NO : WD0248  
DRAWING NO : TP07  
REVISION : E  
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05 - EXISTING STREET SCAP  
: 100



05 - PROPOSED STREET SCAP  
: 100

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PROJECT :  
SECOND FLOOR EXTENSION  
TO EXISTING AND  
ASSOCIATED WORKS  
PLANNING

ADDRESS :  
1 MARY STREET, WINDSOR VIC 3181

CLIENT :  
CLAY & GEORGINA  
JOHNSTON

TITLE :  
STREETSCAPES

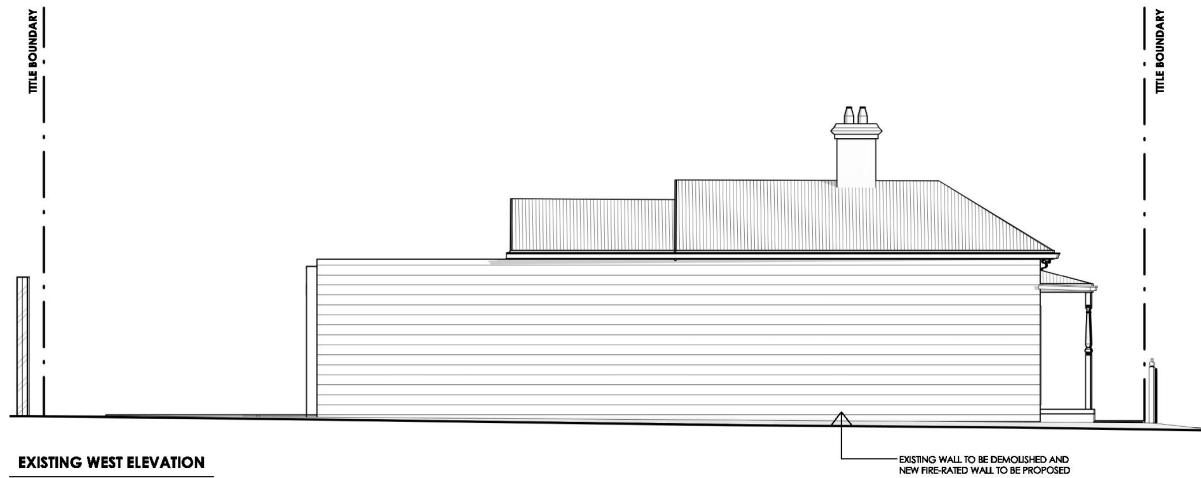
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DRAWN BY:  
SCALE @ A3:

28.07.2020  
N.R.  
1 : 100

JOB NO :  
WD0248  
DRAWING NO :  
TP08  
REVISION :  
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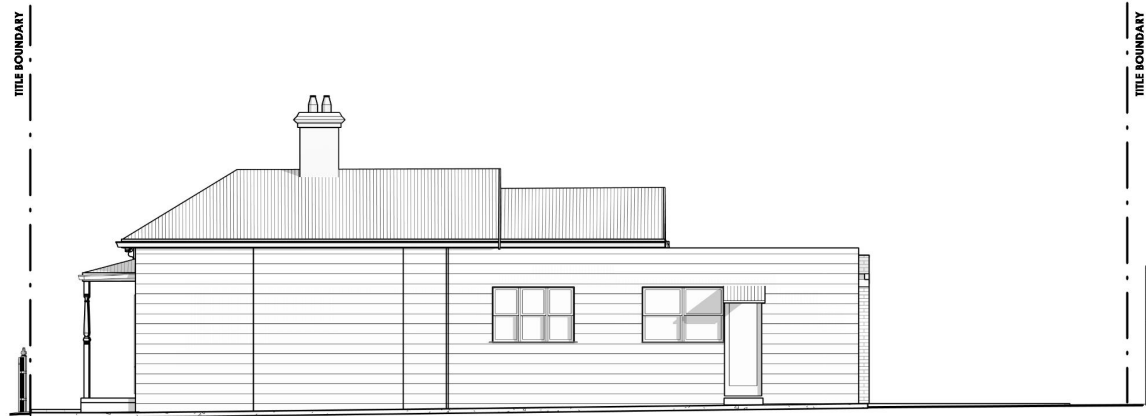
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**EXISTING WEST ELEVATION**

1 : 100

EXISTING WALL TO BE DEMOLISHED AND  
NEW FIRE-RATED WALL TO BE PROPOSED



**EXISTING EAST ELEVATION**

1 : 100

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TO EXISTING AND ASSOCIATED  
WORKS

PLANNING

ADDRESS :

1 MARY STREET, WINDSOR VIC 3181

CLIENT :

CLAY & GEORGINA  
JOHNSTON

TITLE :

EXISTING ELEVATIONS

Date :  
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SCALE @ A3 :

20/08/19  
N.R.  
1 : 100

JOB NO :

WD0248

DRAWING NO :

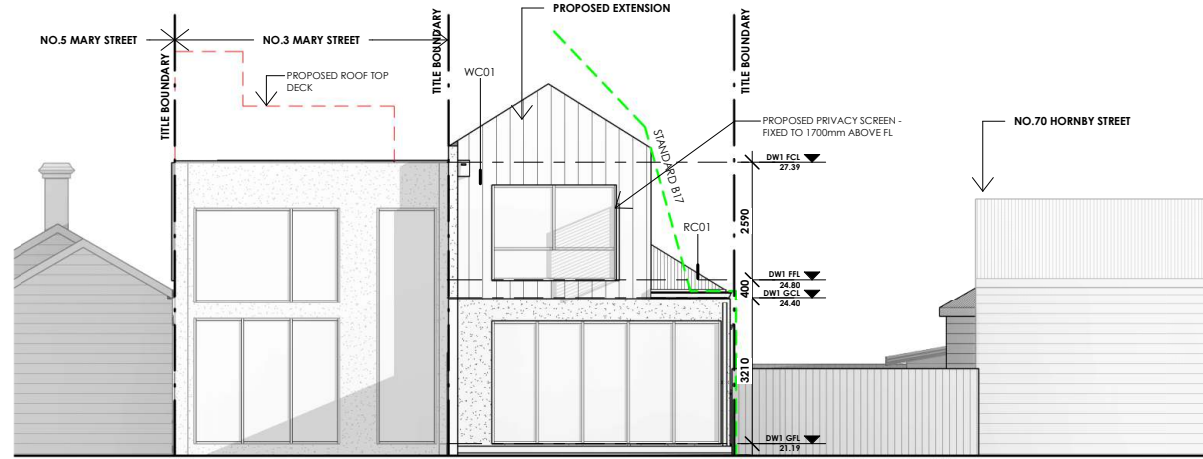
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REVISION :

B

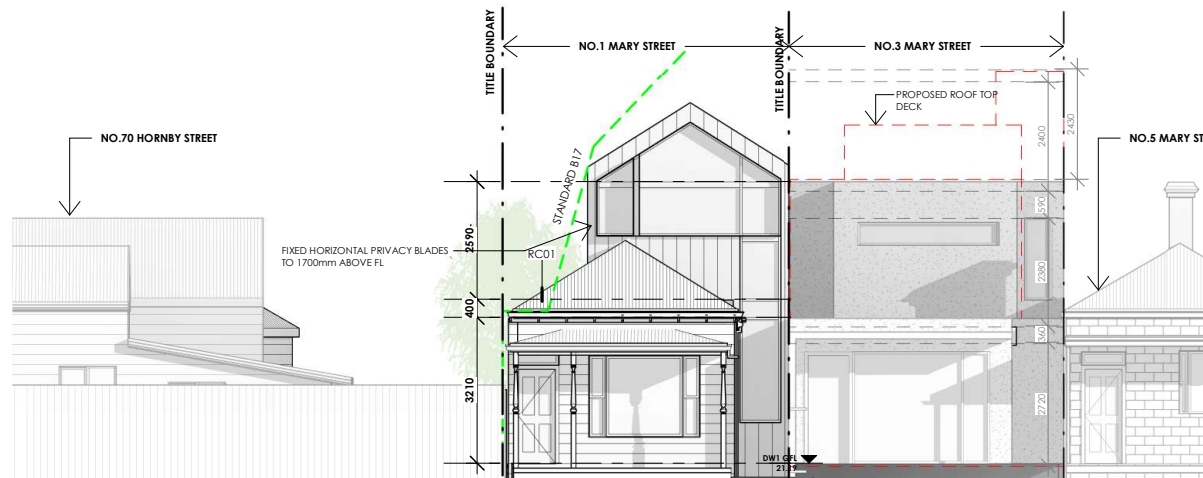
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01.02 - NORTH ELEVATION






1 : 100



01.04 - SOUTH ELEVATION

1 : 100

EXTERNAL FINISHES SCHEDULE

	<b>WC01</b> STANDING SEAM METAL CLADDING - COLORBOND MONUMENT OR SIMILAR
	<b>WC02</b> HEBEL PANEL - COLOUR THROUGH MIX, DULUX ACCORD OR SIMILAR
	<b>WC03</b> EXISTING HORIZONTAL CLADDING TO BE PAINT FINISHED IN DULUX VIVID WHITE OR SIMILAR
	<b>RC01</b> COLORBOND ROOF FINISH : MONUMENT TO VISIBLE ROOFING ONLY.
	<b>EXTERNAL WINDOW/DOORS</b> FINISH : MONUMENT

NOTE : MATERIALS NOMINATED ARE SUBJECT TO AVAILABILITY AT TIME OF CONSTRUCTION. SIMILAR MATERIALS MAY BE SUBSTITUTED AT THE TIME OF CONSTRUCTION.

(C) COPYRIGHT :

PROJECT :  
SECOND FLOOR EXTENSION  
TO EXISTING AND  
ASSOCIATED WORKS

ADDRESS :  
1 MARY STREET, WINDSOR VIC 3181

CLIENT :  
CLAY & GEORGINA  
JOHNSTON

TITLE :  
NORTH & SOUTH  
ELEVATIONS

Date :  
28.07.2020  
N.R.

DRAWN BY :  
SCALE @ A3:  
As indicated

JOB NO :  
WD0248

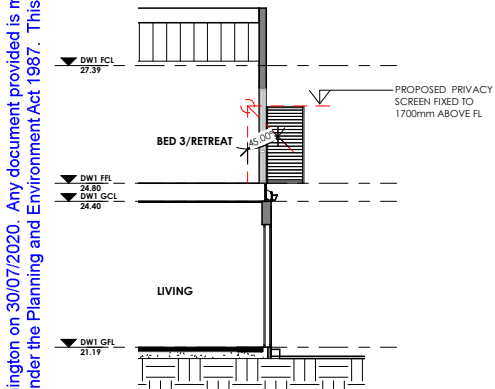
DRAWING NO :  
TP10

REVISION :  
E

**WHELANdesign**

EXTERNAL FINISHES SCHEDULE	
	<b>WC01</b> STANDING SEAM METAL CLADDING COLORBOND MONUMENT OR SIMILAR
	<b>WC02</b> HEBEL PANEL - COLOUR THROUGH MIX. DULUX ACCORD OR SIMILAR
	<b>WC03</b> EXISTING HORIZONTAL CLADDING TO BE PAINT FINISHED IN DULUX VIVID WHITE OR SIMILAR
	<b>RC01</b> COLORBOND ROOF FINISH : MONUMENT  TO VISIBLE ROOFING ONLY.
	<b>EXTERNAL WINDOW/DOORS</b> FINISH : MONUMENT

NOTE: MATERIALS NOMINATED ARE SUBJECT TO AVAILABILITY AT THE TIME OF CONSTRUCTION. SIMILAR MATERIALS MAY BE SUBSTITUTED AT THE TIME OF CONSTRUCTION.



01.00 OVERLOOKING DIAGRAM

1:100

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ADDRESS :  
1 MARY STREET, WINDSOR VIC 3181

CLIENT :  
CLAY & GEORGINA  
JOHNSTON

TITLE :  
EAST & WEST ELEVATIONS

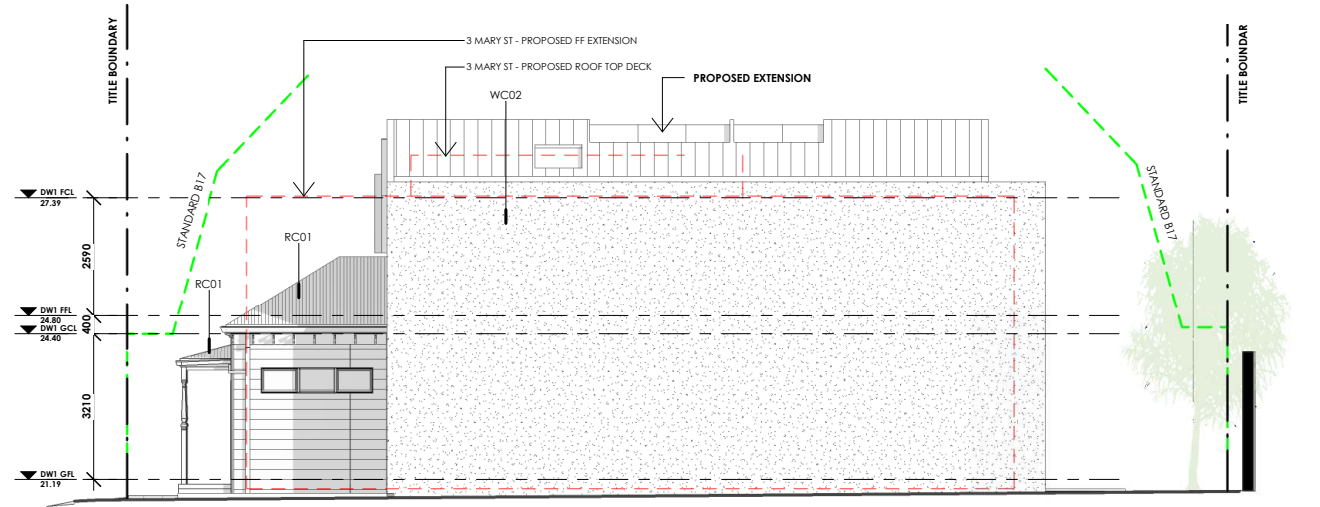
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SCALE @ A3: As indicated

JOB NO :  
WD0248

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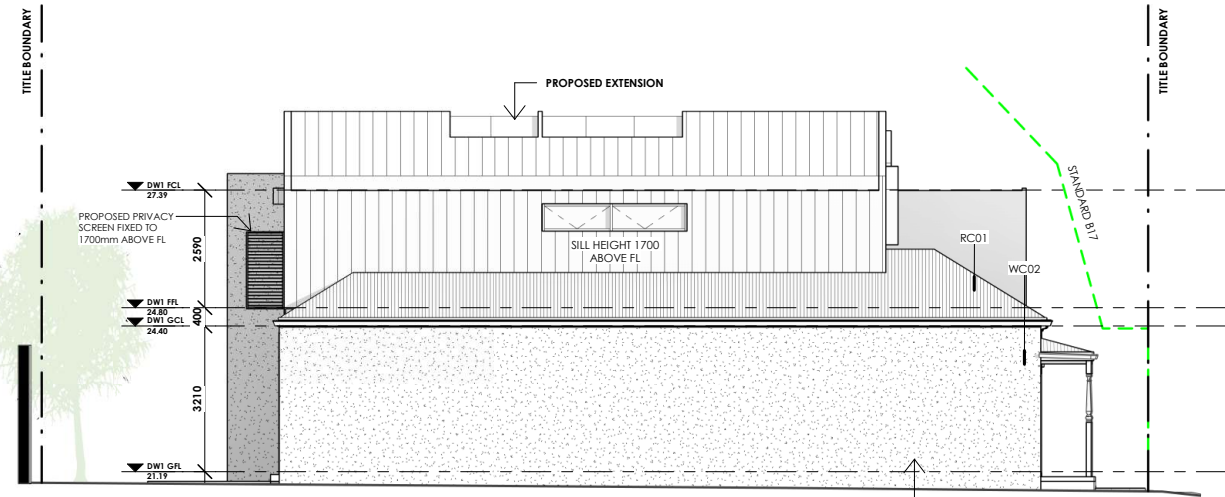
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TP11

REVISION :  
E



01.03 - EAST ELEVATION

1:100

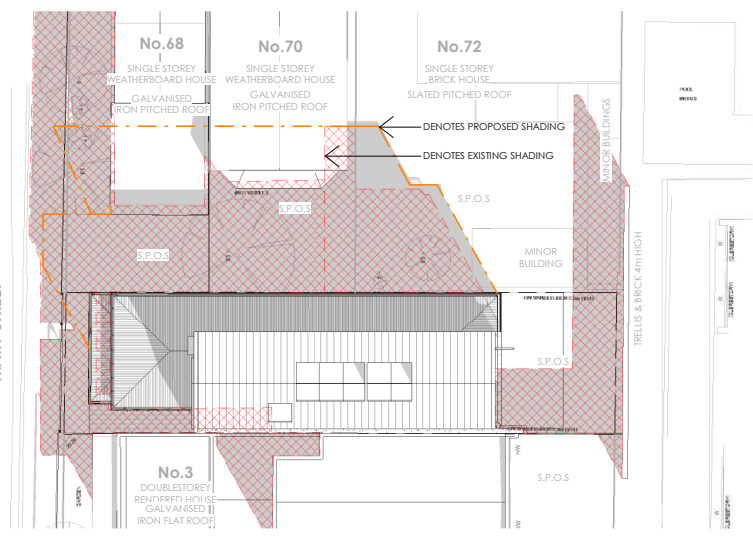


01.01 - WEST ELEVATION

1:100

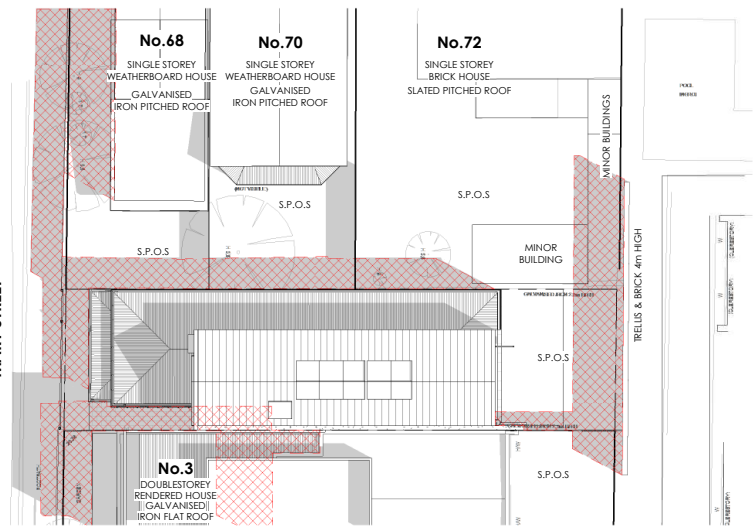
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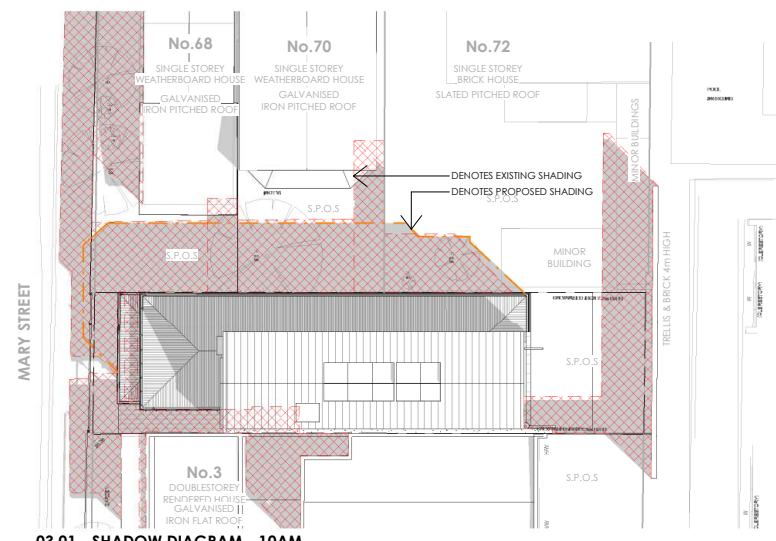
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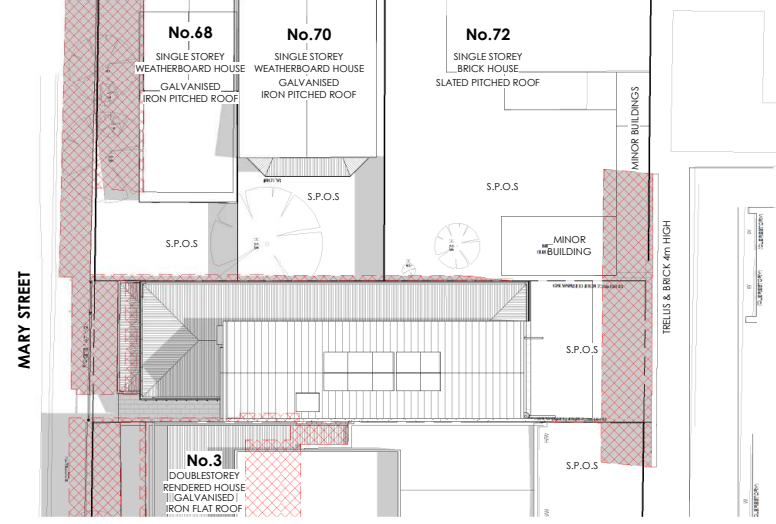
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03.03 - SHADOW DIAGRAM - 12PM

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PROJECT :  
**SECOND FLOOR EXTENSION TO EXISTING AND ASSOCIATED WORKS**

ADDRESS :  
 1 MARY STREET, WINDSOR VIC 3181

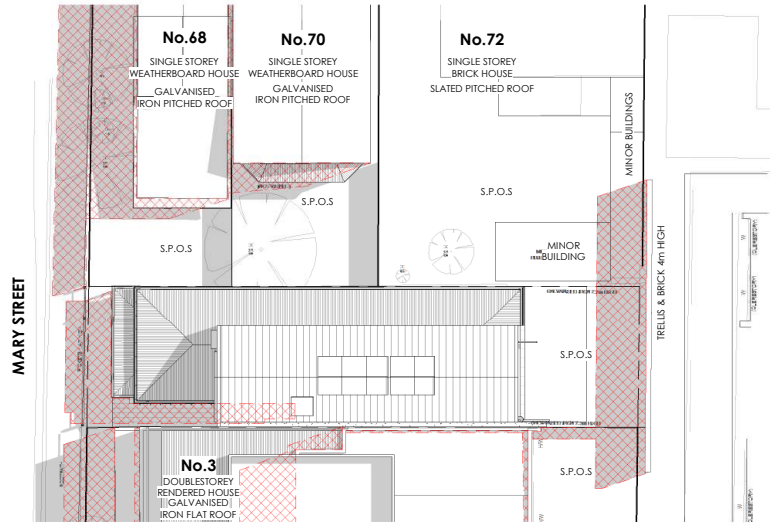
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TITLE :  
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Date : 28.07.2020  
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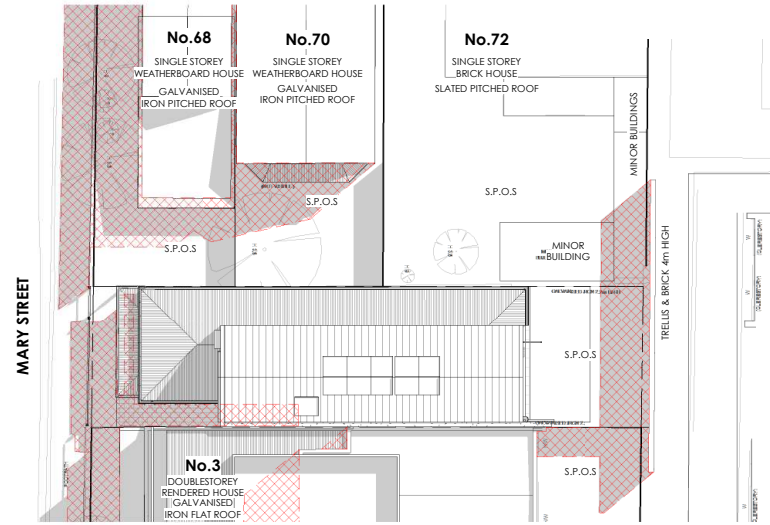
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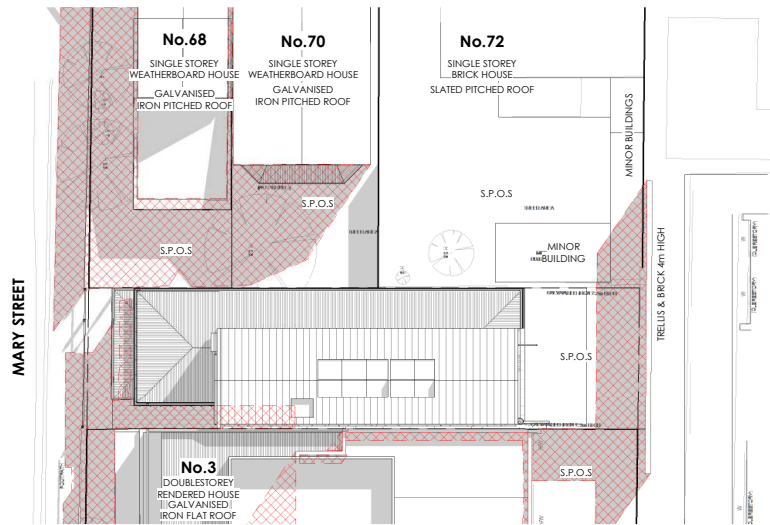
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03.06 - SHADOW DIAGRAM - 2PM

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03.07 - SHADOW DIAGRAM - 3PM

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PROJECT :  
SECOND FLOOR EXTENSION  
TO EXISTING AND  
ASSOCIATED WORKS



ADDRESS :  
1 MARY STREET, WINDSOR VIC 3181

CLIENT :  
CLAY & GEORGINA  
JOHNSTON

TITLE :  
SHADOW DIAGRAMS

Date : 28.07.2020  
DRAWN BY: WD  
SCALE @ A3: As indicated

JOB NO :  
WD0248



DRAWING NO :  
TP13

REVISION :  
E



# ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2020

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**Stonnington City Council  
Financial Report  
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*Stonnington City Council*  
*2019/2020 Financial Report*

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*Stonnington City Council*  
*2019/2020 Financial Report*

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**Stonnington City Council**  
**2019/2020 Financial Report**

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### Certification of the Consolidated Financial Statements

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

.....  
**Julia Gallace, B.Acy, CA**  
 Principal Accounting Officer  
 Date : 21 September 2020  
 Malvern

In our opinion the accompanying consolidated financial statements present fairly the financial transactions of Stonnington City Council and its subsidiary for the year ended 30 June 2020 and the financial position of Stonnington City Council and its subsidiary as at that date.

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

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

.....  
**Steven Stefanopoulos**  
 Councillor  
 Date : 21 September 2020  
 Malvern

.....  
**John Chandler**  
 Councillor  
 Date : 21 September 2020  
 Malvern

.....  
**Jacqui Weatherill**  
 Chief Executive Officer  
 Date : 21 September 2020  
 Malvern

Stonnington City Council  
2019/2020 Financial Report

**Comprehensive Income Statement  
For the Year Ended 30 June 2020**

	Note	Council		Consolidated	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Income</b>					
Rates and charges	3.1	117,736	113,597	117,736	113,597
Statutory fees and fines	3.2	23,880	25,788	23,880	25,788
User fees	3.3	18,105	21,638	18,105	21,638
Grants - operating	3.4 (a)	8,521	8,890	8,521	8,890
Grants - capital	3.4 (b)	779	2,736	779	2,736
Contributions - monetary	3.5	13,144	16,501	13,144	16,501
Contributions - non monetary	3.5	-	14	-	14
Other income	3.6	8,807	12,115	12,531	15,511
<b>Total income</b>		<b>190,971</b>	<b>201,280</b>	<b>194,696</b>	<b>204,676</b>
<b>Expenses</b>					
Employee costs	4.1	68,812	66,532	69,745	67,460
Materials and services	4.2	60,547	60,251	62,824	62,273
Depreciation	4.3	19,332	18,380	19,621	18,682
Amortisation - intangible assets	4.4	817	900	817	900
Amortisation - right of use assets	4.5	641	-	641	-
Bad and doubtful debts	4.6	4,785	5,857	4,867	5,857
Borrowing costs	4.7	361	490	361	490
Share of net loss of joint operation accounted for by the equity method	6.2	-	143	-	143
Net (gain) / loss on disposal of property, infrastructure, plant and equipment	4.8	2,117	4,351	2,125	4,380
Fair value adjustments for investment property	6.3	1,615	566	1,615	566
Finance costs - leases	4.9	776	-	776	-
Other expenses	4.10	5,191	5,177	5,207	5,193
<b>Total expenses</b>		<b>164,994</b>	<b>162,647</b>	<b>168,599</b>	<b>165,944</b>
<b>Surplus for the year</b>		<b>25,977</b>	<b>38,632</b>	<b>26,097</b>	<b>38,732</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to surplus in future periods</b>					
Net asset revaluation increment / (decrement)	9.1	36,989	(124,368)	36,989	(124,368)
<b>Total comprehensive result</b>		<b>62,967</b>	<b>(85,735)</b>	<b>63,086</b>	<b>(85,636)</b>

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

**Stonnington City Council**  
2019/2020 Financial Report

**Balance Sheet**  
**As at 30 June 2020**

	Note	Council		Consolidated	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5.1 (a)	43,711	12,125	44,874	13,116
Trade and other receivables	5.1 (c)	12,865	10,436	13,289	10,686
Other financial assets	5.1 (b)	63,000	99,000	63,000	99,000
Other assets	5.2 (a)	901	3,653	1,171	3,699
<b>Total current assets</b>		<b>120,477</b>	<b>125,214</b>	<b>122,334</b>	<b>126,501</b>
<b>Non-current assets</b>					
Other financial assets	5.1 (b)	15	245	15	245
Investments in joint operation and subsidiary	6.2	2,363	2,632	363	632
Property, infrastructure, plant and equipment	6.1	2,928,051	2,866,352	2,933,921	2,872,463
Right-of-use assets	5.8	1,971	-	1,971	-
Investment property	6.3	7,485	9,100	7,485	9,100
Intangible assets	5.2 (b)	1,286	1,733	1,286	1,733
<b>Total non-current assets</b>		<b>2,941,172</b>	<b>2,880,062</b>	<b>2,945,041</b>	<b>2,884,173</b>
<b>Total assets</b>		<b>3,061,649</b>	<b>3,005,276</b>	<b>3,067,375</b>	<b>3,010,674</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	5.3 (a)	13,981	21,907	14,317	22,280
Trust funds and deposits	5.3 (b)	8,434	7,716	8,487	7,769
Unearned income	5.3 (c)	1,952	-	1,952	-
Provisions	5.5 (a) & (b)	15,223	14,964	15,384	15,083
Interest-bearing liabilities	5.4	3,500	3,500	3,500	3,500
Lease Liabilities	5.8	1,143	-	1,143	-
<b>Total current liabilities</b>		<b>44,231</b>	<b>48,087</b>	<b>44,783</b>	<b>48,632</b>
<b>Non-current liabilities</b>					
Provisions	5.5 (a)	2,061	1,891	2,064	1,893
Interest-bearing liabilities	5.4	19,000	22,500	19,000	22,500
Lease Liabilities	5.8	717	-	717	-
Other liabilities	6.2	1,441	1,566	1,441	1,566
<b>Total non-current liabilities</b>		<b>23,219</b>	<b>25,957</b>	<b>23,222</b>	<b>25,959</b>
<b>Total liabilities</b>		<b>67,450</b>	<b>74,044</b>	<b>68,005</b>	<b>74,591</b>
<b>Net assets</b>		<b>2,994,199</b>	<b>2,931,232</b>	<b>2,999,370</b>	<b>2,936,083</b>
<b>Equity</b>					
Accumulated surplus		1,109,344	1,095,388	1,114,515	1,100,238
Reserves	9.1	1,884,855	1,835,844	1,884,855	1,835,844
<b>Total Equity</b>		<b>2,994,199</b>	<b>2,931,232</b>	<b>2,999,370</b>	<b>2,936,083</b>

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

Stonnington City Council  
2019/2020 Financial Report

Statement of Changes in Equity  
For the Year Ended 30 June 2020

Council	Note	Accumulated			
		Total	Surplus	Asset Revaluation	Other
		\$'000	\$'000	Reserve	Reserves
		\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Balance at beginning of the financial year		2,931,232	1,095,388	1,772,663	63,181
Surplus for the year		25,977	25,977	-	-
Net asset revaluation increment / (decrement)	9.1 (a)	36,989	-	36,989	-
Transfers to other reserves	9.1 (b)	-	(16,257)	-	16,257
Transfers from other reserves	9.1 (b)	-	4,235	-	(4,235)
		62,967	13,956	36,989	12,022
<b>Balance at end of the financial year</b>		<b>2,994,199</b>	<b>1,109,344</b>	<b>1,809,653</b>	<b>75,202</b>
<b>2019</b>					
Balance at beginning of the financial year		3,016,968	1,054,909	1,897,031	65,027
Surplus for the year		38,632	38,632	-	-
Net asset revaluation increment / (decrement)	9.1 (a)	(124,368)	-	(124,368)	-
Transfers to other reserves	9.1 (b)	-	(20,481)	-	20,481
Transfers from other reserves	9.1 (b)	-	22,327	-	(22,327)
<b>Balance at end of the financial year</b>		<b>2,931,232</b>	<b>1,095,388</b>	<b>1,772,663</b>	<b>63,181</b>
<b>Consolidated</b>					
<b>2020</b>					
Balance at beginning of the financial year		2,936,083	1,100,238	1,772,663	63,181
Impact of change in accounting policy - AASB 16 Leases	10	201	201	-	-
Adjusted Opening balance		2,936,284	1,100,439	1,772,663	63,181
Surplus for the year		26,097	26,097	-	-
Net asset revaluation increment / (decrement)	9.1 (a)	36,989	-	36,989	-
Transfers to other reserves	9.1 (b)	-	(16,257)	-	16,257
Transfers from other reserves	9.1 (b)	-	4,235	-	(4,235)
		63,086	14,075	36,989	12,022
<b>Balance at end of the financial year</b>		<b>2,999,370</b>	<b>1,114,515</b>	<b>1,809,653</b>	<b>75,202</b>
<b>2019</b>					
Balance at beginning of the financial year		3,021,719	1,059,660	1,897,031	65,027
Surplus for the year		38,732	38,732	-	-
Net asset revaluation increment / (decrement)	9.1 (a)	(124,368)	-	(124,368)	-
Transfers to other reserves	9.1 (b)	-	(20,481)	-	20,481
Transfers from other reserves	9.1 (b)	-	22,327	-	(22,327)
<b>Balance at end of the financial year</b>		<b>2,936,083</b>	<b>1,100,238</b>	<b>1,772,663</b>	<b>63,181</b>

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

**Stonnington City Council**  
2019/2020 Financial Report

**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Note	Council		Consolidated	
		2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>					
Rates and charges		113,832	113,278	113,832	113,278
Statutory fees and fines		24,211	26,604	24,211	26,604
User fees		18,918	22,883	18,918	27,157
Grants - operating		9,070	9,486	9,070	9,486
Grants - capital		1,566	2,739	1,566	2,739
Contributions - monetary		13,043	16,597	13,043	16,597
Interest received		2,240	2,644	2,246	2,655
Other receipts		7,100	9,657	11,390	9,657
Net GST refund		10,175	11,629	10,006	11,457
Trust funds and deposits taken		22,613	21,328	22,613	21,328
Employee costs		(68,033)	(67,407)	(68,928)	(68,345)
Materials and services		(74,729)	(77,353)	(74,729)	(80,063)
Short-term, low value and variable lease payments		(337)	-	(337)	-
Trust funds and deposits repaid		(21,481)	(20,626)	(21,481)	(20,652)
Other payments		(4,675)	(6,070)	(7,689)	(6,072)
<b>Net cash provided by operating activities</b>	9.2	<b>53,513</b>	<b>65,388</b>	<b>53,730</b>	<b>65,825</b>
<b>Cash flows from investing activities</b>					
Payments for property, infrastructure, plant and equipment	6.1	(53,332)	(81,146)	(53,387)	(81,185)
Proceeds from sale of property, infrastructure, plant and equipment		393	642	393	663
Payments for investments		(72,500)	(146,800)	(72,500)	(146,800)
Receipts from investments		108,500	137,800	108,500	137,800
<b>Net cash used in investing activities</b>		<b>(16,939)</b>	<b>(89,504)</b>	<b>(16,994)</b>	<b>(89,522)</b>
<b>Cash flows from financing activities</b>					
Borrowing costs		(376)	(469)	(376)	(469)
Proceeds from borrowings		-	20,000	-	20,000
Repayment of borrowings		(3,500)	(2,187)	(3,490)	(2,236)
Interest paid - lease liability		(776)	-	(776)	-
Repayment of lease liabilities		(337)	-	(337)	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(4,988)</b>	<b>17,344</b>	<b>(4,978)</b>	<b>17,295</b>
Net (decrease)/increase in cash and cash equivalents		31,585	(6,772)	31,758	(6,402)
Cash and cash equivalents at the beginning of the financial year		12,125	18,897	13,116	19,518
<b>Cash and cash equivalents at the end of the financial year</b>	5.1 (a)	<b>43,711</b>	<b>12,125</b>	<b>44,874</b>	<b>13,116</b>
Financing arrangements	5.6				
Restrictions on cash assets	5.1 (b)				

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

Stonnington City Council  
2019/2020 Financial Report

**Statement of Capital Works  
For the Year Ended 30 June 2020**

	Council	
	2020	2019
	\$'000	\$'000
<b>Property</b>		
Land	1,030	7,518
<b>Total land</b>	<u>1,030</u>	<u>7,518</u>
Buildings	6,334	11,246
Heritage buildings	812	1,275
<b>Total buildings</b>	<u>7,146</u>	<u>12,521</u>
<b>Total property</b>	<u>8,176</u>	<u>20,039</u>
<b>Plant and equipment</b>		
Heritage plant and equipment	1,587	262
Plant, machinery and equipment	2,489	3,826
Fixtures, fittings and furniture	605	591
Computers and telecommunications	382	585
Library books	843	832
<b>Total plant and equipment</b>	<u>5,906</u>	<u>6,096</u>
<b>Infrastructure</b>		
Roads	7,845	4,970
Bridges	-	209
Footpaths and cycleways	594	1,094
Drainage	3,546	1,903
Recreational, leisure and community facilities	1,528	3,448
Parks, open space and streetscapes	16,668	42,356
Other infrastructure	2,290	1,596
<b>Total infrastructure</b>	<u>32,471</u>	<u>55,576</u>
<b>Total capital works expenditure</b>	<u>46,553</u>	<u>81,711</u>
<b>Represented by:</b>		
New asset expenditure	18,595	50,084
Asset renewal expenditure	19,502	25,640
Asset expansion expenditure	494	1,728
Asset upgrade expenditure	7,962	4,259
<b>Total capital works expenditure</b>	<u>46,553</u>	<u>81,711</u>

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



Stonnington City Council  
2019/2020 Financial Report

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## Notes to the Financial Report For the Year Ended 30 June 2020

### OVERVIEW

#### Introduction

Stonnington City Council was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate.

Council's main office is located at 311 Glenferrie Road, Malvern, Victoria.

#### Statement of compliance

These consolidated 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 consolidated 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 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

#### Significant accounting policies

##### Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 6.1 )
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.1 )
- 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)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

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**Note 1(a) Impact of COVID 19 crisis on City of Stonnington's operations and 2019-20 financial report**

On the 11 March 2020 COVID-19 was declared a global pandemic and a State of Emergency was declared in Victoria on 16 March 2020. Council enacted its Business Continuity and Pandemic Plans on 17 March 2020, with a focus on maintaining core services. Since then, various measures were taken by all three levels of Government in Australia to reduce the spread of COVID-19.

COVID-19 significantly impacted the delivery of all non-essential services and core service were forced to adapt to the impact of social restrictions. Measures taken to mitigate the crisis has impacted City of Stonnington's operations in the following areas for the financial year ended 30 June 2020:

- In response to Government directive amidst the COVID-19 outbreak, aquatic centre facilities, libraries, community centres, venues and community events closed. Council reverted to no parking fees at selected carparks and waived footpath trading permits and Food Act registrations from April 2020. These activities undertaken by Council resulted in a decrease in the Council user fee revenue by \$9.06 million and decreased associated expenses by \$2.67 million.
- Council significantly reduced parking enforcement across the municipality, which resulted in a decrease in Council statutory fees and fines revenue by \$0.85 million and decreased associated expenses by \$0.36 million
- Council activated its Financial Hardship Policy in response to this crisis which outlines specific provisions that Council will consider providing temporary relief to those under financial stress as a result of the crisis.
- Council accelerated supplier payments in response to financial hardship experienced by businesses. This has resulted in the trade payables balance as at 30 June 2020 to decrease by \$7.81 million compared to last year.
- A number of businesses, not-for-profit organizations and other organisations that lease Council property were impacted by the social restrictions imposed by COVID 19. Council paused or significantly reduced commercial rent agreements for tenants of Council owned properties from March 2020. This resulted in decrease in rent revenue of \$0.45 million.
- Financial impact from deferral of rates revenue/ interest free period is \$0.12 million. This has also resulted in the debtor balance as at 30 June 2020 to increase by \$4.21 million compared to last year. All rate debtor balances are deemed collectible at 30 June 2020.
- Total financial impact of Covid-19 against the City of Stonnington surplus at 30 June 2020 resulted in a decrease in Council total revenue by \$10.5 million and decreased associated expenses by \$3.03 million as detailed above.

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**Note 1(b) Performance against budget**

**1.1 Income and expenditure**

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 4 June 2019. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance 2020 %	Ref
<b>Income</b>					
Rates and charges	117,393	117,736	343	0.29%	
Statutory fees and fines	23,154	23,880	726	3.13%	
User fees	23,171	18,105	(5,066)	(21.86%)	1
Grants - operating	9,361	8,521	(840)	(8.98%)	
Grants - capital	776	779	3	0.34%	
Contributions - monetary	15,150	13,144	(2,006)	(13.24%)	2
Other income	10,067	8,807	(1,260)	(12.52%)	3
<b>Total income</b>	<b>199,072</b>	<b>190,971</b>	<b>(8,101)</b>	<b>(4.07%)</b>	
<b>Expenses</b>					
Employee costs	67,314	68,812	(1,498)	(2.22%)	4
Materials and services	56,777	60,547	(3,770)	(6.64%)	5, 12
Bad and doubtful debts	20	4,785	(4,765)	(23824.27%)	6
Depreciation	21,085	19,332	1,753	8.31%	7
Amortisation - Intangible assets	841	817	24	2.89%	
Amortisation - Right of use assets	-	641	(641)	0.00%	8
Borrowing costs	1,031	361	670	64.98%	9
Share of net loss of joint operation accounted for by using the equity method	-	-	0	0.00%	
Fair value adjustments for investment property	-	1,615	(1,615)	0.00%	10
Net loss /(gain) on disposal of property, infrastructure, plant and equipment	75	2,117	(2,042)	(2722.70%)	11
Finance costs - Leases	-	776	(776)	0.00%	8
Other expenses	9,043	5,191	3,852	42.59%	12
<b>Total expenses</b>	<b>156,186</b>	<b>164,994</b>	<b>(8,808)</b>	<b>(5.64%)</b>	
<b>Surplus for the year</b>	<b>42,886</b>	<b>25,977</b>	<b>(16,909)</b>	<b>(39.43%)</b>	

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**Note 1(b) Performance against budget (cont.)**

**1.1 Income and expenditure (cont.)**

**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	User fees	Footpath permits and Health permits income was refunded as part of the business support program as a result of the unprecedented COVID-19 pandemic \$0.56 million. Loss of income also resulted from the closure and restrictions placed on non-essential services including aquatic services income \$1.38 million and the early years services income \$0.76 million. Parking enforcements were reduced in response to the pandemic, and Council experienced collection issues with Fines Victoria resulting in income lower than budget \$1.73 million. Statutory planning permits income was lower than budgeted \$0.25 million as well as other non essential community services income loss.
2	Contributions - monetary	Open space contributions lower than budget by \$2.0 million due to lower than expected levels of development.
3	Other income	Other income lower than budget predominantly due to unfavourable Interest income \$0.67 million impacted by the decreasing interest rate environment, rental reliefs as part of the COVID-19 Business Support Program \$0.45 million, rental income lower than expected as a result of the delay in the opening of the newly developed Prahran Square \$0.11 million, and cost recovery for Victorian Building Authorities (VBA) cladding project no longer forthcoming as full cost recovery is being rebuked by the VBA \$0.13 million. These are partially offset by recovery of valuations work from the State Revenue Office \$0.20 million and Fuel Tax Credit and the Goods and Services Tax recovery.
4	Employee costs	Contractors costs exceeded budget \$0.95 million predominantly due to additional resource requirements in the waste disposal and tipping area in response to new safety initiatives requirements, graffiti maintenance, additional compliance functions and initiatives to improve the engagement and communications services. There are a number of unplanned leaves requiring backfill. Cost also exceeded budget due to termination payments following the COVID-19 pandemic.
5	Materials and services	Materials and services cost exceeded budget predominantly due to higher than budget security cost \$0.37 million, consulting fees \$0.48 million, legal fees \$0.53 million, tipping fees \$0.28 million, cleaning costs and additional PPE \$0.33 million, telecommunication and software support \$0.36 million and vehicle servicing requirements \$0.26 million. This has been offset by major contract payments savings of \$1.0m which includes saving against the parking enforcement contract with DCA and cost re-prioritisation as a result of COVID-19. A further reduction of contract payment costs of \$1.16m, arising from the impact of the new accounting standard (AASB16 Leases), this amount is re-allocated to depreciation and lease interest expenses.
6	Bad and doubtful debts	Bad and doubtful debts were \$4.76 million greater than budget as a result of an increment in the provision for doubtful debts for infringement court income owing to Council. The majority of infringement court income owing to Council is offset by a provision for doubtful debts as there is a low likelihood of this income being paid to Council. The collection of infringement court income is managed by Fines Victoria.
7	Depreciation	Depreciation expense is lower than budget as a result of the lower level of capital works completed and capitalised for 2019/20 (please refer to the Statement of Capital Works for more details on this program).
8	Amortisation - Right of use assets / Finance costs - Leases	The new accounting standard for leases (AASB16 Leases) came into effect 1 July 2020. This was not budgeted and shows an overspend of \$1.41 million, offset by a reduction against materials and services (contract payments). The new standard requires Council to bring operating leases on-balance sheet, and has a net impact on surplus of \$0.11 million (please refer to Note 5.8 for further details).
9	Borrowing costs	Budgeted loan borrowings for the Prahran Square redevelopment project were not required to be drawn down until later in the year than originally budgeted and the actual interest rate was lower than budgeted leading to savings.
10	Fair value adjustments for investment property	This adjustment is unbudgeted and reflects the reduction in the assessed value of Council's investment properties over the last 12 months (please refer to Note 6.3 for further details).

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**Note 1(b) Performance against budget (cont.)**

**1.1 Income and expenditure (cont.)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
11	Net loss/(gain) on disposal of property, infrastructure, plant and equipment	<p>Council had an overall net loss on disposal/write-off of assets (proceeds less the net asset value) which represents the following transactions:</p> <ul style="list-style-type: none"> <li>• Proceeds received for which there was no adjustment in the asset register \$0.03 million</li> <li>• Net loss on the sale of plant and equipment \$0.26 million; and</li> <li>• Net loss or Asset write-offs for property and infrastructure assets \$0.98 million from building demolitions and road renewal program \$1.48 million. Refer to Notes 4.8 and 6.1 for further details.</li> </ul> <p>The budget estimate reflects the expected net loss from the sale of minor plant and equipment only.</p>
12	Other expenses	<p>New operating initiatives of \$3.11 million that were budgeted under 'other expenses' were allocated to materials and services resulting in a favourable variance.</p>

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Note 1(b) Performance against budget (cont.)

1.2 Capital works

	Budget	Actual	Variance	Variance	Ref
	2020 \$'000	2020 \$'000	2020 \$'000	2020 %	
<b>Property</b>					
Land	10,000	1,030	8,970	89.70%	1
<b>Total land</b>	<b>10,000</b>	<b>1,030</b>	<b>8,970</b>	<b>89.70%</b>	
Buildings	21,633	6,334	15,299	70.72%	2
Heritage buildings	11,000	812	10,188	92.62%	3
<b>Total buildings</b>	<b>32,633</b>	<b>7,146</b>	<b>25,487</b>	<b>78.10%</b>	
<b>Total property</b>	<b>42,633</b>	<b>8,176</b>	<b>34,457</b>	<b>80.82%</b>	
<b>Plant and equipment</b>					
Heritage plant and equipment	192	1,587	( 1,395 )	(726.75%)	4
Plant, machinery and equipment	2,350	2,489	(139)	(5.91%)	
Fixtures, fittings and furniture	833	605	228	27.37%	5
Computers and telecommunications	575	382	193	33.57%	6
Library books	1,055	843	212	20.09%	7
<b>Total plant and equipment</b>	<b>5,005</b>	<b>5,906</b>	<b>(901)</b>	<b>(18.01%)</b>	
<b>Infrastructure</b>					
Roads	5,830	7,845	(2,015)	(34.56%)	8
Bridges	75	0	75	100.00%	8
Footpaths and cycleways	3,091	594	2,497	80.78%	8
Drainage	2,781	3,546	(765)	(27.51%)	9
Recreational, leisure and community facilities	3,692	1,528	2,164	58.61%	10
Street trees	920	749	171	18.59%	11
Parks, open space and streetscapes	17,750	15,919	1,831	10.32%	12
Other infrastructure	1,727	2,290	(563)	(32.60%)	13
<b>Total infrastructure</b>	<b>35,866</b>	<b>32,471</b>	<b>3,395</b>	<b>9.47%</b>	
<b>Total capital works expenditure</b>	<b>83,503</b>	<b>46,553</b>	<b>36,950</b>	<b>44.25%</b>	
<b>Represented by:</b>					
New asset expenditure	36,755	18,595	18,159	49.41%	1,2
Asset renewal expenditure	27,092	19,502	7,590	28.02%	2,12
Asset expansion expenditure	6,390	494	5,896	92.27%	3
Asset upgrade expenditure	13,266	7,962	5,304	39.98%	3
<b>Total capital works expenditure</b>	<b>83,503</b>	<b>46,553</b>	<b>36,950</b>	<b>44.25%</b>	

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**Note 1(b) Performance against budget (cont.)**

**1.3 Capital works (cont.)**  
**(i) Explanation of material variations**

<b>Variance Ref</b>	<b>Item</b>	<b>Explanation</b>
1	Land	The opportunity to purchase properties to enhance public realm is dependent on market availability. Council purchased a new property as part of the Open Space Strategy which was funded from the Open Space Reserve, however based on availability did not purchase Open Space in line with budget.
3	Buildings	The Percy Treyvaud Masterplan Implementation \$13.0 million (new) and Harold Holt Masterplan works \$2.1 million (renewal) have been deferred to future financial year as a result of COVID-19 impacts and construction restrictions.
3	Heritage buildings	The Prahran Town Hall redevelopment \$7.0 million (upgrade/expansion) and Prahran Market upgrade works \$1.4 million (upgrade/expansion) have been deferred into the next financial year as a result of COVID-19 impacts and construction restrictions.
4	Heritage plant and equipment	The variance relates the recognition of costs for the Prahran Square The Pipes art installation under the Heritage Art asset category while being originally budgeted under Park and Open Space works.
5	Fixtures, fittings and furniture	The variance is a result of furniture upgrades works placed on hold as a result of COVID-19 impacts and restrictions
6	Computers and telecommunications	The variance is a result of upgrade/renewal works placed on hold as a result of COVID-19 impacts and restrictions
7	Library books	Some of the expenditure being budgeted under this category was operational in nature and expensed. In addition, the variance is also a result of upgrade/renewal works placed on hold as a result of COVID-19 impacts and restrictions
8	Roads, bridges, footpaths and cycleways	The variance relates to the recognition of road construction costs for Prahran Square and Chapel Street Precinct Masterplan Implementation project works in this asset category while being originally budgeted under the Park ad Open Space works. In addition, the variance is also a result of upgrade/renewal works being deferred as a result of COVID-19 impacts and restrictions
9	Drainage	Some drainage improvements works that were originally budgeted as part of the roads refurbishment or parks and open space capital works programs or projects were allocated to the drainage capital works program. These include project works for Prahran Square, Lorne Road Refurbishment and Millewa Avenue Refurbishment.
10	Recreational, leisure and community facilities	Some capital works are now expected to be completed in the next financial year as a result of COVID-19 impacts and restrictions. The delayed project includes the Tennis Facility Review and Redevelopment Strategy Implementation
11	Street trees	The annual tree planting and tree replacement program has been delayed as a result of COVID-19 impacts and restrictions.
12	Parks, open space and streetscapes	The majority of expenditure \$11.5 million relates to the Prahran Square development which is now complete. The variance mainly relates to project works being originally budgeted in this asset category being capitalised elsewhere (see above comment) and as a result of project works being deferred as a result of COVID-19 impacts and restrictions, including Chapel Street Precinct Masterplan Implementation \$1.4 million (renewal).
13	Other infrastructure	The variance relates to the recognition of road extra construction costs for various project works in this asset category while being originally budgeted under the Park ad Open Space works or other asset categories. These projects include Chapel Street Precinct Masterplan Implementation and Prahran Square.

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

Council delivers its functions and activities through the following divisions.

**2.1 (a) Chief Executive Office**

The CEO office includes the governance and integrity functions and risk management.

**Community and Wellbeing**

Community and Wellbeing provides high quality community focused programs, service delivery and communication to residents. Community and Wellbeing is comprised of community care, connected communities, family and childrens services, health services, leisure and recreational services. The division also supports arts, local festivals and events and advocates on behalf of the community for major events.

**Corporate Services**

Corporate Services provides efficient, effective and proactive support services across council to enable the delivery of the Council Plan and council vision. The provision of these services includes financial services, rates and valuation, legal services, people and safety, property and procurement.

**Engagement and Innovation**

Engagement and Innovation comprises of Customer Experience, Innovation, Customer Service, Communications Advocacy and Engagement (previously CEO division) and Business Systems and Technology (previously Corporate Services division). Our Customer Service team are the front facing support of Stonnington that provide assistance to the community on a daily basis. The communications team provides important and efficient engagement communication to our staff and the Stonnington Community. The business systems and technology team manages the information technology systems and support to underpin Council's service delivery, whilst Customer Experience designs the future processes and innovations for our community and organisation.

**Environment and Infrastructure**

Environment and Infrastructure is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, environment and infrastructure, city operations, open space and environment, emergency management and municipal resources.

**Planning and Place**

Planning and Place includes statutory and strategic planning, geographic information system, liveability and compliance, customer experience and communications.



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**Note 2.1 Analysis of Council results by division (cont.)**

**2.1 (b) Summary of revenues, expenses and assets by division**

	Income	Expenses	Surplus / (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Chief Executive Office	57	3,281	(3,223)	-	362
Community and Wellbeing	17,265	42,596	(25,332)	5,285	134,716
Corporate Services	123,503	18,908	104,595	2,499	833,422
Engagement and Innovation	1	8,693	(8,693)	-	1,924
Environment and Infrastructure	27,926	75,789	(47,863)	1,490	2,089,715
Planning and Place	22,220	15,728	6,492	25	1,510
	<b>190,971</b>	<b>164,994</b>	<b>25,978</b>	<b>9,299</b>	<b>3,061,649</b>
<b>2019</b>					
Chief Executive Office	27	3,924	(3,897)	27	724
Community and Wellbeing	18,833	41,897	(23,063)	5,765	118,929
Corporate Services	125,054	23,558	101,496	2,397	2,729,692
Environment and Infrastructure	32,156	78,018	(45,862)	3,380	155,087
Planning and Place	25,210	15,250	9,960	57	844
	<b>201,280</b>	<b>162,647</b>	<b>38,633</b>	<b>11,626</b>	<b>3,005,276</b>

The Engagement and Innovation division is a newly created division for the 2019/2020 financial year.

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	Council		Consolidated	
	2020	2019	2020	2019
	\$'000	\$'000	\$'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 plus buildings and other improvements.

The Capital Improved Value (CIV) used to calculate general rates for 2019/2020 was \$94.878 billion (2018/2019, \$95.537 billion). The 2019/2020 rate in the CIV dollar was 0.0010177 (2018/2019, 0.000999).

General rates	93,183	89,811	93,183	89,811
Service rates and charges	21,194	20,873	21,194	20,873
Special rates and charges	1,884	1,785	1,884	1,785
Supplementary rate and rate adjustments	1,339	922	1,339	922
Interest on rates and charges	137	206	137	206
<b>Total rates and charges</b>	<b>117,736</b>	<b>113,597</b>	<b>117,736</b>	<b>113,597</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020. The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2019, and the valuation was applied in the rating year commencing 1 July 2019.

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

**3.2 Statutory fees and fines**

Infringements and costs	12,960	14,651	12,960	14,651
Court recoveries	6,251	6,458	6,251	6,458
Town planning fees	2,195	2,233	2,195	2,233
Land information certificates	164	159	164	159
Permits	2,310	2,287	2,310	2,287
<b>Total statutory fees and fines</b>	<b>23,880</b>	<b>25,788</b>	<b>23,880</b>	<b>25,788</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	519	647	519	647
Leisure centre and recreation	3,962	5,164	3,962	5,164
Child care/ children's programs	3,375	4,232	3,375	4,232
Parking	3,574	4,002	3,574	4,002
Registration and other permits	590	778	590	778
Building services	2,646	3,084	2,646	3,084
Green fees	1,095	1,193	1,095	1,193
Waste management services	1,236	1,100	1,236	1,100
Other fees and charges	1,109	1,438	1,109	1,438
<b>Total user fees</b>	<b>18,105</b>	<b>21,638</b>	<b>18,105</b>	<b>21,638</b>

**User fees by timing of revenue recognition**

User fees recognised over time	7,855	10,043	7,855	10,043
User fees recognised at a point in time	10,249	11,595	10,249	11,595
<b>Total user fees</b>	<b>18,105</b>	<b>21,638</b>	<b>18,105</b>	<b>21,638</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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	Council		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 3 Funding for the delivery of our services (cont.)</b>				
<b>3.4 Funding from other levels of government</b>				
Grants were received in respect of the following:				
<b>Summary of grants</b>				
Commonwealth funded grants	5,816	5,842	5,816	5,842
State funded grants	3,483	5,784	3,483	5,784
<b>Total grants received</b>	<b>9,299</b>	<b>11,626</b>	<b>9,299</b>	<b>11,626</b>
<b>(a) Operating grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Financial Assistance Grants	2,966	2,864	2,966	2,864
Aged care	2,553	2,740	2,553	2,740
<b>Recurrent - State Government</b>				
Veteran affairs - Home care	1	4	1	4
Aged care	640	786	640	786
School crossing supervisors	309	296	309	296
Libraries	723	705	723	705
Maternal and child health	722	708	722	708
Community partnership & youth programs	349	467	349	467
Child care & immunisation	226	177	226	177
<b>Total recurrent operating grants</b>	<b>8,487</b>	<b>8,747</b>	<b>8,487</b>	<b>8,747</b>
<b>Non-recurrent - Commonwealth Government</b>				
Other minor grants	-	5	-	5
<b>Non-recurrent - State Government</b>				
Community safety	7	42	7	42
Learner to probation L2P	-	38	-	38
Other minor grants	27	58	27	58
<b>Total non-recurrent operating grants</b>	<b>33</b>	<b>143</b>	<b>33</b>	<b>143</b>
<b>Total operating grants</b>	<b>8,521</b>	<b>8,890</b>	<b>8,521</b>	<b>8,890</b>
<b>(b) Capital grants</b>				
<b>Recurrent - Commonwealth Government</b>				
Roads to recovery	298	233	298	233
<b>Recurrent - State Government</b>				
Premier's reading challenge	12	12	12	12
<b>Total recurrent capital grants</b>	<b>311</b>	<b>245</b>	<b>311</b>	<b>245</b>
<b>Non-recurrent - State Government</b>				
Building	-	238	-	238
Heritage buildings	-	750	-	750
Parks, open space and streetscapes	295	350	295	350
Recreational, leisure and community facilities	80	1,125	80	1,125
Plant, machinery and equipment	-	27	-	27
Land improvements	94	-	94	-
<b>Total non-recurrent capital grants</b>	<b>468</b>	<b>2,491</b>	<b>468</b>	<b>2,491</b>
<b>Total capital grants</b>	<b>779</b>	<b>2,736</b>	<b>779</b>	<b>2,736</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	1,415	786	1,415	786
Received during the financial year and remained unspent at balance date	787	1,247	787	1,247
Received in prior years and spent during the financial year	(1,170)	(618)	(1,170)	(618)
<b>Balance at year end</b>	<b>1,032</b>	<b>1,415</b>	<b>1,032</b>	<b>1,415</b>

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	Council		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000

**Note 3 Funding for the delivery of our services (cont.)**

**3.4 Funding from other levels of government (cont.)**

**(c) Unspent grants received on condition that they be spent in a specific manner (cont.)**

**Capital**

Balance at start of year	378	-	378	-
Received during the financial year and remained unspent at balance date	757	378	757	378
Received in prior years and spent during the financial year	-	-	-	-
Balance at year end	<u>1,135</u>	<u>378</u>	<u>1,135</u>	<u>378</u>

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

**3.5 Contributions**

Monetary	13,144	16,501	13,144	16,501
Non-monetary	-	14	-	14
<b>Total contributions</b>	<u>13,144</u>	<u>16,515</u>	<u>13,144</u>	<u>16,515</u>

Open space	12,747	16,278	12,747	16,279
Development contributions	74	-	74	-
Capital works contributions	275	82	275	82
Operating contributions	47	141	47	141
<b>Total monetary contributions</b>	<u>13,144</u>	<u>16,501</u>	<u>13,144</u>	<u>16,501</u>

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

Heritage plant and equipment	-	14	-	14
<b>Total non-monetary contributions</b>	<u>-</u>	<u>14</u>	<u>-</u>	<u>14</u>

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

**3.6 Other income**

Interest	1,641	2,738	1,647	2,749
Investment property rental	486	633	486	633
Council works cost recovery	981	1,392	981	1,392
Fire services property levy administration	84	82	84	82
State Revenue Office - valuation cost recovery	347	1,207	347	1,207
Transport towing	74	132	74	132
Other rent	4,855	5,652	8,519	9,047
Other	338	279	394	269
<b>Total other income</b>	<u>8,807</u>	<u>12,115</u>	<u>12,531</u>	<u>15,511</u>

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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	Council		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 4 The cost of delivering services</b>				
<b>4.1 (a) Employee costs</b>				
Wages and salaries	50,644	49,100	51,463	49,880
WorkCover	1,347	1,073	1,353	1,078
Casual staff	2,722	2,790	2,722	2,790
Annual leave and long service leave	7,398	7,279	7,443	7,352
Superannuation	5,325	5,004	5,388	5,074
Fringe benefits tax	492	514	492	514
Other	884	772	884	772
<b>Total employee costs</b>	<b>68,812</b>	<b>66,532</b>	<b>69,745</b>	<b>67,460</b>
<b>(b) Superannuation</b>				
Council made contributions to the following funds:				
<b>Defined benefit fund</b>				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	559	564	559	564
	<u>559</u>	<u>564</u>	<u>559</u>	<u>564</u>
<b>Accumulation funds</b>				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,535	3,894	3,599	3,964
Employer contributions - other funds	1,168	546	1,168	546
	<u>4,703</u>	<u>4,440</u>	<u>4,766</u>	<u>4,510</u>
Employer contributions payable at reporting date	63	69	63	69
<b>Total superannuation</b>	<b>5,325</b>	<b>5,004</b>	<b>5,388</b>	<b>5,074</b>

Refer to note 9.3 for further information relating to Council's superannuation obligations.

**4.2 Materials and services**

Transport and parking	8,379	8,792	8,379	8,792
Environment and infrastructure	13,731	12,922	13,731	12,922
Community support and care services	696	648	696	648
Rates and valuations	2,458	2,118	2,458	2,118
Waste management services	5,524	4,890	5,524	4,890
Building Maintenance	2,323	2,514	2,323	2,514
General Maintenance	1,108	893	1,108	893
Utilities	2,528	2,541	2,528	2,541
Office Administration	3,030	3,030	3,030	3,030
Information Technology	2,908	2,500	2,908	2,500
Consulting	2,313	2,640	2,313	2,640
Legal fees	1,276	1,307	1,276	1,307
Insurance	1,218	1,090	1,218	1,090
Stamp duty, lodgement fees and registrations	2,450	2,669	2,450	2,669
Fleet Management	1,819	1,659	1,819	1,659
Events and programs	3,708	3,585	3,708	3,585
Planning amendment fees	326	205	326	205
Others	4,754	6,248	7,032	8,271
<b>Total materials and services</b>	<b>60,547</b>	<b>60,251</b>	<b>62,824</b>	<b>62,273</b>

\* Materials and Services have been reclassified based on the revised of organisational structures.

**4.3 Depreciation**

Property	5,640	4,442	5,856	4,657
Plant and equipment	3,832	3,739	3,904	3,826
Infrastructure	9,860	10,199	9,860	10,199
<b>Total depreciation</b>	<b>19,332</b>	<b>18,380</b>	<b>19,621</b>	<b>18,682</b>

Refer to note 6.1 for a more detailed breakdown of depreciation charges and accounting policy.

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	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 4 The cost of delivering services (cont.)</b>				
<b>4.4 Amortisation - Intangible assets</b>				
Intangible assets	817	900	817	900
<b>Total amortisation - intangible assets</b>	<b>817</b>	<b>900</b>	<b>817</b>	<b>900</b>
Refer to note 5.2(b) for a more detailed breakdown of amortisation charges and accounting policy.				
<b>4.5 Amortisation - Right of use assets</b>				
Equipment	51	-	51	-
Vehicles	-	-	-	-
<b>Total amortisation - right of use assets</b>	<b>51</b>	<b>-</b>	<b>51</b>	<b>-</b>
Refer to note 5.8 for a more detailed breakdown of application of new accounting standard for AASB 16 Leases and changes to amortisation				
<b>4.6 Bad and doubtful debts</b>				
Parking fine debtors	4,739	5,857	4,739	5,857
Other debtors	46	-	129	-
<b>Total bad and doubtful debts</b>	<b>4,785</b>	<b>5,857</b>	<b>4,867</b>	<b>5,857</b>
<b>Movement in provisions for doubtful debts</b>				
Balance at the beginning of the year	22,670	16,813	22,670	16,813
Amounts already provided for and written off as uncollectible	(78)	-	(78)	-
Amounts provided for but recovered during the year	-	-	-	-
<b>Balance at end of year</b>	<b>22,592</b>	<b>16,813</b>	<b>22,592</b>	<b>16,813</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.				
<b>4.7 Borrowing costs</b>				
Interest - borrowings	361	490	361	490
Interest - finance leases	-	-	-	-
<b>Total borrowing costs</b>	<b>361</b>	<b>490</b>	<b>361</b>	<b>490</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 Net (gain) / loss on disposal of property, infrastructure, plant and equipment</b>				
<b>Net (gain) / loss on sale of property, infrastructure, plant and equipment</b>				
Proceeds from sales	(393)	(642)	(393)	(642)
Written down value of assets disposed	260	665	267	694
<b>Net loss on write off property, infrastructure, plant and equipment</b>	<b>2,250</b>	<b>4,328</b>	<b>2,250</b>	<b>4,328</b>
Infrastructure	-	-	-	-
Plant and equipment	-	-	-	-
<b>Total net loss on disposal of property, infrastructure, plant and</b>	<b>2,250</b>	<b>4,328</b>	<b>2,250</b>	<b>4,328</b>
	<b>2,117</b>	<b>4,351</b>	<b>2,125</b>	<b>4,380</b>
<b>4.9 Finance Costs - Leases</b>				
Interest - Lease Liabilities	776	-	776	-
<b>Total finance costs</b>	<b>776</b>	<b>-</b>	<b>776</b>	<b>-</b>
Refer to note 5.8 for a more detailed breakdown of application of new accounting standard for AASB 16 Leases and changes to interest				
<b>4.10 Other expenses</b>				
Auditors' remuneration - VAGO - audit of the financial statement, performance statement and grant acquittals	73	73	89	89
Auditors' remuneration - Internal	200	129	200	129
Councillors' allowances	382	375	382	375
Operating lease rentals	337	687	337	687
Community grants	3,192	3,414	3,192	3,414
Others	1,008	500	1,008	500
<b>Total other expenses</b>	<b>5,191</b>	<b>5,177</b>	<b>5,207</b>	<b>5,193</b>

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	Council		Consolidated	
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<b>Note 5 Our financial position</b>				
<b>5.1 Financial assets</b>				
<b>(a) Cash and cash equivalents</b>				
Cash on hand	4	7	4	7
Cash at bank	15,707	4,118	16,870	5,109
Term deposits	28,000	8,000	28,000	8,000
<b>Total cash and cash equivalents</b>	<b>43,711</b>	<b>12,125</b>	<b>44,874</b>	<b>13,116</b>
<b>(b) Other financial assets</b>				
<b>Current</b>				
Term deposits	63,000	99,000	63,000	99,000
<b>Total cash, cash equivalents and term deposits</b>	<b>106,711</b>	<b>111,125</b>	<b>107,874</b>	<b>112,116</b>
<b>Non-current</b>				
Shares in Regional Kitchen Pty Ltd - At cost *	-	230	-	230
MAPS shareholding - At cost	15	15	15	15
<b>Total non-current other financial assets</b>	<b>15</b>	<b>245</b>	<b>15</b>	<b>245</b>
<b>Total other financial assets</b>	<b>63,015</b>	<b>99,245</b>	<b>63,015</b>	<b>99,245</b>
<b>Total financial assets</b>	<b>106,726</b>	<b>111,370</b>	<b>107,889</b>	<b>112,361</b>

\* As at 30 June 2020, Council's investment in Regional Kitchen Pty Ltd at historical cost has been written off with sale proceeds of \$1 dollar.

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)	8,434	7,716	8,487	7,769
Total restricted funds	8,434	7,716	8,487	7,769
<b>Total unrestricted cash, cash equivalents and term deposits</b>	<b>98,278</b>	<b>103,409</b>	<b>99,386</b>	<b>104,347</b>

**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	18,820	20,110	18,820	20,110
- Employee leave entitlement provisions (note 5.5) *	10,659	11,199	10,750	11,280
- Future Fund held for future strategic property purchase (note 9.1 (b))	22,278	19,578	22,278	19,578
- Public open space, developer contributions and off-street parking reserves (note 9.1 (b))	52,673	43,352	52,673	43,352
- Infrastructure reserve fund held for future road damage reinstatement (note 9.1 (b))	250	250	250	250
- Infrastructure reserve fund held for future park reinstatement (note 9.1 (b))	-	-	-	-
- Conditional grants unspent (note 3.4 (c))	2,168	1,793	2,168	1,793
- IMAP monies held under payables	425	688	425	688
<b>Total funds subject to intended allocations</b>	<b>107,273</b>	<b>96,970</b>	<b>107,364</b>	<b>97,052</b>
Total unrestricted cash, cash equivalents and term deposits adjusted for intended allocations **	(8,995)	6,439	(7,977)	7,295

\* Includes long service leave and retirement gratuity provisions only.

\*\* It is highly unlikely that settlement of all restricted funds and intended allocations will be required within the next twelve months.

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days 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.

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	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 5 Our financial position (cont.)</b>				
<b>5.1 Financial assets (cont.)</b>				
<b>(c) Trade and other receivables</b>				
<b>Current</b>				
<i>Statutory receivables</i>				
Rates debtors (refer note 1.1(a))	6,704	2,492	6,704	2,492
Special rate assessment	172	40	172	40
Parking infringement debtors	30,836	26,427	30,836	26,427
Provision for doubtful debts - parking infringements	(27,309)	(22,569)	(27,309)	(22,569)
Net GST receivable	1,382	2,633	1,382	2,633
<i>Non statutory receivables</i>				
Other debtors	1,181	1,513	1,687	1,763
Provision for doubtful debts - other debtors	(100)	(100)	(182)	(100)
<b>Total trade and other receivables</b>	<b>12,865</b>	<b>10,436</b>	<b>13,289</b>	<b>10,686</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.

**(i) Ageing of parking infringement debtors**

The ageing of Council's parking infringement debtors that are impaired per (ii):

Current (not yet due)	3,114	3,303	3,114	3,303
Past due by up to 30 days	550	570	550	570
Past due between 31 and 180 days	2,991	3,473	2,991	3,473
Past due between 181 and 365 days	2,962	2,890	2,962	2,890
Past due by more than 1 year	21,220	16,191	21,220	16,191
<b>Total other receivables</b>	<b>30,836</b>	<b>26,427</b>	<b>30,836</b>	<b>26,427</b>

**(ii) Ageing of impaired receivables - parking infringement debtors**

At balance date, parking infringement debtors with nominal value \$27.72 million (2019: \$23.12 million) were impaired. The amount of provision raised against these debtors was \$27.31 million (2019: \$22.57 million). The provision for doubtful debts has been recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment. The collection of impaired parking infringement debtors is managed by Fines Victoria.

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

Current (not yet due)	-	-	-	-
Past due by up to 30 days	385	399	385	399
Past due between 31 and 180 days	2,742	3,089	2,742	3,089
Past due between 181 and 365 days	2,962	2,890	2,962	2,890
Past due by more than 1 year	21,220	16,191	21,220	16,191
<b>Total other receivables</b>	<b>27,309</b>	<b>22,569</b>	<b>27,309</b>	<b>22,569</b>

**(iii) Ageing of other debtors**

The ageing of Council's other receivables (excluding statutory receivables) that are impaired per (iv):

Current (not yet due)	646	1,065	890	1,272
Past due by up to 30 days	65	185	85	203
Past due between 31 and 180 days	346	90	511	99
Past due between 181 and 365 days	72	44	145	46
Past due by more than 1 year	52	129	56	143
<b>Total other receivables</b>	<b>1,181</b>	<b>1,513</b>	<b>1,687</b>	<b>1,763</b>

**(iv) Ageing of individually impaired receivables - other debtors**

At balance date, consolidated receivables with nominal value \$0.18 million (2019: nil) were impaired. The amount of provision raised against these debtors was \$0.18 million (2019: nil). They have been individually impaired as a result of their doubtful collection.

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

Current (not yet due)	-	-	11	-
Past due by up to 30 days	-	-	-	-
Past due between 31 and 180 days	87	-	91	-
Past due between 181 and 365 days	13	-	75	-
Past due by more than 1 year	-	-	4	-
<b>Total other receivables</b>	<b>100</b>	<b>-</b>	<b>182</b>	<b>-</b>



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	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 5 Our financial position (cont.)</b>				
<b>5.2 Non-financial assets</b>				
<b>(a) Other assets - current</b>				
Prepayments	270	2,186	344	2,235
Accrued income	398	915	735	915
Other	233	552	92	548
<b>Total other assets</b>	<b>901</b>	<b>3,653</b>	<b>1,171</b>	<b>3,699</b>
<b>(b) Intangible assets</b>				
<b>Gross Carrying Amount</b>				
Balance at 1 July 2019			12,476	12,476
Work in progress			79	79
Other additions			291	291
Balance at 30 June 2020			<u>12,845</u>	<u>12,845</u>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 July 2019			(10,743)	(10,743)
Amortisation expense			(817)	(817)
Balance at 30 June 2020			<u>(11,559)</u>	<u>(11,559)</u>
Net book value at 30 June 2019			1,733	1,733
Net book value at 30 June 2020			<u>1,286</u>	<u>1,286</u>

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

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	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 5 Our financial position (cont.)</b>				
<b>5.3 Payables</b>				
<b>(a) Trade and other payables</b>				
Trade payables (refer note 1.1(a))	7,580	15,385	7,878	15,699
Accrued expenses	5,310	5,177	5,310	5,177
Other	1,091	1,345	1,130	1,404
<b>Total trade and other payables</b>	<b>13,981</b>	<b>21,907</b>	<b>14,317</b>	<b>22,280</b>
<b>(b) Trust funds and deposits</b>				
Refundable deposits	5,511	5,386	5,564	5,439
Refundable contract deposits	846	894	846	894
Fire Service Property Levy	1,200	780	1,200	780
Retention amounts	877	656	877	656
<b>Total trust funds and deposits</b>	<b>8,434</b>	<b>7,716</b>	<b>8,487</b>	<b>7,769</b>
<b>(c) Unearned income</b>				
Grants received in advance - operating	1,135	-	1,135	-
Grants received in advance - capital	788	-	788	-
Other	29	-	29	-
<b>Total unearned income</b>	<b>1,952</b>	<b>-</b>	<b>1,952</b>	<b>-</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 Services Property Levy - Council is the collection agent for fire services property 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 satisfactory completion of the contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with Council's contractual obligations.

**5.4 Interest-bearing liabilities**

<b>Current</b>				
Borrowings - secured	3,500	3,500	3,500	3,500
	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
<b>Non-current</b>				
Borrowings - secured	19,000	22,500	19,000	22,500
	<u>19,000</u>	<u>22,500</u>	<u>19,000</u>	<u>22,500</u>
<b>Total</b>	<b>22,500</b>	<b>26,000</b>	<b>22,500</b>	<b>26,000</b>

Borrowings are secured by rates income of Council.

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

Not later than one year	3,500	3,500	3,500	3,500
Later than one year and not later than five years	10,000	12,500	10,000	12,500
Later than five years	9,000	10,000	9,000	10,000
	<u>22,500</u>	<u>26,000</u>	<u>22,500</u>	<u>26,000</u>

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

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

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Note 5 Our financial position (cont.)

	Employee Provisions	Insurance Excess Provision	Total
	\$'000	\$'000	\$'000
<b>5.5 Provisions</b>			
<b>2020 Council</b>			
Balance at beginning of the financial year	16,740	115	16,855
Additional provisions	5,967	-	5,967
Amounts used	(5,360)	(115)	(5,475)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(64)	-	(64)
<b>Balance at the end of the financial year</b>	<b>17,284</b>	<b>-</b>	<b>17,284</b>
<b>2020 Consolidated</b>			
Balance at beginning of the financial year	16,860	115	16,975
Additional provisions	6,037	-	6,037
Amounts used	(5,386)	(115)	(5,501)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(64)	-	(64)
<b>Balance at the end of the financial year</b>	<b>17,448</b>	<b>-</b>	<b>17,448</b>
<b>2019 Council</b>			
Balance at beginning of the financial year	16,178	200	16,378
Additional provisions	5,946	-	5,946
Amounts used	(5,314)	(86)	(5,399)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(71)	-	(71)
<b>Balance at the end of the financial year</b>	<b>16,740</b>	<b>115</b>	<b>16,855</b>
<b>2019 Consolidated</b>			
Balance at beginning of the financial year	16,313	200	16,513
Additional provisions	6,020	-	6,020
Amounts used	(5,402)	(85)	(5,487)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(71)	-	(71)
<b>Balance at the end of the financial year</b>	<b>16,860</b>	<b>115</b>	<b>16,975</b>
	<b>Council</b>	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Employee provisions</b>			
<b>Current provisions expected to be wholly settled within 12 months</b>			
Annual leave	2,859	2,506	2,912
Long service leave	516	465	516
Retirement gratuity	99	-	99
Time in lieu	118	99	118
Accrued day off	598	445	598
	<u>4,189</u>	<u>3,515</u>	<u>4,242</u>
<b>Current provisions expected to be wholly settled after 12 months</b>			
Annual leave	2,952	2,492	2,973
Long service leave	8,082	8,842	8,169
	<u>11,034</u>	<u>11,334</u>	<u>11,142</u>
<b>Total current employee provisions</b>	<b>15,223</b>	<b>14,849</b>	<b>15,384</b>
<b>Non-current</b>			
Long service leave	2,016	1,741	2,019
Retirement gratuity	45	150	45
<b>Total non-current employee provisions</b>	<b>2,061</b>	<b>1,891</b>	<b>2,064</b>
Aggregate carrying amount of employee provisions:			
Current	15,223	14,849	15,384
Non-current	2,061	1,891	2,064
<b>Total aggregate carrying amount of employee provisions</b>	<b>17,284</b>	<b>16,740</b>	<b>17,448</b>

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**Note 5 Our financial position (cont.)**

**5.5 Provisions (cont.)**

**(a) Employee provisions**

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

*Wages and salaries and annual leave*

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

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

*Long service leave*

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

*Retirement Gratuity*

Liability for retirement gratuity is recognised in the provision for employee benefits and accounts as post-employment benefits. Retirement gratuity is measured at present value and disclosed as a non-current liability.

The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity:

	Council		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Weighted average increase in employee costs	2.25%	2.25%	2.25%	2.25%
Weighted average discount rates	0.26%	1.03%	0.26%	1.03%
Weighted average settlement period	12 months	12 months	12 months	12 months
Weighted average index rate	1.34%	2.59%	1.34%	2.59%

**(b) Insurance Excess Provision**

Current	-	115	-	115
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**5.6 Financing arrangements**

Council has the following funding arrangements in place as at 30 June 2020.

Bank overdraft	250	250	250	250
Credit card facilities	65	65	65	65
Finance lease	4,617	3,913	4,617	3,913
Borrowings	22,500	26,000	22,500	26,000
Total facilities	27,432	30,228	27,432	30,228
Used facilities	(26,102)	(29,017)	(26,102)	(29,017)
Unused facilities	1,329	1,211	1,329	1,211

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**Note 5 Our financial position (cont.)**

**5.7 Commitments**

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.

Prahran Market Pty Ltd has no material commitments.

2020	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Municipal turf maintenance and mowing services	1,847	316	-	-	2,163
Playground landscape, recreational and sports facilities upgrade	507	211	-	-	718
Management of car parks	1,118	172	-	-	1,290
Hard and green waste collection	796	-	-	-	796
Cleaning of municipal buildings & aquatics centres	1,290	838	-	-	2,129
Recycling collections	2,179	-	-	-	2,179
Building maintenance services	1,809	27	27	54	1,917
Tipping waste management	4,803	5,710	235	485	11,233
Central record services	71	-	-	-	71
Other contractual obligations	2,996	1,450	950	1,514	6,910
<b>Total</b>	<b>17,416</b>	<b>8,723</b>	<b>1,212</b>	<b>2,053</b>	<b>29,406</b>
<b>Capital</b>					
Buildings	347	149	59	-	555
Other capital works	1,563	12	12	25	1,613
<b>Total</b>	<b>1,910</b>	<b>161</b>	<b>71</b>	<b>25</b>	<b>2,167</b>
<b>2019</b>					
	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>Operating</b>					
Municipal turf maintenance and mowing services	3,228	-	-	-	3,228
Parking enforcement and car parks	8,326	-	-	-	8,326
Management of car parks	899	919	-	-	1,819
Hard and green waste collection	390	-	-	-	390
Cleaning of municipal buildings & aquatics centres	1,403	1,257	1,301	-	3,961
Recycling collections	2,150	-	-	-	2,150
Building maintenance services	2,200	-	-	-	2,200
Tipping waste management	4,656	4,772	4,892	-	14,320
Provision of insurance broking & premium services	33	36	121	-	190
Central record services	218	222	458	-	899
Other contractual obligations	1,960	1,059	1,228	-	4,247
<b>Total</b>	<b>25,463</b>	<b>8,265</b>	<b>8,000</b>	<b>-</b>	<b>41,728</b>
<b>Capital</b>					
Buildings	580	533	-	-	1,113
Roads	4,460	550	50	-	5,060
Drainage	110	-	-	-	110
Cato Street car park redevelopment	13,111	-	-	-	13,111
Other capital works	658	25	25	-	708
<b>Total</b>	<b>18,919</b>	<b>1,108</b>	<b>75</b>	<b>-</b>	<b>20,102</b>

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**Note 5 Our financial position (cont.)**

**5.8 Leases**

**Policy applicable before 1 July 2019**

As a lessee, council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council.

Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease were recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives were received to enter into operating leases, the aggregate cost of incentives were recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis was more representative of the time pattern in which economic benefits from the leased asset were consumed.

**Policy applicable after 1 July 2019**

Council has applied AASB 16 Leases using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. The council applied the approach consistently to all leases in which it is a lessee.

On transition to AASB 16 Leases, Council elected to apply the practical expedient to 'grandfather' the assessment of which transactions are leases. The council has applied this practical expedient to all of its contracts and therefore applied AASB 16 Leases only to contracts that were previously identified as leases.

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

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

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

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

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

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

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

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

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

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

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**Note 5 Our financial position (cont.)**

**5.8 Leases (cont.)**

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.

<b>2020 Council</b>			
<b>Right-of-Use Assets</b>	Equipment	Vehicles	Total
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2019	133	2,212	2,345
Additions	20	247	267
Amortisation charge	(51)	(590)	(641)
Balance at 30 June 2020	<u>102</u>	<u>1,869</u>	<u>1,971</u>
<b>Lease Liabilities</b>			
	<b>2020</b>		
Maturity analysis - contractual undiscounted cash flows	<b>\$'000</b>		
Less than one year	1,143		
One to five years	717		
Total undiscounted lease liabilities as at 30 June:	<u>1,860</u>		
Lease liabilities included in the Balance Sheet at 30 June:			
Current	1,143		
Non-current	717		
Total lease liabilities	<u>1,860</u>		
<b>2020 Consolidated</b>			
<b>Right-of-Use Assets</b>	Equipment	Vehicles	Total
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2019	133	2,212	2,345
Additions	20	247	267
Amortisation charge	(51)	(590)	(641)
Balance at 30 June 2020	<u>102</u>	<u>1,869</u>	<u>1,971</u>
<b>Lease Liabilities</b>			
	<b>2020</b>		
Maturity analysis - contractual undiscounted cash flows	<b>\$'000</b>		
Less than one year	1,143		
One to five years	717		
Total undiscounted lease liabilities as at 30 June:	<u>1,860</u>		
Lease liabilities included in the Balance Sheet at 30 June:			
Current	1,143		
Non-current	717		
Total lease liabilities	<u>1,860</u>		

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**Note 5 Our financial position (cont.)**

**5.8 Leases (cont.)**

**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.

	Council 2020 \$'000	Consolidated 2020 \$'000
<b>Expenses relating to:</b>		
Short-term leases	185	185
Leases of low value assets	151	151
<b>Total</b>	<u>337</u>	<u>337</u>
Variable lease payments (not included in measurement of lease liabilities)	-	-

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

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

<b>Payable:</b>		
Within one year	185	185
Later than one year but not later than five years	151	151
<b>Total lease commitments</b>	<u>337</u>	<u>337</u>

**i. Leases classified as operating leases under AASB 117 Leases**

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at Council's incremental borrowing rate as at 1 July 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Council applied this approach to all applicable leases.

Council used the following practical expedients when applying AASB 16 Leases to leases previously classified as operating leases under AASB 117 Leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Adjusted the right-of-use assets by the amount of AASB 137 Provisions, Contingent Liabilities and Contingent Assets onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

**ii. Leases previously classified as finance leases**

For leases that were classified as finance leases under AASB 117 Leases, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are determined at the carrying amount of the lease asset and lease liability under AASB 117 Leases immediately before that date.

Council is not required to make any adjustments on transition to AASB 16 Leases for leases in which it acts as a lessor, except for a sub-lease. Council accounted for its leases in accordance with AASB 16 Leases from the date of initial application.



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Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Council

Summary of property, infrastructure, plant and equipment

	At fair value	At cost	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At fair value	At cost	Written
	30 June 2019	30 June 2019								30 June 2020	30 June 2020	down value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	2,410,593	-	-	-	29,076	(5,640)	(998)	-	51,493	2,484,524	-	2,484,524
Plant and equipment	5,676	18,665	-	-	-	(3,832)	(261)	-	6,765	5,675	21,337	27,012
Infrastructure	360,321	-	-	-	8,146	(9,860)	-	(1,485)	43,597	400,719	-	400,718
Work in progress	71,098	-	46,553	-	-	-	-	-	(101,855)	15,796	-	15,796
	2,847,688	18,665	46,553	-	37,222	(19,332)	(1,259)	(1,485)	-	2,906,715	21,337	2,928,051

Summary of work in progress (WIP)

	Opening WIP	Additions	Class Transfers	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	5,452	8,176	45,150	-	(51,493)	7,285
Plant and equipment	1,000	5,906	-	-	(6,765)	141
Infrastructure	64,646	32,471	(45,150)	-	(43,597)	8,370
Total	71,098	46,553	-	-	(101,855)	15,796

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Consolidated

Summary of property, infrastructure, plant and equipment

	At fair value	At cost	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At fair value	At cost	Written
	30 June 2019	30 June 2019								30 June 2020	30 June 2020	down value
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	2,416,101	-	-	-	29,076	(5,856)	(998)	-	51,533	2,489,857	-	2,489,857
Plant and equipment	5,676	19,043	-	-	-	(3,904)	(247)	-	6,765	5,676	21,657	27,333
Infrastructure	360,321	-	-	-	8,146	(9,860)	-	(1,485)	43,597	400,719	-	400,719
Work in progress	71,320	-	46,587	-	-	-	-	-	(101,895)	16,012	-	16,012
	2,853,418	19,043	46,587	-	37,222	(19,621)	(1,245)	(1,485)	-	2,912,264	21,657	2,933,921

Summary of work in progress (WIP)

	Opening WIP	Additions	Class Transfers	Write Offs	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	5,674	8,210	45,150	-	(51,533)	7,501
Plant and equipment	1,000	5,906	-	-	(6,765)	141
Infrastructure	64,646	32,471	(45,150)	-	(43,597)	8,370
Total	71,320	46,587	-	-	(101,895)	16,012

Stonnington City Council  
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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Council

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total land \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total buildings \$'000	Work in progress \$'000	Total property \$'000
At fair value 1 July 2019	2,057,482	154,412	2,211,895	67,218	113,556	17,924	198,698	5,452	2,416,045
Accumulated depreciation at 1 July 2019	-	-	-	-	-	-	-	-	-
	2,057,482	154,412	2,211,895	67,218	113,556	17,924	198,698	5,452	2,416,045
<b>Movements in fair value</b>									
Additions	-	-	-	-	-	-	-	8,176	8,176
Revaluation	5,317	9,493	14,810	753	9,903	(1,893)	8,763	-	23,573
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(1,135)	-	(1,135)	-	(1,135)
Transfers	1,030	-	1,030	812	48,111	1,539	50,463	(51,493)	-
Transfer between asset class	-	-	-	-	-	-	-	45,150	45,150
	6,348	9,493	15,840	1,565	56,879	(354)	58,091	1,833	75,764
<b>Movements in accumulated depreciation</b>									
Depreciation	-	-	-	(1,001)	(4,128)	(511)	(5,640)	-	(5,640)
Accumulated depreciation of disposals	-	-	-	-	137	-	137	-	137
Revaluation	-	-	-	1,001	3,991	511	5,503	-	5,503
	-	-	-	-	-	-	-	-	-
At fair value 30 June 2020	2,063,830	163,905	2,227,735	68,783	170,435	17,571	256,789	7,285	2,491,809
Accumulated depreciation at 30 June 2020	-	-	-	-	-	-	-	-	-
	2,063,830	163,905	2,227,735	68,783	170,435	17,571	256,789	7,285	2,491,809

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Council

(b) Plant and Equipment

	Heritage plant and equipment \$'000	Plant machinery, motor vehicles and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Library books \$'000	Work In progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2019	5,676	-	-	-	-	-	5,676
At cost 1 July 2019	-	24,176	9,801	6,539	21,342	1,000	62,858
Accumulated depreciation at 1 July 2019	-	(12,614)	(6,573)	(5,415)	(18,591)	-	(43,193)
	5,676	11,562	3,228	1,124	2,751	1,000	25,341
<b>Movements</b>							
Additions	-	-	-	-	-	5,906	5,906
Contributions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposal	-	(632)	(1)	(239)	-	-	(872)
Transfers between asset class	-	-	-	-	-	-	-
Transfers	1,827	3,238	475	382	843	(6,765)	-
	1,827	2,606	474	143	843	(859)	5,034
<b>Movements in accumulated depreciation</b>							
Depreciation	(75)	(1,855)	(554)	(503)	(845)	-	(3,832)
Accumulated depreciation of disposals	-	375	1	235	-	-	611
Revaluation	-	-	-	-	-	-	-
	(75)	(1,480)	(553)	(268)	(845)	-	(3,221)
At fair value 30 June 2020	5,676	-	-	-	-	-	5,676
At cost 30 June 2020	1,827	26,782	10,275	6,682	22,186	141	67,892
Accumulated depreciation at 30 June 2020	(75)	(14,094)	(7,126)	(5,683)	(19,436)	-	(46,414)
	7,428	12,688	3,149	999	2,750	141	27,154

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Council

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Parks, open space and streetscapes \$'000	Other infrastructure \$'000	Work in progress \$'000	Total infrastructure \$'000
At fair value 1 July 2019	381,637	6,683	150,804	18,692	58,411	33,857	64,646	714,730
Accumulated depreciation at 1 July 2019	(187,403)	(1,582)	(75,522)	(5,596)	(7,993)	(11,667)	-	(289,763)
	194,234	5,101	75,282	13,096	50,418	22,190	64,646	424,967
<b>Movements in fair value</b>								
Additions	-	-	-	-	-	-	32,471	32,471
Revaluation	-	-	(70,832)	-	-	(2,044)	-	(72,876)
Write-off	(4,574)	-	-	-	-	-	-	(4,574)
Transfers	11,730	-	4,242	6,100	19,061	2,464	(43,597)	-
Transfer between asset class	-	-	-	-	-	-	(45,150)	(45,150)
	7,156	-	(66,590)	6,100	19,061	420	(56,276)	(90,129)
<b>Movements in accumulated depreciation</b>								
Depreciation	(4,590)	(130)	(1,848)	(799)	(1,141)	(1,352)	-	(9,860)
Accumulated depreciation of disposals/write offs	3,089	-	-	-	-	-	-	3,089
Revaluation	-	-	77,370	-	-	3,652	-	81,022
	(1,501)	(130)	75,522	(799)	(1,141)	2,300	-	74,251
At fair value 30 June 2020	388,793	6,683	84,213	24,792	77,472	34,277	8,371	624,601
Accumulated depreciation at 30 June 2020	(188,904)	(1,712)	-	(6,395)	(9,134)	(9,367)	-	(215,512)
	199,889	4,971	84,213	18,397	68,338	24,910	8,371	409,089

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Consolidated

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Total land \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total buildings \$'000	Work in progress \$'000	Total property \$'000
At fair value 1 July 2019	2,057,482	154,412	2,211,894	74,869	113,556	17,924	206,350	5,674	2,423,918
Accumulated depreciation at 1 July 2019	-	-	-	(2,143)	-	-	(2,143)	-	(2,143)
	2,057,482	154,412	2,211,894	72,727	113,556	17,924	204,207	5,674	2,421,775
<b>Movements in fair value</b>									
Additions	-	-	-	-	-	-	-	8,210	8,210
Contributed asset	-	-	-	-	-	-	-	-	-
Revaluation	5,317	9,493	14,810	753	9,903	(1,893)	8,763	-	23,573
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(1,135)	-	(1,135)	-	(1,135)
Transfers	1,030	-	1,030	853	48,111	1,539	50,503	(51,533)	-
Transfer between asset class	-	-	-	-	-	-	-	45,150	45,150
	6,348	9,494	15,841	1,606	56,879	(354)	58,131	1,827	75,799
<b>Movements in accumulated depreciation</b>									
Depreciation	-	-	-	(1,217)	(4,128)	(511)	(5,856)	-	(5,856)
Accumulated depreciation of disposals	-	-	-	-	137	-	137	-	137
Revaluation	-	-	-	1,001	3,991	511	5,503	-	5,503
	-	-	-	(216)	-	-	(216)	-	(216)
At fair value 30 June 2020	2,063,830	163,906	2,227,736	76,475	170,435	17,571	264,481	7,501	2,499,718
Accumulated depreciation at 30 June 2020	-	-	-	(2,359)	-	-	(2,359)	-	(2,359)
	2,063,830	163,906	2,227,736	74,116	170,435	17,571	262,122	7,501	2,497,358

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Consolidated

(b) Plant and equipment

	Heritage plant and equipment \$'000	Plant machinery, motor vehicles and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecomms \$'000	Library books \$'000	Work In progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2019	5,676	-	-	-	-	-	5,676
At cost 1 July 2019	-	25,380	9,854	6,707	21,342	1,000	64,284
Accumulated depreciation at 1 July 2019	-	(13,485)	(6,593)	(5,570)	(18,591)	-	(44,239)
	5,676	11,895	3,260	1,137	2,751	1,000	25,720
<b>Movements in fair value</b>							
Additions	-	-	-	-	-	5,906	5,906
Contributions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposal	-	(648)	(1)	(251)	-	-	(900)
Transfers between asset class	-	-	-	-	-	-	-
Transfers	1,827	3,238	474	382	844	(6,765)	-
	1,827	2,590	473	131	844	(859)	5,006
<b>Movements in accumulated depreciation</b>							
Depreciation	(75)	(1,927)	(554)	(503)	(844)	-	(3,904)
Accumulated depreciation of disposals	-	417	1	235	-	-	653
Transfer	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
	(75)	(1,510)	(553)	(268)	(844)	-	(3,251)
At fair value 30 June 2020	7,503	-	-	-	-	-	7,503
At cost 30 June 2020	-	27,970	10,326	6,838	22,186	141	67,462
Accumulated depreciation at 30 June 2020	(75)	(14,995)	(7,147)	(5,838)	(19,436)	-	(47,491)
	7,428	12,975	3,180	1,000	2,750	141	27,474

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)

Consolidated

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Parks, open space and streetscapes \$'000	Other infrastructure \$'000	Work in progress \$'000	Total infrastructure \$'000
At fair value 1 July 2019	381,637	6,683	150,804	18,692	58,410	33,857	64,646	714,730
At cost 1 July 2019	-	-	-	-	-	-	-	-
Accumulated depreciation at 1 July 2019	(187,403)	(1,582)	(75,522)	(5,596)	(7,993)	(11,667)	-	(289,763)
	194,234	5,101	75,282	13,096	50,418	22,191	64,646	424,967
<b>Movements in fair value</b>								
Additions	-	-	-	-	-	-	32,471	32,471
Revaluation	-	-	(70,832)	-	-	(2,044)	-	(72,876)
Write-off	(4,574)	-	-	-	-	-	-	(4,574)
Transfers	11,730	-	4,242	6,100	19,061	2,464	(43,597)	-
Transfer between asset class	-	-	-	-	-	-	(45,150)	(45,150)
	7,156	-	(66,590)	6,100	19,061	420	(56,276)	(90,129)
<b>Movements in accumulated depreciation</b>								
Depreciation	(4,590)	(130)	(1,848)	(799)	(1,141)	(1,353)	-	(9,860)
Accumulated depreciation of disposals/write offs	3,089	-	-	-	-	-	-	3,089
Revaluation	-	-	77,370	-	-	3,652	-	81,022
	(1,501)	(130)	75,522	(799)	(1,141)	2,299	-	74,251
At fair value 30 June 2020	388,793	6,683	84,214	24,792	77,471	34,277	8,371	624,601
Accumulated depreciation at 30 June 2020	(188,904)	(1,712)	-	(6,394)	(9,134)	(9,367)	-	(215,513)
	199,889	4,971	84,214	18,398	68,337	24,910	8,371	409,089



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**Note 6 Assets we manage (cont.)**

**6.1 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 and direct labour.

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*

	<b>Depreciation Period</b>	<b>Threshold Limit \$'000</b>
Property		
land	Not depreciable	all land
Buildings		
buildings	50 years	5
heritage buildings	100 years	5
Plant and Equipment		
plant, machinery and equipment	3-10 years	1
fixtures, fittings and furniture	5-10 years	1
computers and telecommunications	4-10 years	1
heritage plant and equipment	100 years	1
library stocks	3-8 years	all holdings with life exceeding one year
Infrastructure		
road pavements and seals	30-60 years	10
road substructure	200 years	10
road kerb, channel and minor culverts	60-80 years	10
bridges	80 years	10
footpaths and cycleways	30-60 years	10
drains	100 years	10
drainage pits	50 years	10
rights of way	15-200 years	10
recreational, leisure and community facilities	20 years	5
park, open space and streetscapes	20 years	5
off street car parks	25-50 years	10
other infrastructure	10-25 years	10
Intangible assets		
software	4 years	1
right of use assets	Remaining contract period	

*Land under roads*

Council recognises land under roads it controls at fair value.

*Depreciation and amortisation*

Buildings, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to 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.

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**Note 6 Assets we manage (cont.)**

**6.1 Property, infrastructure, plant and equipment (cont.)**

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

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

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

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

*Repairs and maintenance*

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

**Valuation of land and buildings**

The market is being impacted by the uncertainty caused by the COVID-19 pandemic. As at the date of valuation we consider that there is market uncertainty resulting in significant valuation uncertainty. This valuation is therefore reported on the basis of 'significant valuation uncertainty'. As a result, less certainty exists than normal and a higher degree of caution should be attached to the valuation given the environment and future impact that COVID-19 might have on markets.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation.

Full valuation of land and buildings were undertaken by Mr D.Thai, AAPI CPV (Australian Property Institute Member no. 3029). 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.

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.

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

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

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

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land - non specialised	-	163,905	-	06/20
Land - specialised	-	-	1,382,530	06/20
Land under roads	-	-	681,300	06/20
Buildings - non specialised	-	17,571	-	06/20
Buildings - specialised	-	-	239,219	06/20
<b>Total</b>	-	181,476	2,303,048	

Definitions of the fair value hierarchy outlined in Note 8.4.

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**Note 6 Assets we manage (cont.)**

**6.1 Property, infrastructure, plant and equipment (cont.)**

**Valuation of infrastructure**

Infrastructure is valued at fair value based on replacement cost less accumulated depreciation method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the asset to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

A valuation of Council's road assets was conducted based on conditional assessment and stocktake performed by independent valuer, which has been verified by Mr. Rick Kwasek, D.Eng. (Municipal), MPM (Master of Project Management), MAIPM. The valuation was performed based on current condition and replacement cost. The effective date of the valuation is 30 June 2019.

A valuation of Council's infrastructure assets; open space parks and reserves was updated in line with new unit rates as confirmed by independent valuer (Ross McPherson). The valuation was performed as a desk-top exercise applying the updated unit rates to determine the total replacement cost of the asset. The effective date of the valuation is 30 June 2019.

Council's drainage assets have had the inflationary impact of construction cost change reflected in the replacement cost of these assets using ABS data as at 30 June 2020.

A valuation of Council's other infrastructure assets has been updated in line with new unit rates as confirmed by independent valuers (Infrastructure Management Group Pty Ltd), which has been verified by Council Engineer and Asset Co-ordinator Tze Sian Hor B.Civil Eng, B.Com. The valuation was performed as a desk-top exercise applying the updated unit rates to determine the total replacement cost of the asset. The effective date of the valuation is 30 June 2020.

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

Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Roads	-	-	199,889	06/19
Bridges	-	-	4,971	06/19
Drainage	-	-	84,213	06/20
Other infrastructure	-	-	24,910	06/20
Recreational, leisure and community facilities	-	-	18,398	06/19
Parks, open space and streetscapes	-	-	68,337	06/19
<b>Total</b>	-	-	<u>400,718</u>	

No transfers between levels occurred during the year.

Definitions of the fair value hierarchy outlined in Note 8.4.

**Valuation of heritage assets - arts and antiques**

Council underwent a valuation of artworks, antiques and public artworks in accordance with AASB 13 - *Fair value measurement* in 2019. The value of these assets are determined in accordance with an independent valuation undertaken by McWilliam Associates, Colin Mc William (Registered Valuer No: 384) on council's fine arts, public sculptures and other artworks and by Peter Tinslay (Registered Valuer No: 613) on council's historical assets. Input data for the valuation was derived from values of like or similar material found by research of records of Australian and international sales, purchases and other forms of acquisition, knowledge of prices paid by other institutions and valuation experience of other Council's Collections. Heritage assets acquired over the 2019-20 financial year have been recognised at cost. Council's Fine Art (comprising furniture, decorative arts and archives) and New Art Asset Collections have been determined by the valuer as requiring level 3 (unobservable) inputs to determine their valuation. The specific nature of these collections are that there are fewer observable sales of like or similar items for these assets.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Heritage, plant and equipment	-	3,346	4,082	06/19
<b>Total</b>	-	<u>3,346</u>	<u>4,082</u>	

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**Note 6 Assets we manage (cont.)**

**6.1 Property, infrastructure, plant and equipment (cont.)**

**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 **\$160 and \$5,500** per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from **\$1,350 to \$8,650** per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. Current replacement costs is calculated on a cost per unit per linear metre basis and ranges from **\$18 to \$500** per linear metre. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of specialised land</b>		
Land under roads	681,300	686,150
Land	1,382,530	1,371,332
<b>Total specialised land</b>	<u>2,063,830</u>	<u>2,057,482</u>

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**Note 6 Assets we manage (cont.)**

**6.2 Investments in joint operation and subsidiary**

**(a) Investment in joint operation**

**Regional Landfill Clayton South**

*Background*

The Regional Landfill Clayton South Investment is a joint council initiative comprising the municipalities of Stonnington, Glen Eira, Monash, Boroondara and Whitehorse for the sole purpose of owning and operating a putrescible landfill (rubbish tip) to the benefit of the owner Councils.

The City of Stonnington has a 12.76% interest in the assets, liabilities, and operating result of this Investment. Council's share of the financial result in the Investment is brought to account using the equity accounting method as an investment in joint operation based on 2020 unaudited accounts (2019 unaudited accounts).

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value of Council's investment in Regional Landfill Clayton South</b>	<u>363</u>	<u>632</u>
<b>Council's share of accumulated deficit</b>		
Council's share of accumulated deficit at start of year	(1,145)	(1,027)
Reported deficit for year	(143)	(118)
Council's share of accumulated deficit at end of year	<u>(1,288)</u>	<u>(1,145)</u>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	212	212
Council's share of reserves at end of year	<u>212</u>	<u>212</u>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	632	890
Share of surplus deficit for the year excluding revaluation of provision for environmental rehabilitation	(269)	(257)
Carrying value of investment at end of year	<u>363</u>	<u>632</u>
<b>Council's share of expenditure commitments</b>		
Operating commitments	-	5
Council's share of expenditure commitments	<u>-</u>	<u>5</u>
<b>Council's share of environmental rehabilitation provision</b>		
Carrying value of environment rehabilitation provision at start of year	1,566	1,705
Share of revaluation of provision	(126)	(139)
Carrying value of environment rehabilitation provision at end of year	<u>1,441</u>	<u>1,566</u>

The landfill has reached capacity and ceased operations at the end of January 2016, with rehabilitation now in progress in accordance with EPA requirements. An assessment of the post closure aftercare management costs for the landfill undertaken by Golder Associates Pty Ltd civil/geotechnical and environmental consultants in June 2015 was reviewed in June 2017 for the purposes of updating the Clayton Landfill rehabilitation provision. The resultant provision for rehabilitation within the Regional Landfill Clayton 2020 unaudited accounts of \$11.3 million (\$12.3 million, 2019) now reflects the latest present value of the estimated costs for capping of the landfill cells and installation of additional gas extraction infrastructure over the next year, and then 'aftercare' costs (active monitoring and site management) for a 26 year period. The Landfill joint operation will, in the future, be dependent on the participating councils for funding contributions to meet its rehabilitation obligations. As such, Council's share of the joint operation's provision is recorded in the Balance Sheet as a Non-current liability – Other liabilities \$1.4 million (2019, \$1.6 million reduction to Investment in joint operation) and an expense, Share of net profit or loss of joint operation accounted for by the equity method, in the Comprehensive Income Statement.

**Significant restrictions**

Since Council holds less than 20% equity, it does not have significant influence over the operations of the joint operation.

A fair value assessment on the Clayton Tip facility was conducted by C.J. Ham & Murray Pty Ltd (Ham & Murray) at 30 June 2016 after the site ceased operation.

Post closure and environmental impact costs are not part of the assessment. (The fair values of land, land improvements and EPA licence at 30 June 2019 is nil (2018, nil) and infrastructure assets as at 30 June 2020 is valued at nil (2019, nil)).

Council recognises its direct right to, and its share of, the jointly held assets, liabilities, revenues and expenses of Clayton South Regional Landfill. These have been incorporated in the financial statements under the appropriate headings. Council interest in joint operations are accounted for using the equity method. Under this method, the interest is initially recognised in the Balance Sheet at cost and adjusted thereafter to recognise Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the Comprehensive Income Statement.

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**Note 6 Assets we manage (cont.)**

**6.2 Investment in joint operation and subsidiary (cont.)**

**(b) Subsidiary**

**Prahran Market Pty Ltd**

Prahran Market Pty Ltd is a wholly owned subsidiary, incorporated within Australia, of the City of Stonnington. Prahran Market Pty Ltd manages the retail activities of the Prahran Market for the City of Stonnington on terms set out in a management agreement between both parties dated 30 March 2008.

In response to the COVID-19 pandemic, Council provided rent abatement to Prahran Market of \$0.29 million as at 30 June 2020 with intention to perform another review post balance date as the COVID-19 crisis continues to evolve.

The assets, liabilities, and operating result based upon 2020 unaudited financial statements (2019 unaudited financial statements) are included in Council's consolidated financial accounts, as follows:

<b>Summarised financial information</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summarised statement of comprehensive income</b>		
Total income	4,991	4,907
Total expenses	4,872	4,808
Surplus/(deficit) for the year	120	99
<b>Total comprehensive result</b>	<b>120</b>	<b>99</b>
<b>Summarised balance sheet</b>		
Current assets	2,059	1,291
Non-current assets	5,869	6,110
Total assets	7,928	7,401
Current liabilities	701	498
Non-current liabilities	57	55
Total liabilities	758	552
<b>Net Assets</b>	<b>7,170</b>	<b>6,849</b>
<b>Equity</b>		
Accumulated funds	5,170	4,849
Issued capital	2,000	2,000
<b>Total Equity</b>	<b>7,170</b>	<b>6,849</b>
<b>Summarised statement of cash flows</b>		
Net cash provided by operating activities	216	438
Net cash used in investing activities	(55)	(18)
Net cash used in financing activities	10	(49)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>172</b>	<b>370</b>

**Principles of consolidation**

The consolidated financial statements of Council incorporates all entities controlled by Council as at 30 June 2020, and their income and expenses for that part of the reporting period in which control existed. Transactions and balances within the consolidated group are eliminated.

Subsidiaries are all entities over which Council has control. Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

The Prahran Market Pty Ltd is the only subsidiary and controlled entity consolidated into Council.

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**Note 6 Assets we manage (cont.)**

6.3 Investment property	Council		Consolidated	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	9,100	11,200	9,100	11,200
Additions	-	1,646	-	1,646
Net transfer to land and building	-	(3,180)	-	(3,180)
Fair value adjustments	(1,615)	(566)	(1,615)	(566)
Balance at end of financial year	<u>7,485</u>	<u>9,100</u>	<u>7,485</u>	<u>9,100</u>

Investment property is held to generate long-term rental yields. 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 Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the Comprehensive Income Statement in the period that they arise.

**Valuation of investment property**

The valuation of investment property has been determined annually by Council valuer, Mr D. Thai AAPI CPV (Australian Property Institute Member no. 3029). All tenant leases are on arm's length basis. Investment property is carried at fair value being \$7.5 million (2019, 9.1 million), based on the current market value of the property.

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**Note 7 People and relationships**

**7.1 Council and key management remuneration**

**(a) Related parties**

*Parent entity*

Stonnington City Council is the parent entity.

*Subsidiaries*

Interests in subsidiary are detailed in note 6.2.

**(b) Key management personnel**

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

<b>Councillors</b>	Councillor Steve Stefanopoulos	(Mayor 1 July 2019 - 30 June 2020)
	Councillor Jami Klisaris	(1 July 2019 - 30 June 2020)
	Councillor John Chandler	(1 July 2019 - 30 June 2020)
	Councillor Melina Sehr	(1 July 2019 - 30 June 2020)
	Councillor Matthew Koce	(1 July 2019 - 30 June 2020)
	Councillor Glen Atwell	(1 July 2019 - 30 June 2020)
	Councillor Judy Hindle	(1 July 2019 - 30 June 2020)
	Councillor Marcia Griffin	(1 July 2019 - 30 June 2020)
	Councillor Sally Davis	(1 July 2019 - 30 June 2020)
<b>Chief Executive Officer</b>	Ms Jacqui Weatherill	(22 July 2019 - 30 June 2020)
<b>Interim Chief Executive Officer</b>	Mr Simon Thomas	(1 July - 19 July 2019)
<b>Director</b>	Mr Geoff Cockram	Director Corporate Services (1 July 2019 - 24 March 2020)
	Mr Christopher Balfour	Director Corporate Services (25 March - 30 June 2020)
	Mr Rick Kwasek	Director Environment and Infrastructure (1 July 2019 - 30 June 2020)
	Mr Stuart Draffin	Director Planning and Place (1 July 2019 - 30 June 2020)
	Ms Cath Harrod	Director Community and Wellbeing (1 July 2019 - 30 June 2020)
	Mr Greg Curcio	Director Engagement and Innovation (24 March - 30 June 2020)

	<b>Council</b>	
	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
<b>Total number of Councillors</b>	9	9
<b>Total of Chief Executive Officer and other key management personnel</b>	8	6
<b>Total key management personnel</b>	<u>17</u>	<u>15</u>

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

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,006	1,805
Post-employment benefits	190	157
Other long-term benefits	49	32
Termination benefits	-	223
<b>Total remuneration</b>	<u>2,246</u>	<u>2,217</u>

Key management personnel of the subsidiary are reported in the subsidiary financial statements.



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

**(c) Remuneration of key management personnel (cont.)**

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

	<b>Council 2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
\$30,000 - \$39,999	8	8
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	1	-
\$100,000 - \$109,999	1	1
\$190,000 - \$199,999	-	1
\$250,000 - \$259,999	1	3
\$260,000 - \$269,999	1	-
\$270,000 - \$279,999	2	-
\$280,000 - \$289,999	1	1
\$370,000 - \$379,999	1	-
\$590,000 - \$599,999 *	-	1
	<u>17</u>	<u>15</u>

\* Includes termination payment

**(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:	<b>Council</b>		<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
< \$151,000	4	8	4	8
\$151,000 - \$159,999	1	3	1	3
\$160,000 - \$169,999	2	1	2	1
\$170,000 - \$179,999	3	7	3	7
\$180,000 - \$189,999	5	4	5	4
\$190,000 - \$199,999	5	-	5	-
\$200,000 - \$210,999	1	-	1	-
	<u>21</u>	<u>23</u>	<u>21</u>	<u>23</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	<u>3,381</u>	<u>3,403</u>	<u>3,381</u>	<u>3,403</u>

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**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

Type of transaction	Terms	Aggregate Amount (incl GST) \$'000
Rental, Council rates, garbage collection fees and reimbursements from Prahran Market Pty Ltd	Management agreement	1,396
Other revenue from Prahran Market Pty Ltd	Letter of Agreement	26
Base rent paid to Prahran Market Pty Ltd	Rental agreement	29
Reimbursement for capital improvements undertaken at Prahran Market	Management agreement	248

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

The following balance is outstanding at the end of the reporting period in relation to transactions with related parties.

Type of transaction	Terms	Aggregate Amount (incl GST) \$'000
Amounts receivable from Prahran Market Pty Ltd	Memorandum of understanding	141
Capital contribution outstanding to Prahran Market Pty Ltd	Memorandum of understanding	62

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

There are no outstanding loans to/from related parties.

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

Prahran Market Pty Ltd has a Management Agreement with Stonnington City Council which is in overholding.

Prahran Market Pty Ltd had a variation of Lease Agreement with Stonnington City Council until 30 June 2019. This is in overholding from 1 July 2019.

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**Note 8 Managing uncertainties**

**8.1 Contingent assets and contingent liabilities**

**(a) Contingent assets**

**Legal matters**

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. The remaining matters are not yet finalised, the financial outcome of these matters cannot be reliably estimated and no allowance for these contingencies has been made in the financial report (30 June 2019, same position).

**Operating lease receivables**

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

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

	Council		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	395	395	395	395
	<u>395</u>	<u>395</u>	<u>395</u>	<u>395</u>

**(b) Contingent liabilities**

**Legal matters**

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report (30 June 2019, same position).

**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 in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

**Liability Mutual Insurance**

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

**MAV Workcare**

Council is a participant of the MAV WorkCare Scheme. The MAV WorkCare scheme provides workers compensation insurance. The MAV WorkCare Scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

**Note 8 Managing uncertainties (cont.)**

**8.2 Change in accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

AASB 1059 addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. It requires the grantor to:

- recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset;
- reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset;
- initially measure a service concession asset constructed, developed or acquired by the operator or reclassified by the grantor at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, as appropriate, except as specified AASB 1059;
- recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator; and
- disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements.

Based on the Council's current assessment, there is expected to be no impact on the transactions and balances recognised in the financial statements as the Council is not a grantor in a service concession arrangement.

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

The Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The impacts on the local government sector are expected to be minimal.

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

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The impacts on the local government sector are expected to be minimal.

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**Note 8 Managing uncertainties (cont.)**

**8.3 Financial instruments**

**(a) Objectives and policies**

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 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. 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 does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage 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 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.

The declining interest rate may have altered as a result of changed business conditions under COVID-19, however the duration as well as the effectiveness of government and reserve bank responses remains unclear at this time. Interest rate movements have not been sufficiently significant during the year to have an impact on 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. We have exposure to credit risk on some financial assets included in our Balance Sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with Council's other financial assets is minimal. Rates debtors are secured by a charge over the rateable property. Council has assessed that 94% of parking infringement debts owing to Council are unlikely to be collected and has raised a provision for doubtful debts over those debts based on an assessment of collectability. The collection of long overdue parking infringement debts is managed by Fines Victoria.

The City of Stonnington Rates Financial Hardship Policy provides various options to assist ratepayers in financial distress, such as rate concessions, charge and interest deferral, payment options and interest waivers. The Rates Financial Hardship Policy continued to apply with the following amendments in response to the COVID-19 pandemic: In response to the COVID-19 state of emergency, interest and other additional fees will not be charged on overdue rates for the period of 16 March to 31 December 2020.

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

We 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).

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**Note 8 Managing uncertainties (cont.)**

**8.3 Financial instruments (cont.)**

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

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 other than that related to Council rates and charges. In the event that a ratepayer fails to pay their rates and charges, Council has the power to register a charge over the rateable property. By registering the charge over the rateable property, Council has priority over any other encumbrances on the property.

**(d) Liquidity risk**

Liquidity risk includes the risk that, as a result of our operational liquidity requirements we will not have sufficient funds to settle a transaction when required or 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 a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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

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

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

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

**(e) Sensitivity disclosure analysis**

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

- A parallel shift of + 0.5% and - 0.5% in market interest rates (AUD) from year-end rates of 1.00%.

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

**8.4 Fair value measurement**

*Fair value hierarchy*

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

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

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.

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**Note 8 Managing uncertainties (cont.)**

**8.4 Fair value measurement (cont.)**

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, Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 years. The valuation is performed either by experienced council officers or independent experts.

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

*Impairment of assets*

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

**8.5 Events occurring after balance date**

The spread of COVID-19 has continued to severely impact Victoria's economy after balance date, with many businesses being forced to cease or limit operations for long or indefinite periods of time.

On 2 August 2020, if you live in metropolitan Melbourne, Stage 4 restrictions were applied. Measures taken to contain the spread of the COVID-19, include travel bans, quarantines, social distancing, mandatory face masks and closures of non-essential services including schools and childcare unless permitted. These measures have triggered significant disruptions to businesses in Victoria, resulting in an economic slowdown.

The government has responded with monetary and fiscal interventions to stabilise economic conditions, however Council does not meet the criteria to access current government funding, nor the job keeper scheme.

Council has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2020 have not been adjusted to reflect their impact.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Council for future periods.

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**Note 9 Other matters**

**9.1 Reserves**

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
<b>(a) Asset revaluation reserve</b>			
<b>2020</b>			
<b>Property</b>			
Land	1,113,311	14,577	1,127,889
Land under roads	305,560	-	305,560
Buildings	174,022	14,266	188,288
Heritage buildings	16,922	-	16,922
	<b>1,609,815</b>	<b>28,843</b>	<b>1,638,659</b>
<b>Infrastructure</b>			
Roads, streets, rights of way and bridges	112,744	-	112,744
Other infrastructure	12,182	1,608	13,790
Drainage	29,120	6,538	35,658
Recreational, leisure and community	1,673	-	1,673
Parks, open space and streetscapes	5,840	-	5,840
	<b>161,559</b>	<b>8,146</b>	<b>169,705</b>
<b>Plant and equipment</b>			
Heritage plant and equipment	1,290	-	1,290
<b>Total asset revaluation reserve</b>	<b>1,772,664</b>	<b>36,989</b>	<b>1,809,654</b>
<b>2019</b>			
<b>Property</b>			
Land	1,189,596	(76,285)	1,113,311
Land under roads	348,260	(42,700)	305,560
Buildings	174,284	(262)	174,022
Heritage buildings	15,267	1,655	16,922
	<b>1,727,407</b>	<b>(117,592)</b>	<b>1,609,815</b>
<b>Infrastructure</b>			
Roads, streets, rights of way and bridges	119,789	(7,045)	112,744
Other infrastructure	12,182	-	12,182
Drainage	29,120	-	29,120
Recreational, leisure and community	1,672	1	1,673
Parks, open space and streetscapes	5,927	(87)	5,840
	<b>168,690</b>	<b>(7,131)</b>	<b>161,559</b>
<b>Plant and equipment</b>			
Heritage plant and equipment	934	356	1,290
<b>Total asset revaluation reserve</b>	<b>1,897,031</b>	<b>(124,368)</b>	<b>1,772,663</b>

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



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**Note 9 Other matters (cont.)**

**9.1 Reserves (cont.)**

**(b) Other reserves**

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period	Consolidated balance at end of reporting period
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Open Space Reserve	43,352	13,257	(3,935)	52,673	52,673
Developer Contributions	-	-	-	-	-
Future Fund Reserve	19,578	3,000	(300)	22,278	22,278
Infrastructure - Roads Damaged Reserve	250	-	-	250	250
<b>Total Other reserves</b>	<b>63,181</b>	<b>16,257</b>	<b>(4,235)</b>	<b>75,202</b>	<b>75,202</b>
<b>2019</b>					
Open Space Reserve	46,267	17,481	(20,396)	43,352	43,352
Future Fund Reserve	17,778	3,000	(1,200)	19,578	19,578
Infrastructure - Roads Damaged Reserve	272	-	(21)	250	250
Park Reinstatement Reserve	710	-	(710)	-	-
<b>Total Other reserves</b>	<b>65,027</b>	<b>20,481</b>	<b>(22,327)</b>	<b>63,181</b>	<b>63,181</b>

The Open Space Reserve is used to record developer contributions and utilisation of this reserve is to purchase, create or enhance open space assets.

The Off-Street Parking Reserve is used to record contributions to off-street parking and funds the purchase or development of off-street parking assets.

The Developer Contributions Reserve is governed by the Developer Contributions Plan. It is used for the development of infrastructure in the Forrest Hill precinct.

The Future Fund Reserve is a reserve created to assist Council when making strategic property acquisitions, for major community infrastructure development opportunities and other specific one off purposes.

The Infrastructure - Roads Damaged Reserve is created to enable Council to utilise forfeited road asset protection and work zones maintenance bonds on road and infrastructure repair and maintenance.

The Park Reinstatement Reserve is created for recording of funds received as a result of occupation of Gardiner Park by VicRoads. Funds will be utilised to maintain and enhance Gardiner Park.

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	Council		Consolidated	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Note 9 Other matters (cont.)</b>				
<b>9.2 Reconciliation of cash flows from operating activities to surplus</b>				
Surplus for the year	25,977	38,633	26,097	38,732
Depreciation/amortisation	20,790	19,280	21,079	19,582
Loss on disposal of property, infrastructure, plant and equipment	2,117	4,351	2,124.88	4,360
Share of net loss of joint operation accounted for by the equity method	143	118	143	118
Loss of sale in investment equity	230	-	230	-
Fair value adjustments for investment property	1,615	566	1,615	566
Contributions - non monetary assets	-	(14)	-	(14)
Rent abatement	361	-	361	-
<b>Change in assets and liabilities in relation to operating activities:</b>				
Decrease in trade and other receivables	(2,467)	70	(2,702)	(22)
(Increase)/decrease in prepayments	1,916	1,125	1,746	1,125
Decrease in accrued income	167	(142)	167	(142)
Increase in trade and other payables	(1,856)	84	(1,673)	235
(Decrease)/increase in other liabilities	4,160	839	4,139	822
Increase/(decrease) in provisions	360	478	405	463
<b>Net cash provided by operating activities</b>	<b>53,513</b>	<b>65,388</b>	<b>53,730</b>	<b>65,825</b>

**9.3 Superannuation**

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently.

**Accumulation**

The Fund's accumulation categories receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2020, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

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

**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 2018, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106.0%. The financial assumptions used to calculate the VBIs were:

Net investment returns 6.0% pa  
Salary information 3.5% pa  
Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim 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.

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**Note 9 Other matters (cont.)**

**9.3 Superannuation (cont.)**

**Employer contributions**

**Regular contributions**

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018-19). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

**Funding calls**

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

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

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

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

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

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

**The 2018 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 2018 and a full actuarial investigation was conducted as at 30 June 2017.

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

	<b>2018</b>	<b>2017</b>
	<b>\$m</b>	<b>\$m</b>
A VBI surplus	131.9	69.8
A total service liability surplus	218.3	193.5
A discounted accrued benefits surplus	249.1	228.8

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 2018.

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 2018.

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 2018.

Council was notified of the 30 June 2018 VBI during August 2018. (2017: August 2017).

**The 2019 interim actuarial investigation**

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2019 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed in October 2019.

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate	2020	2019
			\$'000	\$'000
Vision super	Defined benefit	9.50%	559	564
Vision super	Accumulation fund	9.50%	4,703	4,440

There were \$0.06 million contributions outstanding as at 30 June 2020.

**Stonnington City Council**  
**2019/2020 Financial Report**

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**Note 10 Change in accounting policy**

Council has adopted AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income of Not-for-Profit Entities, from 1 July 2019. This has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Due to the transition methods chosen by Council in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards except in relation to contracts that were not complete at 1 July 2019. The transition impact of these are detailed below.

**(a) AASB 15 Revenue from Contracts with Customers - Impact of Adoption**

AASB 15 Revenue from Contracts with Customers applies to revenue transactions where Council provides services or goods under contractual arrangements.

Council adopted AASB 15 Revenue from Contracts with Customers using the modified (cumulative catch up) method. Revenue for 2019 as reported under AASB 118 Revenue is not adjusted, because the new standard is only applied from the date of initial application.

AASB 15 Revenue from Contracts with Customers requires revenue from contracts with customers to be recognised as Council satisfies the performance obligations under the contract.

**(b) AASB 16 Leases**

AASB 16 Leases requires right of use assets and related liabilities for all lease agreements to be recognised on the balance sheet as the lessee. The Statement of Comprehensive Income is to separately recognise the amortisation of the right of use asset, and the finance costs relating to the lease. Council has elected to adopt the modified (cumulative catch up) method under the standard and as such has not adjusted 2019 disclosures.

The consolidated include accounting for operating leases by the lessor (Prahran Market Pty Ltd) recognising prior year straight line rental revenue against opening retained earnings. The transition impact of these are detailed below.

**(c) AASB 1058 Income of Not-for-Profit Entities**

AASB 1058 Income of Not-for-Profit Entities applies to income received where no contract is in place. This includes statutory charges (such as rates) as well as most grant agreements.

Council adopted AASB 1058 Income of Not-for-Profit Entities using the modified (cumulative catch up) method. Income for 2019 is not adjusted, because the new standard is only applied from the date of initial application.

AASB 1058 Income of Not-for-Profit Entities requires income to be recognised as Council satisfies the performance obligations under the contract.

**(d) Transition impacts**

The following table summarises the impact of transition to the new standards on retained earnings at 1 July 2019.

	<b>Council</b>	<b>Consolidated</b>
	<b>2019</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Retained earnings at 30 June 2019	1,095,388	1,100,238
Revenue adjustment - impact of AASB 16 Leases	-	201
Retained earnings at 1 July 2019	<u>1,095,388</u>	<u>1,100,439</u>

Council adopted the practical expedient of deeming the lease asset to be equal in value to the lease liability at 1 July 2019. As such there was no impact on retained earnings on the adoption of AASB 16 Leases.

The consolidated include accounting for operating leases by the lessor (Prahran Market Pty Ltd) recognising prior year straight line rental revenue against opening retained earnings.

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## **Stonnington City Council**

### **Performance Statement**

**For the year ended 30 June 2020**



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## Performance Statement

For the year ended 30 June 2020

### Description of municipality

The City of Stonnington is located in Melbourne's inner south-eastern suburbs, a short distance from the centre of Melbourne and alongside the Yarra River.

Covering an area of 25.62 square kilometres, the City stretches from Punt Road in the west to Warrigal Road in the east and is bounded by the Yarra River / Gardiners Creek to the north and Dandenong Road to the south. The City covers the suburbs of Prahran, Windsor (part), South Yarra (part), Toorak, Armadale, Malvern, Malvern East, Kooyong and Glen Iris (part).

The City is primarily a residential area, with significant retail/commercial activity along with institutional land uses. The Chapel Street Precinct is home to a vibrant entertainment area which attracts both residents and visitors to the municipality.

The ABS estimates that the resident population of the City of Stonnington, at 30 June 2020 was 117,768. It is anticipated that the municipality will grow to 143,257 by 2036 (*.id, Population and household forecasts, 2016 to 2036*).

The COVID-19 pandemic has had many and varied impacts across the City of Stonnington, greater Melbourne and beyond. The City of Stonnington responded swiftly to this health emergency, with our first priority at all times being the safety and wellbeing of our customers, communities and staff.

Council significantly adjusted its operations as a result of the pandemic, including mandating most of its workforce to work from home, from where they now continue to deliver the many essential services that keep our community and environment safe, clean and functioning.

The pandemic has caused many businesses to close or reduce operations, resulting in a significant economic impact. Council responded with support packages for business, including suspending a range of fees and charges to help business get through this tough period.

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**Sustainable Capacity Indicators**

For the year ended 30 June 2020

Indicator/measure	Results				Comments
	2017	2018	2019	2020	
<p><b>Population</b></p> <p><i>Expenses per head of municipal population</i></p> <p>[Total expenses / Municipal population]</p>	\$1,287.44	\$1,352.22	\$1,399.62	\$1,401.00	<p>Council continues to manage a relatively low level of expenditure per head of population. This is through the efficient and effective delivery of high quality services to the community within a responsible budget. The slight increase in this indicator compared with 2018/19 is a result of an increase in the operating expenses resulted from the recognition of amortisation of right of use asset (change in accounting policy AASB 16 Leases), fair value decrement in investment properties and enterprise bargaining increase in employees costs.</p> <p>Municipal population: 2017: 111,003 (2016 ERP) 2018: 113,772 (2017 ERP) 2019: 116,281 (2018 ERP) 2020: 117,768 (2019 ERP)</p>
<p><i>Infrastructure per head of municipal population</i></p> <p>[Value of infrastructure / Municipal population]</p>	\$5,224.19	\$5,334.83	\$5,631.84	<b>\$5,946.57</b>	<p>Council continues to maintain and invest in high quality community infrastructure.</p>
<p><i>Population density per length of road</i></p> <p>[Municipal population / Kilometres of local roads]</p>	333.04	343.79	352.14	<b>355.79</b>	<p>As an inner urban municipality, Stonnington's population continues to grow significantly while the length of the local roads remains relatively unchanged.</p>
<p><b>Own-source revenue</b></p> <p><i>Own-source revenue per head of municipal population</i></p> <p>[Own-source revenue / Municipal population]</p>	\$1,422.79	\$1,476.19	\$1,489.91	<b>\$1,431.01</b>	<p>The result has decreased from 2018/19 due to the loss of income from the closure of non-essential services as a result of the COVID-19 pandemic. However the indicator still reflects Council's continual ability to generate revenue from alternative sources to ensure ongoing financial sustainability.</p>
<p><b>Recurrent grants</b></p> <p><i>Recurrent grants per head of municipal population</i></p>	\$99.91	\$80.08	\$77.38	<b>\$74.70</b>	<p>The variance year on year predominantly relates to the</p>

## OFFICIAL

Indicator/measure	Results				Comments
	2017	2018	2019	2020	
[Recurrent grants / Municipal population]					nature and timing of government grant funding to Council.
<p><b>Disadvantage</b></p> <p><i>Relative socio-economic disadvantage</i></p> <p>[Index of Relative socio-economic disadvantage by decile]</p>	10	10	10	<b>10</b>	Stonnington's SEIFA rating indicates a low level of disadvantage. However, there are pockets of significant disadvantage in Prahran, South Yarra and Windsor, and some localised minor disadvantage in Malvern East.
<p><b>Workforce turnover</b></p> <p><i>Resignations and terminations compared to average staff</i></p> <p>[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100</p>	14.4%	14.3%	14.5%	12.0%	Turnover has been lower due to lower level of departures as a result of the COVID-19 pandemic.

## Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council

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

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

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

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



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## Service Performance Indicators

For the year ended 30 June 2020

Service/indicator/measure	Results				Comments
	2017	2018	2019	2020	
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / municipal population]	4.96	5.42	5.30	<b>4.09</b>	COVID-19 restrictions resulted in only 29,417 visits recorded from April to June 2020, with facilities open for just 23 days during the 3-month period. This has resulted in a reduced utilisation rate.
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i>  [Percentage of successful animal management prosecutions] * Change to methodology for 2019-20 year. Comparison with previous years is not possible.	New in 2020	New in 2020	New in 2020	<b>0%</b>	Council pursues charges through the Magistrates' Court as appropriate. During the 2019-20 financial year there were COVID-19 restrictions and court hearing adjournments which resulted in 0% prosecutions.  * This indicator, AM7 is new in 2019-20, and replaces indicator AM4. The methodology for AM7 utilises municipal population as the denominator, rather than number of registered animals.
<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] x100	89.57%	87.93%	90.75%	<b>99.50%</b>	Council has improved responsiveness to critical and major non-compliance notifications. Follow up inspections of premises that had critical and major non-compliance notifications, occurred within appropriate timelines.
<b>Governance</b> <b>Satisfaction</b> <i>Satisfaction with council decisions</i>  [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	60	58	58	<b>57</b>	Community satisfaction with Council decisions is consistent with prior years, and is four points higher than the state average.
<b>Libraries</b> <b>Participation</b> <i>Active library borrowers in the municipality</i>  [Sum of the number of active library borrowers over the past 3 years / Sum of the municipal population for past 3 years] x100	17.32%	17.06%	15.46%	<b>15.84%</b>	The number of active library borrowers is consistent with 2018-19. While COVID-19 restrictions and Malvern Library closed for 6 weeks for renovations, online borrowings increased.
<b>Maternal and Child Health (MCH)</b> <b>Participation</b>					

## OFFICIAL

Service/indicator/measure	Results				Comments
	2017	2018	2019	2020	
<p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p> <p><b>Participation</b></p> <p><i>Participation in the MCH service by Aboriginal children</i></p> <p>[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100</p>	75.02%	78.86%	78.84%	<b>82.39%</b>	Family participation can vary between years. Staff encourage participation and the 2019-20 result was a 3.5% improvement on the 2018-19 participation rate, and 4.5% higher than the 2018-19 state average.
<p><b>Roads</b></p> <p><b>Satisfaction</b></p> <p><i>Satisfaction with sealed local roads</i></p>	66.00	65.00	70.00	<b>65.00</b>	Council has ongoing maintenance and renewal programs. Satisfaction with sealed local roads was 5 points lower than 2018-19, but within the materiality threshold. The result is 11 points higher than the state average for 2018-19.
<p><b>Statutory Planning</b></p> <p><b>Decision making</b></p> <p><i>Council planning decisions upheld at VCAT</i></p> <p>[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100</p>	66.67%	50.75%	48.00%	<b>52.63%</b>	Council makes decisions in the best interest of the community. The 2019-20 result of 52.63% aligns to the state average of 52.64% for 2018-19 and is an improvement of almost 10% on Council's 2018-19 results. Note that for 2019-20 the success rate was 76%, if you include mediated outcomes from Compulsory Conferences.
<p><b>Waste Collection</b></p> <p><b>Waste diversion</b></p> <p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	36.89%	36.57%	34.81%	<b>40.20%</b>	Council promotes community environmental outcomes and has improved waste diversion rates by almost 6% compared to the 2018-19 result. Council introduced food waste into green organics bin from 1 March 2020, contributing to the improved result.

## 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

## OFFICIAL

"CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English

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

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

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

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

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

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

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

"population" means the resident population estimated by council

"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*.

### Financial Performance Indicators

For the year ended 30 June 2020

Dimension/indicator/measure	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
<b>Expenditure level</b>									
<i>Expenses per property assessment</i>	\$2,338.30	\$2,475.41	\$2,523.22	\$2,522.68	\$2,380.80	\$2,436.62	\$2,575.56	\$2,650.26	Council is delivering quality services in accordance with its long term plan.
[Total expenses / Number of property assessments]									
<b>Efficiency</b>									
<b>Revenue level</b>									
<i>Average rate per property assessment</i>	New in 2020	New in 2020	New in 2020	\$1,443.55	\$1,460.91	\$1,531.39	\$1,577.78	\$1,625.41	Council continues to have one of the lowest average residential rates and charges across metropolitan Melbourne. Council's actual rate increase was capped at 2.5 per cent for 2019/20. Council is delivering services in accordance with its long term plan.
[Total rate revenue / Number of property assessments]									
<b>Liquidity</b>									
<b>Working capital</b>									
<i>Current assets compared to current liabilities</i>	321.42%	286.98%	260.39%	272.38%	194.75%	147.43%	124.49%	106.01%	Council can comfortably meet all short term financial commitments and is in a sound financial position. The decrease in later years reflects increased expenditure in capital works program (using cash reserves). Cash and investments will assist in funding the significant capital works programs planned in the years ahead.
[Current assets / Current liabilities] x100									

Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
<p><b>Unrestricted cash</b>  <i>Unrestricted cash compared to current liabilities</i>                       [Unrestricted cash / Current liabilities] x100</p>	-196.58%	-49.61%	-36.38%	-86.95%	48.75%	10.22%	-1.06%	-13.23%	The 2019/20 actual result (and prior year results) do not include Council's significant holdings of Term Deposits with maturity over 90 days (which are classed as Financial Assets). These Term Deposits total \$63.0 million in 2019/20. When included in the measure for 2019/20 the result is a very healthy 55.5%. Forecasts for 2019/20 onwards assume that all term deposits as having original maturities of less than 90 days and are therefore included in unrestricted cash. Council is forecast to be in a strong financial position in the years ahead.
<p><b>Obligations</b>  <b>Loans and borrowings</b>   <i>Loans and borrowings compared to rates</i>                       [Interest bearing loans and borrowings / Rate revenue] x100</p>	8.85%	6.99%	23.25%	19.42%	20.41%	34.59%	45.64%	39.15%	The balance of Council borrowings at the end of 2018/19 was \$26.0 million compared to \$7.5 million at the end of 2017/18. New loan borrowings are forecasted at \$5 million for 2020/21, \$22 million for 2021/22 and \$20 million for 2022/23 to assist in funding the development of major community infrastructure. This is consistent with Council's long term financial plan.
<p><b>Loans and borrowings</b>  <i>Loans and borrowings repayments compared to rates</i>                       [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100</p>	2.66%	2.35%	2.38%	3.35%	3.27%	3.48%	4.81%	6.32%	Loan borrowings of \$3.5 million were repaid in 2019/20. New loans and associated repayments are forecast in 2021/22, 2022/23 and 2023/24 to assist in funding the development of major community infrastructure. This is consistent with Council's long term financial plan
<p><b>Indebtedness</b></p>									

Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
<p><i>Non-current liabilities compared to own source revenue</i></p> <p>[Non-current liabilities / Own source revenue] x100</p>	7.06%	5.58%	14.99%	13.78%	15.26%	23.56%	30.10%	25.69%	In 2018/19 new loan borrowings of \$20 million were undertaken. Further loan borrowings of \$5 million for 2020/21, \$22 million for 2021/22 and \$20 million for 2022/23 are forecast to assist in funding the development of major community infrastructure. This is consistent with Council's long term financial plan.
<p><b>Asset renewal</b></p> <p><i>Asset renewal and upgrade compared to depreciation</i></p> <p>[Asset renewal and asset upgrade expense / Asset depreciation] x100</p>	New in 2020	New in 2020	New in 2020	142.06%	250.00%	321.00%	192.00%	201.00%	Council has a robust capital program that ensures appropriate levels of renewals and upgrades are maintained.
<p><b>Operating position</b></p> <p><b>Adjusted underlying result</b></p> <p><i>Adjusted underlying surplus (or deficit)</i></p> <p>[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100</p>	15.48%	13.26%	18.14%	6.97%	6.33%	13.57%	11.66%	11.61%	The 2019/20 result is significantly impacted by the lockdown restrictions in place as response to the unprecedented COVID-19 pandemic. The pandemic is also forecast to impact results of 2020/21. In 2019/20 footpath permits income were refunded as part of the business support program \$0.77 million. Loss of income also resulted from the closure of and restrictions placed on non-essential services including aquatic services \$1.38 million and the early year's services \$0.76 million. Parking enforcements were reduced to support essential workers movements and parking infringements income lower than budget as a result of the movement restrictions introduced by the government in response to the pandemic \$1.73 million. Statutory planning permits income was lower than budgeted \$0.25 million and other non-essential community services income.
<b>Stability</b>									

Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations
	2017	2018	2019	2020	2021	2022	2023	2024	
<p><b>Rates concentration</b></p> <p><i>Rates compared to adjusted underlying revenue</i></p> <p>[Rate revenue / Adjusted underlying revenue] x100</p>	61.01%	60.26%	56.27%	65.32%	70.74%	66.64%	66.42%	66.55%	<p>The 2019/20 result is due to other revenue sources decreased compared to 2018/19 as a result of COVID-19. The other revenue sources include user fees, statutory fees and fines, monetary contributions and capital works grants. However, rate revenue will continue to be a key source of funding for the delivery of high quality services and infrastructure to the community.</p> <p>This result illustrates the relatively low rating burden for the Stonnington community, and Council continues to have one of the lowest average residential rates and charges across metropolitan Melbourne.</p>
<p><b>Rates effort</b></p> <p><i>Rates compared to property values</i></p> <p>[Rate revenue / Capital improved value of rateable properties in the municipality] x100</p>	0.13%	0.13%	0.12%	0.12%	0.13%	0.13%	0.13%	0.14%	

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## Definitions

"adjusted underlying revenue" means total income other than:

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

(b) non-monetary asset contributions; and

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

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

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

"current assets" has the same meaning as in the AAS Local Government Better Practice Guide Performance Statement 2019-2031

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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



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## Other information

For the year ended 30 June 2020

### 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 council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* require explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 31 August 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.

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### Certification of the performance statement

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

.....  
**Julia Gallace, B.Acy, CA**  
Principal Accounting Officer

Dated:

In our opinion, the accompanying performance statement of the City of Stonnington for the year ended 30 June 2020 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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

.....  
**Steven Stefanopoulos**  
Councillor  
Dated:

.....  
**John Chandler**  
Councillor  
Dated:

.....  
**Jacqui Weatherill**  
Chief Executive Officer  
Dated:

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**Closing Report**  
**2019-2020 Financial Report and Performance**  
**Statement of Stonnington City Council**

**Presented to the Audit Committee on 23 September 2020**

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### **Background**

I have enclosed for your information the closing report for the year ended 30 June 2020. The closing report provides a summary of results of our audit. This report will be discussed at the audit committee meeting on 23 September 2020.

### **Acknowledgement**

I also take this opportunity to thank your staff for the time they made available to us during our audit.

Yours sincerely

Sanchu Chummar

Acting Sector Director, Local Government

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# Introduction

## Purpose of the closing report

- Our closing report summarises the results of our audit and communicates significant findings from the final audit phase.
- Please read this document in conjunction with our audit strategy issued on 20 January 2020

## Scope and purpose of the audit

- The *Audit Act 1994* requires the Auditor-General to form an opinion on your financial report and performance statement and provide a copy of the audit report to you.
- Copies of the report are also provided to the Minister of Local Government, and where applicable (i.e. when modified or when the Auditor-General directs) to the Assistant Treasurer.

## The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine, on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



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# Entities within audit scope

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- Stonnington City Council<sup>^</sup>
  - Prahran Market Pty Ltd<sup>\*</sup>
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Notes:

<sup>^</sup> Prepares consolidated financial reports

<sup>\*</sup> Prahran Market Pty Ltd is a wholly owned subsidiary and is not considered material to Council

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# Audit completion status

We have substantially completed our audit of the financial report and performance statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter. We can provide reasonable assurance that the financial report and performance statement presented fairly under the *Local Government Act 1989*.

## Expected audit opinion

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Based on our audit, we expect to conclude that the financial report and performance statement are presented fairly.  
We expect to issue unmodified audit opinions.

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## Outstanding audit matters

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We can conclude our audit opinions when we finalise our audit process. Outstanding audit matters include:

- final review of the financial report and performance statement
- review of the signed management representation letter
- completion of the review of subsequent events.

**Appendix A** provides a detailed list of all outstanding audit matters.

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# Areas of audit focus

Our audit focused on the financial report areas that we rated as higher risk for material misstatement in your financial report and performance statement.

After the State of Victoria declared a State of Emergency on 16 March 2020, we revisited our audit approach to consider impacts of the COVID-19 pandemic on Council’s operations, financial report and performance statement. Based on our assessment, impacts of the COVID-19 pandemic is not included as a risk of material misstatement for 2019-20.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

Risk of material misstatement	Our audit response	Results of our key procedures
<p><b>1. Valuation of property, infrastructure, plant and equipment</b></p> <p>Property, infrastructure, plant and equipment represents a significant part of the Council’s total assets (\$2.8 billion in the 2018–19 financial year), with the majority of these assets carried at fair value.</p> <p>Determining the fair value of these assets is a highly complex process that relies on numerous assumptions underpinning the valuation methodology, the engagement of valuation experts and the use of management’s judgement.</p> <p>Land &amp; building, drainage and other infrastructure assets are scheduled for full revaluation, while all other infrastructure assets will be subject to indexation in 2019–20.</p> <p>The financial report may include a material misstatement if the valuation is not performed in line with a suitable methodology, by unqualified experts or is based on inappropriate assumptions and judgements.</p> <p>Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 <i>Fair Value Measurement</i>. Disclosures may be incorrect or insufficient.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>reviewed the nature and extent of management’s oversight and review of the fair value measurement by valuation experts</li> <li>reviewed the valuer’s report to evaluate the appropriateness of the methodology adopted, assumptions and estimates used and the overall reasonableness of the valuation including impact of COVID-19 pandemic on asset valuation;</li> <li>assessed the valuer’s competence, skills and experience to conduct an appropriate valuation</li> <li>reviewed management’s impairment assessments</li> <li>reviewed the journals posted by management to support the figures within the financial statements.</li> </ul>	<p>We are satisfied that the value of non-current physical assets as at 30 June 2020 is in compliance with requirements of AASB 116 <i>Property, Plant and Equipment</i> and are not materially misstated.</p> <p>We are satisfied that disclosures are in compliance with the requirements of AASB 13 <i>Fair Value Measurement</i>.</p> <p><b>Land and buildings</b></p> <p>We reviewed the methodology and key assumptions used by the external valuer to determine the \$1.55 billion valuation for land, \$681 million for land under roads and \$261 million valuation for buildings.</p> <p>We note that there is significant valuation uncertainty due to the COVID-19 pandemic. This has been appropriately disclosed in the financial report.</p> <p><b>Infrastructure assets held at fair value</b></p> <p>Management conducted a desktop valuation for infrastructure assets held at fair value. We are satisfied that valuation adjustments were recognised as required in the financial report.</p>

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<p><b>2. New Accounting standards applicable in 2019–20</b></p> <p>A number of new accounting standards will impact Council’s financial report for the first time in 2019–20.</p> <p>These standards include:</p> <ul style="list-style-type: none"> <li>• AASB 15 <i>Revenue from Contracts with Customers</i></li> <li>• AASB 1058 <i>Income for Not-for-profit Entities</i></li> <li>• AASB 16 <i>Leases</i>.</li> </ul> <p>Council may not be adequately prepared to make changes to their systems, processes and resources to address the accounting and disclosure requirements of the new accounting standards.</p>	<p>We:</p> <ul style="list-style-type: none"> <li>• gained an understanding of the Council’s process to assess and record the impact of the new accounting standards</li> <li>• reviewed ‘shell’ accounts and the financial report against the Local Government Model Financial Report, the requirements of the Australian Accounting Standards and the Local Government (Planning and Reporting) Regulations 2014</li> <li>• reviewed management’s estimates, judgements and assumptions</li> <li>• reviewed the journals posted by management to support the figures within the financial statements.</li> </ul>	<p>Satisfactory.</p> <p>Our audit procedures in respect to new accounting standards did not identify any significant issues.</p>
<p><b>3. The performance statement may not be prepared in accordance with applicable legislative requirements</b></p> <p>There is a potential risk that:</p> <ul style="list-style-type: none"> <li>• systems in place at Council may not accurately capture the data required to support service performance outcomes</li> <li>• incomplete and/or inaccurate data due to inadequate systems may result in material misstatement of the performance statement</li> <li>• a lack of quality assurance over the preparation of performance statement may also result in significant errors or omissions.</li> </ul>	<p>We:</p> <ul style="list-style-type: none"> <li>• reviewed the systems in place to capture the financial and non-financial data</li> <li>• determined the reliability and completeness of the available records for compiling that indicator</li> <li>• checked the calculations of reported figures</li> <li>• assessed the reasonableness of explanations included in the report of significant variations</li> <li>• confirmed that the performance statement complies with legislative requirements.</li> </ul>	<p>We are satisfied that the performance statement for Council presents fairly for the year ended 30 June 2020. Refer to <b>Appendix B</b> for adjusted audit differences. Refer to <b>Appendix C</b> for draft findings that we intend to include in our final management letter.</p>

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# Audit findings—financial report

## Materiality assessment

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Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial statements. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have updated the materiality levels indicated in our audit strategy memorandum.

Final overall materiality for the financial report has been set at 5% of total assets \$145 million.

Final specific materiality for particular statements, account balances or disclosures has been set at 5% of total expenditure \$8 million.

In our view:

- total uncorrected errors above this amount for account balances or disclosures would mislead the users of the financial report.
  - risk that there may be material error the financial report increases with the level of accumulated uncorrected error below this threshold.
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## Adjusted audit differences

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Our audit procedures did not identify any material audit differences.

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## Unadjusted immaterial differences

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Our audit procedures did not identify any unadjusted differences.

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## Control environment

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The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

**Appendix C** contains a list of draft findings that we intend to include in our final management letter.

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# Audit findings—performance statement

## Materiality assessment

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Misstatements are considered material if they individually or collectively could influence economic decisions of users of the performance statement. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We set materiality for each indicator reported in a performance statement after we consider the qualitative and quantitative factors that influence each indicator. We cannot set an overall materiality level for the performance statement due to its nature.

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## Adjusted differences

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We identified 3 audit differences in the performance statement, which management adjusted.

**Appendix B** presents the adjusted audit differences in the performance statement.

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## Unadjusted immaterial differences

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We identified no unadjusted immaterial differences in the performance statement.

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## Control environment

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The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

**Appendix C** contains a list of draft findings that we intend to include in our final management letter.

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## Other audit findings

### Fraud, irregularities or regulatory non-compliance

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When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud.  
Our audit procedures did not identify any specific financial report and performance statement areas of fraud risk or regulatory non-compliance.

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### Waste, probity & financial prudence

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Our procedures are not specifically designed to detect matters of waste, probity and financial prudence but we may detect these matters.  
Our audit procedures did not identify any material issues concerning waste, probity or lack of financial prudence.

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### Accounting policies

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Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

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# Reports to Parliament

## Results of the 2019-20 Audits: Local Government

Stonnington City Council will be included in the *Results of the 2019-20 Audits: Local Government* scheduled for tabling in March 2021. The report will analyse the financial sustainability, performance and position of the sector. It will inform parliament about the strengths and weaknesses in the control environments of entities within the sector and make recommendations for improvement.

For 2019-20, we focused on impact of COVID 19 pandemic and implementation of new accounting standards on the sector.

We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:

- sector results over the last five years
- trends and composition analyses for specific entities
- compare results between entities over time.

We may make comment on Stonnington City Council in the body of this report. If this is the case, we will provide you with relevant extracts of the report for your response.

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# VAGO links and resources



VAGO's website

VAGO's role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

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## APPENDIX A

# Outstanding audit matters

The following items are outstanding at the date of this report and need to be resolved before we can issue our audit reports.

Item	Action required	Responsibility
Quality assurance processes over the final financial report and audit work performed	Audit to conduct quality assurance procedures over the final financial report and audit testing performed	Audit
Subsequent events update	Provide details of significant transactions and events up to date of signing. Audit will assess for any impact on the financial report	Management and audit
Financial report / performance statement certification	To be signed on adoption of the accounts by the Council	Management
Management representation letter	To be signed on same date as the certification	Management

After we issue our audit reports, we are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Item	Our procedure
Annual report	We will review your annual report to confirm that it includes the correct versions of the signed financial report and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report. We request your provision of an electronic copy of the printers' proof of the annual report.
Website publication of annual report	We will review your annual report on your website to confirm that it includes the correct versions of the signed financial report and auditor's report. We request your notification to us of your publication of your annual report on your website.

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## APPENDIX B

# Adjusted audit differences

### Adjusted differences of disclosures in your financial report and indicators in your performance statement.

Performance statement indicator	Adjustment	Basis for the adjustment
<p><b>R5 Satisfaction with sealed local roads</b> Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads</p>	Adjusted the satisfaction score to the correct figure per current year community satisfaction survey	Client used prior year figure for the indicator
<p><b>AF6 Utilisation of aquatic facilities</b> <b>Numerator</b> Number of visits to aquatic facilities <b>Denominator</b> Municipal population</p>	Adjusted the reported figure from the average visits of past 5 years to current year visits	Manual formula linking error entered into performance statement template
<p><b>LB4 Active library borrowers in municipality</b> <b>Numerator</b> Number of active library borrowers in the last three years <b>Denominator</b> The sum of the population for the last three years</p>	Adjusted active borrowers for the last two years to the audited performance statement	Manual keying error entered into performance statement template

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## APPENDIX C

# Final management letter

The following table summarises the findings to date from the final phase of our audit. We will include them in our final management letter.

Finding	Implication	Rating	Recommendation	Management acceptance
<p><b>Performance statement quality review</b></p> <p>Councils are required to prepare an annual performance statement, which is subject to external audit, in line with the <i>Local Government (Planning and Reporting) Regulations 2014</i>. Current practice at Stonnington City Council is that on an annual basis the Council's Corporate Performance Planner obtains relevant data from each indicator owner and collates the performance statement. We note that currently:</p> <ul style="list-style-type: none"> <li>there is no quarterly or six monthly reporting of performance statement results throughout the financial year.</li> <li>quality control checks are not performed by an independent officer over the performance statement data provided by each relevant department to verify compliance with the <i>Local Government Performance Reporting Framework</i>.</li> </ul>	<p>Potential for errors to go undetected and increases risk of non-compliance with the <i>Local Government Performance Reporting Framework</i>.</p>	<p>Moderate</p>	<p>We recommend that:</p> <ul style="list-style-type: none"> <li>corporate performance planner liaises with each indicator owner on a quarterly or six-monthly basis to obtain year to date performance statement data</li> <li>corporate performance planner performs a quality control check on a quarterly or six-monthly basis over the data provided to ensure that the processes, procedures and classification of reported data is in compliance with the <i>Local Government Performance Reporting Framework</i></li> <li>council maintains record as evidence of quality control checks that have been performed.</li> </ul>	<p>Yes</p>

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## APPENDIX D

# Management representation letter

As part of gathering audit evidence, we obtain formal management representations about your entity's financial report and performance statement. We look at the completeness, preparation, and presentation of the information in the report and statement.

We do not rely solely on the management representations, except when they are the only evidence reasonably available.

A draft version of the management representation letter is provided as a separate attachment.

When forming our audit opinion, we did not rely solely on management representations.

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