

MANNINGHAM

COUNCIL MEETING

AGENDA

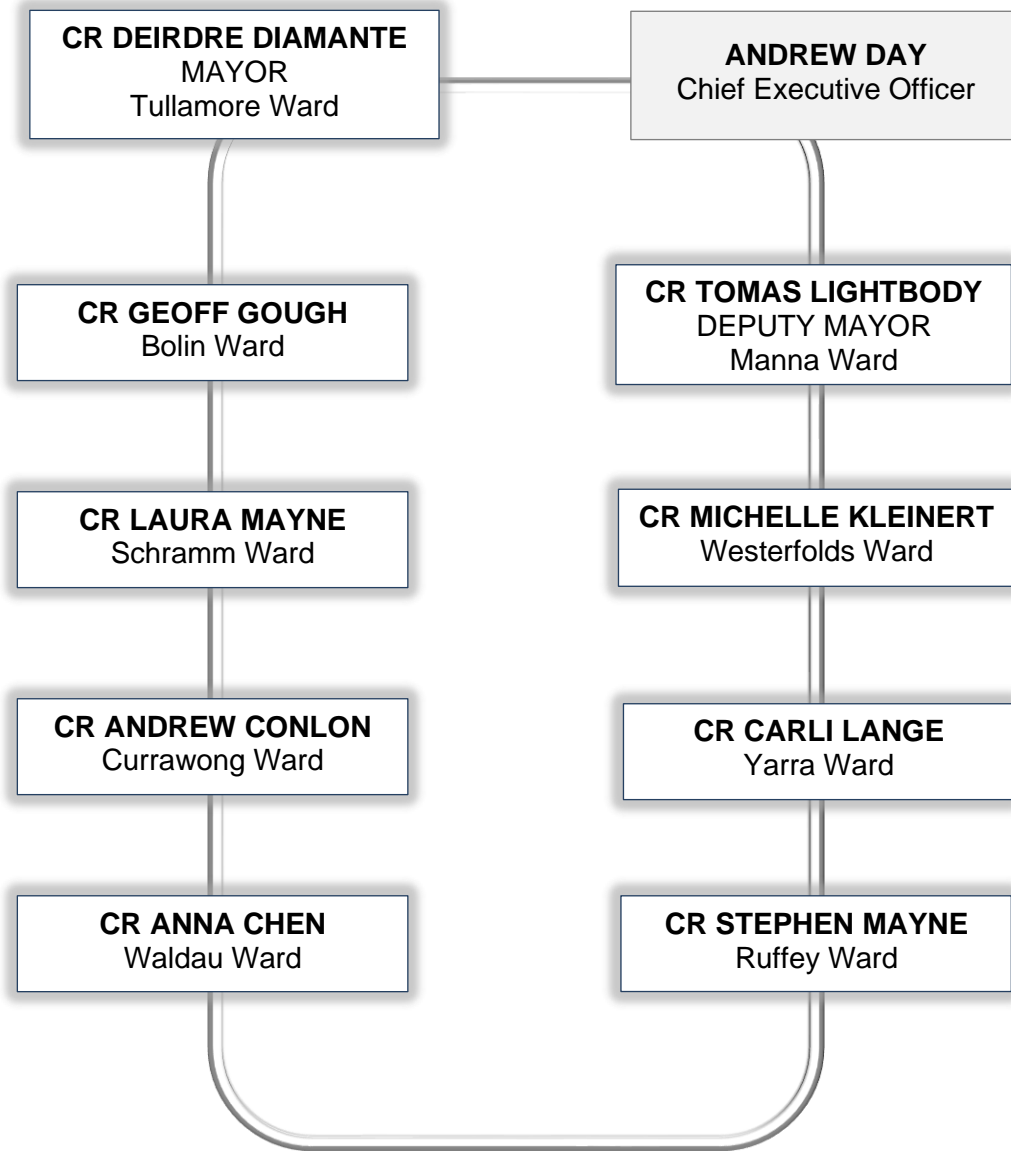
Date:	Tuesday, 12 September 2023
Time:	6:00pm
Location:	Council Chamber, Civic Centre 699 Doncaster Road, Doncaster

This meeting is convened to transact the business listed below.

Andrew Day
Chief Executive Officer

This meeting will be livestreamed. Members of the public who address Council will be heard on the live audio stream, and audio of them speaking will be recorded. All reasonable efforts will be made to avoid capturing live or recorded video footage of public attendees however there might be incidental capture.

COUNCIL MEETING SEATING PLAN



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- 1 OPENING PRAYER AND STATEMENTS OF ACKNOWLEDGEMENT**

- 2 APOLOGIES AND REQUESTS FOR LEAVE OF ABSENCE**

- 3 PRIOR NOTIFICATION OF CONFLICT OF INTEREST**

- 4 PUBLIC QUESTION TIME**

5 CHIEF EXECUTIVE OFFICER

5.1 2022/23 Financial Report and Performance Statement: Approval in Principle

File Number:	IN23/567
Responsible Director:	Chief Executive Officer
Attachments:	1 Financial Report 2022/23 ↓ 2 Performance Statement 2022/23 ↓ 3 Governance and Management checklist - 2022/23 ↓

PURPOSE OF REPORT

The purpose of this report is to present the Financial Report and Performance Statement for the year ended 30 June 2023 for consideration and approval in principle by Council.

EXECUTIVE SUMMARY

The Financial Report and Performance Statement for the year ended 30 June 2023 are presented for consideration and approval in principle.

These have been prepared in accordance with the Australian Accounting Standards and Interpretations, the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

The Financial Report and Performance Statement were reviewed by Council's Audit and Risk Committee on Friday 1 September 2023. The Audit and Risk Committee is satisfied that an appropriate external audit process has been undertaken and that the Committee's review did not identify any issues that would prevent Council from approving the Financial Report and Performance Statement "in principle" for submission to the Auditor-General.

A detailed audit of the Financial Report and Performance Statement was undertaken by the Auditor-General during August 2023. The "Draft Closing Report – Manningham City Council for the year ended 30 June 2023" prepared by the Auditor-General and his agent HLB Mann Judd concluded that the 2022/23 Financial Report (Attachment 1) and 2022/23 Performance Statement (Attachment 2) "present fairly".

The Financial Report, Performance Statement and Governance and Management checklist will be reproduced in full in Council's 2022/23 Annual Report.

1. RECOMMENDATION

That Council:

- A. Notes that the Audit and Risk Committee is satisfied that an appropriate external audit process has been undertaken on the 2022/23 Financial Report and 2022/23 Performance Statement.**

- B. Authorises Councillor Deirdre Diamante and Councillor Tomas Lightbody to certify the 2022/23 Financial Report and 2022/23 Performance Statement in their final form. In the event that either Councillor Diamante or Councillor Lightbody is not available, then any other Manningham Councillor is authorised to certify the Financial Report and Performance Statement.**
- C. Endorses in principle the 2022/23 Financial Report and 2022/23 Performance Statement.**
- D. Notes the 2022/23 Governance and Management Checklist and authorises Councillor Deirdre Diamante to certify the 2022/23 Governance and Management Checklist. In the event that Councillor Deirdre Diamante is not available, then any other Manningham Councillor is authorised to certify the checklist.**

2. BACKGROUND

- 2.1 The Auditor-General's agent (HLB Mann Judd) has completed a review of the attached Financial Report and Performance Statement and all supporting information. It is anticipated that a clear (or unmodified) audit opinion will be issued for the Financial Report and Performance Statement. However, the Financial Report and Performance Statement remain provisional until final signing by the Auditor-General.
- 2.2 The Financial Report, Performance Statement and the Auditor-General's draft closing report of the 2022/23 Audit was presented to the Audit and Risk Committee (the Committee) on 1 September 2023, and the Committee resolved:
- a) That it is satisfied that an appropriate external audit process has taken place on the proposed financial report and performance statement and is not aware of any issues that would prevent the Council from approving the financial report and performance statement; and*
- b) To recommend that Council approve the 2022/23 Financial Report and 2022/23 Performance Statement in principle for lodging with the Auditor General.*
- 2.3 The "Approved in Principle" Financial Report and Performance Statement are required to be presented to the Auditor-General following the Council Meeting. The Auditor-General is then expected to issue the final signed audit closing report prior to 30 September 2023.
- 2.4 The Financial Statements and Performance Statement will then be incorporated into Council's Annual Report. The Annual Report will then be formally presented to Council.
- 2.5 The Financial Report provides comprehensive reporting of the revenue and expenditure of Council for the 2022/23 financial year and the financial position of Council as at 30 June 2023. The notes accompanying the Financial Statements provide information relevant to Council's accountability obligations and additional information to assist users of the report to form an opinion on the financial performance of Council.

- 2.6 The Performance Statement details a range of service and financial performance indicators.

3. DISCUSSION / ISSUE

- 3.1 The Financial Report of Council is a general purpose financial report that consists of the financial statements which include a comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, statement of capital works and notes accompanying these financial statements. This general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.

Financial Summary

- 3.2 Overall Council is in a sound financial position with a low financial sustainability risk. This demonstrates our commitment to maintaining long-term financial sustainability while providing cost-effective services and delivering infrastructure projects to meet the needs of our community.

- 3.3 Key finance facts:

- \$7.6 million operating surplus, a decrease of \$24.5 million on the previous year, primarily due to a \$13.9 million decrease in non-monetary (asset) contributions and a \$2.2 million decrease in monetary contributions from developers. Also in 2022/23 there were significant one-off costs associated with the implementation of the new Food Organic Garden Organic (FOGO) waste service and one off restructure costs as a result of Council's decision to transition out of Commonwealth Home Support Program (CHSP) services.
- \$4.8 million adjusted underlying deficit, compared to a \$4.0 million adjusted underlying surplus in the previous year. The adjusted underlying result excludes one off specific purpose income items. The deficit was mainly driven by the one off expenditure items (FOGO, restructure costs and capital program costs that were non-capital in nature and deemed to be operational expenditure).
- Council continues to be debt-free.
- \$45.0 million capital works delivered to maintain and renew over \$2.6 billion of community assets and to create new and upgraded infrastructure for a growing community.
- \$2.7 billion in net assets, an increase of \$190 million on the previous year.

Operating position

- 3.4 An operating surplus of \$7.6 million was achieved in 2022/23, \$12.4 million lower than the adopted budget surplus of \$20.0 million.

- 3.5 The adjusted underlying result, which removes income that is tied to specific purposes, was a \$4.8 million adjusted underlying deficit for the year. The adjusted underlying result excludes open space contributions, developer contributions, non-recurrent capital grant income and other capital contributions income – which are all to be used for specific purposes.
- 3.6 General rates: Council achieved the 'Fair Go Rates' legislation rate cap of a 1.75% increase in average rates for the 2022/23 year.
- 3.7 The key favourable variances for the year included:
- Operating Grants were \$2.5 million greater than budget. A change in the timing of Financial Assistance Grants with the Federal Government bringing forward 100% of the 2023/24 grant allocation into the 2022/23 financial year (budgeted to receive 50% in 2022/23) resulted in a favourable variance of \$1.8 million. In addition, Council recognised unbudgeted grant funding for Commonwealth Home Support Program (CHSP), placemaking outdoor activation, sustainability and biodiversity programs.
 - Contributions non-monetary were \$1.5 million greater than budget – this is the value of land under roads, land, building, drainage pipes and pits and other infrastructure assets transferred to Manningham by developers.
 - Other income was \$2.9 million favourable mainly due to term deposit interest rates improving significantly in the current economic environment leading to a favourable variance of \$2.1 million. In addition, other income includes one-off items (\$0.7 million) recognised in 2022/23.

Offsetting the key favourable variances were:

- Statutory fees and fines income being \$0.8 million less than budget due to decreased enforcement activity as a result of staff shortages.
- User fees and charges income was \$1.3 million less than budget due to lower than anticipated demand for function centre & community venue facilities (\$0.8 million), art studios and child care services income utilisation lower than anticipated (\$0.2 million) and city compliance permit & registration fees (\$0.2 million).
- Contributions monetary income was \$2.2 million less than budget. Developers' cash contributions in lieu of public open space and infrastructure requirements were \$2.3 million lower than budget and relate to the level of development activity in Manningham. These funds are placed into a cash backed reserve to be used to fund recreation and open space improvements for the community. This is partly offset by higher than budgeted contributions from clubs to fund capital work projects.
- Employee costs were \$3.7 million greater than budget. This mainly relates to a provision raised in 2022/23 for one off restructure costs as a result of Council's decision to transition out of the Commonwealth funded Home Support Service provision, partly offset by savings due to a number of vacancies across the organisation.

- Materials, services and contracts were \$1.3 million greater than budget. This is mainly attributable to increased activity in Parks and Natural Environment to conduct essential maintenance work and catch up on lower than projected work during COVID outbreak. In addition, costs associated with the implementation of the new Food Organic Garden Organic (FOGO) waste service (originally budgeted in the capital works program but is operational expenditure in nature) and waste collection/transportation costs have escalated due to an increase in the fuel levy.
 - Net (gain)/loss on disposal of assets was \$1.9 million unfavourable. This was mainly attributable to write off of infrastructure assets (drainage pipes, pits, roads, footpaths and cycleways) totalling \$2.8 million and building (\$0.2 million) as part of the capital works program to replace with new and other infrastructure assets. This is partly offset by a net gain of \$0.9 million on disposal/replacement of existing assets as part of the ongoing Plant Replacement Program and sale of parcels of land within the North East Link project area to the State Government.
 - Other expenses were \$8.8 million greater than budget. This was primarily due to:
 - \$7.4 million of operational expenditure that was originally budgeted in the Capital Works Program but has been classified as non-capital in nature and transferred to Other expenses as part of the year end process;
 - software licences and software subscriptions exceeded full year budget by \$1.1 million;
 - legal expenses were unfavourable by \$0.4 million for various unanticipated legal matters.
- 3.8 Council's assets had a Net asset revaluation increment (increase) of \$182.1 million which was mainly driven by:
- A valuation increment of \$67.3 million overall to land and building assets:
 - Land assets were valued as at 30 June 2023. Land assets had a \$55.4 million increment and the valuation involved the analysis of a number of recent sales, consideration of the various characteristics displayed by the land, the constraints of requirements stipulated within the Local Government Act 2020, and the time involved in preparing land for sale.
 - The increase in the value of Council's significant land holdings are consistent with the land value increase across the municipality mainly due to limited supply of land.
 - Building assets were valued as at 30 June 2023. Buildings had an \$11.8 million increment. The values of building components have had notable increases caused by the significant increases in construction costs and the lack of supply of building materials in Victoria in general.

- An increment of \$114.8 million to infrastructure assets as a result of large increases in prices driven by supply shortages and inflation.

Net worth

3.9 Our financial strength can be assessed by net assets (what we own less what we owe). As at 30 June 2023, Council's net assets were \$2.7 billion.

Assets

3.10 Manningham has total assets of \$2.76 billion. The major components of our assets include infrastructure, property, plant and equipment valued at \$2.64 billion and cash and investments of \$90 million.

Liabilities

3.11 Our liabilities primarily include amounts owed to suppliers and amounts owed to employees for leave entitlements. Total liabilities at 30 June 2023 were \$58 million.

3.12 At 30 June 2023 Council was debt free.

Capital Works

3.13 Council aims to maintain its infrastructure assets at expected levels while continuing to deliver services needed by our community. During 2022/23, we invested \$45 million in an extensive Capital Works Program to renew and upgrade community assets throughout the municipality. This program was funded primarily through rates, with additional funds provided through grants and contributions.

3.14 The major categories of capital works included:

- roads, drainage, footpaths and cycleways \$20 million
- community and council building refurbishment and upgrades \$16 million
- parks, open space and streetscapes \$4 million; and
- land \$3 million.

Liquidity

3.15 Cash and investments at 30 June 2023 were \$90 million, a decrease of \$3 million from the previous year.

3.16 The working capital ratio, which assesses our ability to meet current commitments, is calculated by measuring our current assets as a percentage of current liabilities. Our ratio of 205% indicates that for every dollar of short-term liabilities, we have \$2.05 worth of current assets. This is a strong result.

Rate cap

3.17 This was the seventh year of the Victorian Government's 'Fair Go Rates' legislation. Manningham complied with the 1.75% rate cap for 2022/23. We continued to follow the strategies we set last year to ensure our long-term financial sustainability in a rate capping environment.

Performance Statement

3.18 The Performance Statement details a range of service and financial performance indicators. This is also audited by the Victorian Auditor-General. Key indicators include:

- Aquatic Facilities – Utilisation of the Aquatic facility was 3.4 visits per resident which was significantly higher than the previous two years (1.4 to 1.7 visits per resident during the pandemic). We are pleased to see visits increase as visitors slowly return from the impact of COVID-19 restrictions and closures.
- Health and Safety - Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up. We have again seen an increase of almost 3% compared to last year as our health team followed up non compliances identified.
- Maternal and Child Health (MCH) - Participation in the MCH service has increased to 81.3% (up from 77.9% in the previous year). We are pleased to see a positive increase in the overall participation rate in the MCH service following a concerted effort to follow up with families who missed appointments.
- Waste diversion - We have seen a positive 1.4% increase of waste diverted from landfill during 2022/23. Our landfill tonnages and recycling tonnages decreased compared to the prior year. From 1 July 2023 we introduced the food organic garden organic service which will further improve our diversion rate from 2023/24 onwards.
- Workforce turnover was 18.8% compared to last year's 17.8% turnover rate and continues to be above historical levels. This is in line with both Australian and global trends resulting from 'post-pandemic' impacts on workforce. Current low unemployment coupled with increasing interest rates has resulted in existing employees seeking other opportunities to improve remuneration. Additionally, organisational restructure activity was undertaken throughout the period. Organisational structural changes traditionally correlate with higher instances of voluntary turnover. It is anticipated that the impacts of the factors above will continue for the next two to three years.

The 2022/23 Annual Report will detail service and financial highlights from the 2022/23 year and also reproduce the Financial Report and Performance Statement in full.

4. COUNCIL PLAN / STRATEGY

4.1 The Financial Report and the Performance Statement are a historical reflection of Council's 2022/23 financial performance and performance against key initiatives identified within the 2021-2025 Council Plan.

5. IMPLEMENTATION

5.1 Finance / Resource Implications

The outcomes contained in the Financial Report will form the starting basis for the 2023/24 review of Council’s 10 Year Long Term Financial Plan.

6. IMPLEMENTATION

6.1 Communication and Engagement

The Financial Report, Performance Statement and Governance and Management Checklist will be published in Council’s 2022/23 Annual Report.

Stakeholder Groups	Council and the community
Is engagement required?	No
Where does it sit on the IAP2 spectrum?	Inform
Approach	Report to Council

6.2 Timelines

Following approval in principle by Council, the Financial Report and Performance Statement will be submitted to the Auditor-General’s Office for final audit clearance, which should be received prior to 30 September 2023.

7. DECLARATIONS OF CONFLICT OF INTEREST

No Officers involved in the preparation of this report have any general or material conflict of interest in this matter.

**MANNINGHAM CITY COUNCIL
ANNUAL FINANCIAL REPORT
For the Year Ended 30 June 2023**

MANNINGHAM CITY COUNCIL

Financial Report

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Certification of the Financial Statements

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

Jon Gorst (BCom, CPA)
Principal Accounting Officer
12 September 2023
Doncaster

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

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

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

Deirdre Diamante
Mayor
12 September 2023
Doncaster

Tomas Lightbody
Deputy Mayor
12 September 2023
Doncaster

Andrew Day
Chief Executive Officer
12 September 2023
Doncaster

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

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MANNINGHAM CITY COUNCIL
2022/23 Financial Report

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MANNINGHAM CITY COUNCIL
2022/23 Financial Report

**Comprehensive Income Statement
For the Year Ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	117,481	114,315
Statutory fees and fines	3.2	2,926	3,094
User fees and charges	3.3	8,749	7,016
Grants - operating	3.4 (a)	13,860	13,292
Grants - capital	3.4 (b)	7,079	6,800
Contributions - monetary	3.5	4,614	6,670
Contributions - non-monetary	3.5	2,572	16,458
Other income	3.7	3,684	1,975
Share of surplus from investment in associate	6.2	291	39
Total income / revenue		161,256	169,659
Expenses			
Employee costs	4.1	61,530	53,813
Materials, services and contracts	4.2	32,020	29,029
Depreciation	4.3	26,380	23,738
Amortisation - Intangible assets	4.4	2,397	2,311
Amortisation - Right of use assets	4.5	347	345
Bad and doubtful debts - allowance for impairment losses	4.6	267	160
Finance costs - Leases	4.7	52	55
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	3.6	1,828	2,480
Other expenses	4.8	28,837	25,608
Total expenses		153,658	137,539
Surplus/(deficit) for the year		7,598	32,120
Other comprehensive income			
Item that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1 (a)	182,062	225,877
Total other comprehensive income		182,062	225,877
Total comprehensive result		189,660	257,997

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Balance Sheet
As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	21,501	24,623
Trade and other receivables	5.1 (c)	17,862	15,925
Other financial assets	5.1 (b)	68,500	68,679
Other assets	5.2 (a)	4,097	2,371
Total current assets		111,960	111,598
Non-current assets			
Trade and other receivables	5.1 (c)	398	374
Investments in associates	6.2	3,156	2,865
Property, infrastructure, plant, equipment and other fixed assets	6.1	2,638,064	2,444,670
Right-of-use assets	5.7	2,158	2,358
Intangible assets	5.2 (b)	4,734	6,987
Total non-current assets		2,648,510	2,457,254
Total assets		2,760,470	2,568,852
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	20,550	16,814
Trust funds and deposits	5.3 (b)	13,389	13,890
Unearned income/revenue	5.3 (c)	5,424	7,858
Provisions	5.4	14,894	13,976
Lease liabilities	5.7	339	297
Total current liabilities		54,596	52,835
Non-current liabilities			
Provisions	5.4	1,542	1,141
Lease liabilities	5.7	1,960	2,164
Total non-current liabilities		3,502	3,305
Total liabilities		58,098	56,140
Net Assets		2,702,372	2,512,712
Equity			
Accumulated surplus		830,338	822,326
Reserves	9.1	1,872,034	1,690,386
Total Equity		2,702,372	2,512,712

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

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

2023	Note	Accumulated surplus \$'000	Asset revaluation reserves \$'000	Other reserves \$'000	Total \$'000
Balance at beginning of the financial year		822,326	1,676,124	14,262	2,512,712
Surplus for the year		7,598	-	-	7,598
Net asset revaluation increment/(decrement)	9.1 (a)	-	182,062	-	182,062
Transfer to accumulated surplus on realisation of assets	9.1 (a)	2,027	(2,027)	-	-
Transfers from other reserves	9.1 (b)	2,391	-	(2,391)	-
Transfers to other reserves	9.1 (b)	(4,004)	-	4,004	-
Balance at end of the financial year		830,338	1,856,159	15,875	2,702,372

2022	Note	Accumulated surplus \$'000	Asset revaluation reserves \$'000	Other reserves \$'000	Total \$'000
Balance at beginning of the financial year		789,554	1,451,963	13,198	2,254,715
Surplus for the year		32,120	-	-	32,120
Net asset revaluation increment/(decrement)	9.1 (a)	-	225,877	-	225,877
Transfer to accumulated surplus on realisation of assets	9.1 (a)	1,716	(1,716)	-	-
Transfers from other reserves	9.1 (b)	5,173	-	(5,173)	-
Transfers to other reserves	9.1 (b)	(6,237)	-	6,237	-
Balance at end of the financial year		822,326	1,676,124	14,262	2,512,712

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	2023 Inflows/(Outflows) \$'000	2022 Inflows/(Outflows) \$'000
Cash flows from operating activities			
Rates and waste charges		115,613	113,380
Statutory fees, fines and user charges		10,951	10,601
Grants - operating		8,109	5,819
Grants - capital		10,362	12,742
Contributions - monetary		4,614	6,670
Interest received		2,241	474
Net increase in trust funds and deposits		(501)	345
Other receipts		884	1,522
Net GST refund/(payment)		(67)	334
Materials, services and contracts		(65,500)	(57,041)
Short-term, low value and variable lease payments		(480)	(414)
Employee costs		(55,399)	(54,576)
Net cash provided by/(used in) operating activities	9.2	30,827	39,856
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure, and other fixed assets		(39,317)	(34,820)
Proceeds from disposal of property, infrastructure, plant, equipment and other fixed assets	3.6	5,550	692
Receipts/(payments) for other financial assets		179	(25,061)
Net cash provided by/(used in) investing activities		(33,588)	(59,189)
Cash flows from financing activities			
Interest paid - lease liability		(52)	(55)
Repayment of lease liabilities		(309)	(294)
Net cash provided by/(used in) financing activities		(361)	(349)
Net increase/(decrease) in cash and cash equivalents		(3,122)	(19,682)
Cash and cash equivalents at the beginning of the financial year		24,623	44,305
Cash and cash equivalents at the end of the financial year	5.1 (a)	21,501	24,623
Financing arrangements	5.5		

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

**Statement of Capital Works
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
Property		
Land	2,742	1,272
Buildings	6,764	9,022
Total property	9,506	10,294
Plant, equipment and other assets		
Plant, machinery and equipment	1,256	1,434
Fixtures, fittings and furniture	55	208
Computers and telecommunications	211	1,163
Artworks	258	46
Total plant, equipment and other assets	1,780	2,851
Infrastructure		
Roads	10,276	9,555
Bridges	856	79
Footpaths and cycleways	4,668	2,843
Off street car parks	-	1,781
Drainage	4,266	3,110
Recreational, leisure and community facilities	8,957	3,905
Parks, open space and streetscapes	4,161	4,922
Waste management	280	-
Total infrastructure	33,464	26,195
Intangible assets		
Software	299	1,153
Total intangible assets	299	1,153
Total capital works expenditure	45,049	40,493
Represented by:		
New asset expenditure	13,711	11,016
Asset renewal expenditure	23,143	23,192
Asset expansion expenditure	1,181	1,472
Asset upgrade expenditure	7,014	4,813
Total capital works expenditure	45,049	40,493

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

**Notes to the Financial Report
For the Year Ended 30 June 2023****Note 1 Overview****Introduction**

The City of Manningham was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 699 Doncaster Road, Doncaster, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies**1.1 Basis of accounting**

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1);
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1);
- the determination of employee provisions (refer to Note 5.4);
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3);
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7);
- other areas requiring judgements.

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

Goods and Services Tax (GST)

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

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

MANNINGHAM CITY COUNCIL
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Note 2 Analysis of our results

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of lower of 10% or \$500,000 to budget on a line item basis, or where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

2.1.1 Income/Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
Income / Revenue					
Rates and charges	117,382	117,481	99	0	
Statutory fees and fines	3,727	2,926	(801)	(21)	1
User fees and charges	10,072	8,749	(1,323)	(13)	2
Grants - operating	11,376	13,860	2,484	22	3
Grants - capital	6,624	7,079	455	7	
Contributions - monetary	6,782	4,614	(2,168)	(32)	4
Contributions - non-monetary	1,059	2,572	1,513	143	5
Other income	824	3,684	2,860	347	6
Share of surplus from investment in associate	-	291	291	100	7
Total income / revenue	157,846	161,256	3,410		
Expenses					
Employee costs	57,868	61,530	(3,662)	(6)	8
Materials, services and contracts	30,697	32,020	(1,323)	(4)	9
Depreciation	25,940	26,380	(440)	(2)	
Amortisation - Intangible assets	3,029	2,397	632	21	10
Amortisation - Right of use assets	292	347	(55)	(19)	11
Bad and doubtful debts - allowance for impairment losses	-	267	(267)	(100)	12
Finance costs - Leases	45	52	(7)	(16)	13
Net (gain)/loss on disposal of property, infrastructure, plant and equipment	(91)	1,828	(1,919)	2,109	14
Other expenses	20,082	28,837	(8,755)	(44)	15
Total expenses	137,862	153,658	(15,796)		
Surplus(deficit) for the year	19,984	7,598	(12,386)	(62)	

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

MANNINGHAM CITY COUNCIL
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Note 2 Analysis of our results (cont.)

2.1 Performance against budget (cont.)

2.1.1 Income/Revenue and expenditure (cont.)

(i) Explanation of material variations

Ref.	Item	Explanation
1	Statutory fees and fines	Outcome: Less than budget \$801,000 or 21% Statutory fees were lower than budget by \$0.80 million mainly due to decreased enforcement activity as a result of staff resourcing issues impacting parking infringements \$0.45 million and lower than expected permits fees (planning & asset protection) and local laws infringements.
2	User fees and charges	Outcome: Less than budget \$1,323,000 or 13% User fees and charges were \$1.32 million lower than budget due to lower than anticipated demand for function centre & community venue facilities (\$0.77 million), art studios and child care services income utilisation lower than anticipated (\$0.19 million), city compliance permit & registration fees (\$0.18 million), engineering development fees (\$0.11 million) and utilities reimbursements (\$0.10 million).
3	Grants - operating	Outcome: Greater than budget \$2,484,000 or 22% A change in the timing of Financial Assistance Grants with the Federal Government bringing forward 100% of the 2023/24 grant allocation into the 2022/23 financial year (budgeted to receive 50% in 2022/23) resulted in a favourable variance of \$1.78 million. In addition, Council recognised unbudgeted grant funding for Commonwealth Home Support Program (CHSP), placemaking outdoor activation, sustainability and biodiversity programs.
4	Contributions - monetary	Outcome: Less than budget \$2,168,000 or 32% Developers' cash contributions in lieu of public open space and infrastructure requirements were \$2.37 million lower than budget and relate to the level of development activity in Manningham. These funds are placed into a cash backed reserve to be used to fund recreation and open space improvements for the community. This is partly offset by higher than budgeted contributions from clubs to fund capital work projects.
5	Contributions - non-monetary	Outcome: Greater than budget \$1,513,000 or 143% The value of land, land under roads and drainage pipes and other infrastructure assets transferred across the municipality to Manningham by developers was \$1.51 million higher than originally budgeted.
6	Other income	Outcome: Greater than budget \$2,860,000 or 347% Higher than budgeted other income is mainly due to term deposit interest rates improving significantly in the current economic environment leading to a favourable variance of \$2.13 million. In addition, other income includes one-off items (\$0.67 million) recognised in 2022/23.
7	Share of surplus from investment in associate	Outcome: Greater than budget \$291,000 or 100% Represents Council's share of the Whitehorse Manningham Regional Library Corporation (WMRL) surplus for 2022/23. Council has a Council has a 35.1% equity interest.
8	Employee costs	Outcome: Greater than budget \$3,662,000 or 6% Employee costs for 2022/23 were \$3.66 million or 6.33 per cent higher than budget. This mainly relates to a provision raised in 2022/23 for one off restructure costs as a result of Council's decision to transition out of the Commonwealth funded Home Support Service provision, partly offset by savings due to a number of vacancies across the organisation.
9	Materials, services and contracts	Outcome: Greater than budget \$1,323,000 or 4% Materials, services and contracts were \$1.32 million or 4.31 per cent greater than budget. This is mainly attributable to increased activity in Parks and Natural Environment to conduct essential maintenance work and catch up on lower than projected work during COVID outbreak. In addition, costs associated with the implementation of the new Food Organic Garden Organic (FOGO) waste service (originally budgeted in the capital works program but is operational expenditure in nature) and waste collection/transportation costs have escalated due to an increase in the fuel levy.

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

MANNINGHAM CITY COUNCIL
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Note 2 Analysis of our results (cont.)

2.1 Performance against budget (cont.)

2.1.1 Income/Revenue and expenditure (cont.)

(i) Explanation of material variations

Ref.	Item	Explanation
10	Amortisation - Intangible assets	Outcome: Less than budget \$632,000 or 21% Amortisation is an accounting measure which attempts to allocate the value of an asset over its useful life for Council's intangible assets (software). Amortisation was lower than budget predominately due to timing of projects.
11	Amortisation - Right of use assets	Outcome: Greater than budget \$55,000 or 19% Amortisation on right of use assets was greater than budget mainly due to the take up of a new lease during the year.
12	Bad and doubtful debts - allowance for impairment losses	Outcome: Greater than budget \$267,000 or 100% Mainly associated with the write off of uncollectable sports ground rental, traffic, animal management and local laws related debts.
13	Finance costs - Leases	Outcome: Greater than budget \$7,000 or 16% The finance costs associated with lease liabilities were slightly higher than budgeted.
14	Net (gain)/loss on disposal of property, infrastructure, plant and equipment	Outcome: Greater than budget \$1,919,000 or 2109% Net loss on disposal of assets was mainly attributable to write off of infrastructure assets (drainage pipes, pits, roads, footpaths and cycleways) totalling \$2.75 million and building (\$0.16 million) as part of the capital works program to replace with new and other infrastructure assets. This is partly offset by a net gain of \$0.92 million on disposal/replacement of existing assets as part of the ongoing Plant Replacement Program and sale of parcels of land within the North East Link project area to the State Government.
15	Other expenses	Outcome: Greater than budget \$8,755,000 or 44% Other expenses include a wide range of costs incurred in delivering Council services and include utilities, software licences, legal expenses, consultancy, insurance, postage, telephone and general office expenses. The unfavourable variance is primarily due to: * \$7.35 million of operational expenditure that was originally budgeted in the Capital Works Program but has been classified as non-capital in nature and transferred to Other expenses as part of the year end process; * software licences and software subscriptions exceeded full year budget by \$1.09 million; and * legal expenses were unfavourable by \$0.43 million for various one-off projects and legal matters.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 2 Analysis of our results (cont.)

2.1 Performance against budget (cont.)

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
Property					
Land	6,800	2,742	4,058	60	16
Buildings	8,981	6,764	2,217	25	17
Total property	15,781	9,506	6,275		
Plant, equipment and other assets					
Plant, machinery and equipment	1,888	1,256	632	33	18
Fixtures, fittings and furniture	-	55	(55)	(100)	19
Computers and telecommunications	1,016	211	805	79	20
Artworks	265	258	7	3	
Total plant, equipment and other assets	3,169	1,780	1,389		
Infrastructure					
Roads	15,194	10,276	4,918	32	21
Bridges	440	856	(416)	(95)	22
Footpaths and cycleways	4,000	4,668	(668)	(17)	23
Drainage	5,622	4,266	1,356	24	24
Recreational, leisure and community facilities	5,909	8,957	(3,048)	(52)	25
Parks, open space and streetscapes	9,528	4,161	5,367	56	26
Waste management	2,760	280	2,480	(100)	27
Drainage	43,453	33,464	9,989		
Intangible assets					
Software	2,762	299	2,463	89	28
Total intangible assets	2,762	299	2,463		
Total capital works expenditure	65,165	45,049	20,116	31	
Represented by:					
New asset expenditure	24,550	13,711	10,839	44	
Asset renewal expenditure	23,316	23,143	173	1	
Asset expansion expenditure	2,849	1,181	1,668	59	
Asset upgrade expenditure	14,450	7,014	7,436	51	
Total capital works expenditure	65,165	45,049	20,116		

Notes to the Financial Report
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MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 2 Analysis of our results (cont.)

2.1 Performance against budget (cont.)

2.1.2 Capital works (cont.)

(i) Explanation of material variations

Ref.	Item	Explanation
16	Land	Outcome: Less than budget \$4,058,000 or 60% Property acquisitions were lower than budgeted and are dependant on appropriate properties being available during the year for open space or strategic investment opportunities.
17	Buildings	Outcome: Less than budget \$2,217,000 or 25% Building projects were significantly impacted by contractor and material availability issues, external authority approvals and consultation undertaken with various stakeholders. The net under spend of \$2.2 million primarily relates to a number of large building projects which will now be finalised in the following year including MC2 Exterior (\$1 million), Tunstall Square Kindergarten expansion (\$0.7 million) and Schramm's Cottage Restoration Works (\$0.3 million).
18	Plant, machinery and equipment	Outcome: Less than budget \$632,000 or 33% Ongoing supply availability issues resulted in delays in vehicle availability. Funds totalling \$0.5 million are to be carried forward into the following year.
19	Fixtures, fittings and furniture	Outcome: Greater than budget \$55,000 or 100% Relates to additional workplace furniture required in work and meeting spaces to meet requirements.
20	Computers and telecommunications	Outcome: Less than budget \$805,000 or 79% New HRIS System project was delayed. Also, a number of Technology Program projects listed in the Capital Works Program were subsequently reclassified as operational in nature.
21	Roads	Outcome: Less than budget \$4,918,000 or 32% Net under expenditure of \$4.9 million due to projects deferred to future years including the Tram/Merlin Traffic Signal project (\$1 million), Jumping Creek Road (\$1.2 million) and Fitzsimons Lane (\$2 million). Tuckers Road and Footpath project was completed with significant cost savings (\$0.7 million).
22	Bridges	Outcome: Greater than budget \$416,000 or 95% Due to greater than anticipated minor bridge renewal works and the Yarra River Shared Path Bridge project being ahead of schedule.
23	Footpaths and cycleways	Outcome: Greater than budget \$668,000 or 17% The reclassification of components of a number of roads projects to Footpath and cycleways resulted in the net over expenditure.
24	Drainage	Outcome: Less than budget \$1,356,000 or 24% Expenditure on drainage was below budget as the Melbourne Hill Road Drainage Upgrade was delayed into future years as a result of the complexity of the works.
25	Recreational, leisure and community facilities	Outcome: Greater than budget \$3,048,000 or 52% Due to escalation of building costs on pavilion projects (including Deep Creek Reserve and Schramms Reserve #2 Modular totalling \$1 million). Also \$2 million of significant recreation projects were brought forward from future years to 2022/23 in response to community requirements.
26	Parks, open space and streetscapes	Outcome: Less than budget \$5,367,000 or 56% Delays to projects at Hepburn Reserve, Macedon Square and Ruffey Creek Linear Park (Foote Street) Pedestrian Operated signals resulted in significant funding being carried forward into 2023/24.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 2 Analysis of our results (cont.)

2.1 Performance against budget (cont.)

2.1.2 Capital works (cont.)

(i) Explanation of material variations

Ref.	Item	Explanation
27	Waste management	<p>Outcome: Less than budget \$2,480,000 or 100% Due to the reclassification of the Food Organics and Garden Organics project which was reflected as operating expenditure.</p>
28	Software	<p>Outcome: Less than budget \$2,463,000 or 89% A number of Technology Program projects listed in the Capital Works Program were subsequently reclassified as operational in nature.</p>

Note 2 Analysis of our results (cont.)

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

(a) CEO Office

CEO Office is responsible for providing a range of strategic and operational services including elected representatives, legal, governance and risk, financial and procurement services.

City Services

City Services is responsible for delivering services to the community centred around accommodation, drainage amenity, cleanliness, waste management, traffic management and emergency response. It is also responsible for protecting, maintaining and enhancing Manningham's assets and natural environment, including its buildings, roads, car parks, drains, footpaths, parks, bushlands, recreation fields, streetscapes and other infrastructure.

City Planning

The City Planning area includes services relating to strategic land use planning, social planning, transport planning, strategic drainage planning, urban design and open space planning, development approvals and compliance, environmental health, animal management, local laws and school crossings.

Connected Communities

The Connected Communities area includes services relating to social planning, transport planning, recreation, economic development, community development, community and cultural events, community venues, aged and disability support, maternal and child health, kindergartens and libraries.

Experience and Capability

Experience and Capability provides a range of support services across council to enable the delivery of council services. The provision of these services includes customer service, business enablement, information technology, people and communications.

Corporate Activities

Corporate activities relates to services to ratepayers, council and executives which are not allocated to individual directorates. This includes general rates revenue, interest on investments, Financial Assistance Grants, asset sales, depreciation and capital grants. The value of Council land and buildings is also retained in the Corporate activities service area.

(b) Summary of income / revenue, expenses, and assets by program

2023	Income / Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income / revenue \$'000	Total assets \$'000
CEO Office	2,606	10,873	(8,267)	-	-
City Services	19,065	73,606	(54,541)	567	824,871
City Planning	9,428	15,847	(6,419)	715	28,140
Connected Communities	11,554	30,709	(19,155)	8,673	43,341
Experience and Capability	2	20,273	(20,271)	-	5,604
Corporate Activities	118,601	2,350	116,251	10,984	1,858,514
	161,256	153,658	7,598	20,939	2,760,470

2022	Income / Revenue \$'000	Expenses \$'000	Surplus/ (Deficit) \$'000	Grants included in income / revenue \$'000	Total assets \$'000
CEO Office	1,850	10,082	(8,232)	-	-
City Services	20,234	67,833	(47,599)	592	729,454
City Planning and Community	21,455	38,593	(17,138)	9,064	39,087
Experience and Capability	46	22,622	(22,576)	45	8,045
Corporate Activities	126,074	(1,591)	127,665	10,391	1,792,266
	169,659	137,539	32,120	20,092	2,568,852

An organisational redesign was conducted during the 2022/23 financial year.

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

MANNINGHAM CITY COUNCIL
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	2023 \$'000	2022 \$'000
Note 3 Funding for the delivery of our services		
3.1 Rates and charges		
<p>The Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is its land value and the value of improvements such as buildings and other improvements.</p> <p>The CIV used to calculate general rates for 2022/23 was \$67,162 million (2021/22, \$56,517 million). The 2022/23 rate in the CIV dollar was 0.00148199 (2021/22, 0.00171312).</p>		
General rates	99,409	96,695
Supplementary rates	372	686
Recreational land	16	30
Interest on rates and charges	1,057	906
	<u>100,854</u>	<u>98,317</u>
Waste charges	16,627	15,998
	<u>16,627</u>	<u>15,998</u>
Total rates and charges	<u>117,481</u>	<u>114,315</u>
<p>The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be first applied in the rating year commencing 1 July 2023.</p> <p>Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.</p>		
3.2 Statutory fees and fines		
Infringements and costs	840	708
Town planning fees	1,183	1,349
Land and property information certificates	465	529
Asset protection and other permits	438	508
Total statutory fees and fines	<u>2,926</u>	<u>3,094</u>
<p>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.</p>		

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

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	2023 \$'000	2022 \$'000
Note 3 Funding for the delivery of our services (cont.)		
3.3 User fees and charges		
Hall hire and function centre charges	965	417
Social and community services charges	562	366
Town planning fees (non-statutory)	720	718
Aged services fees	647	660
Registration fees	1,238	1,143
Advertising fees	75	37
Culture and recreation fees	171	64
Chargeable works fees	1,143	1,045
Rent and lease charges	2,751	1,967
Other fees and charges	477	599
Total user fees and charges	8,749	7,016
User fees and charges by timing of revenue recognition		
User fees and charges recognised over time	-	-
User fees and charges recognised at a point in time	8,749	7,016
Total user fees and charges	8,749	7,016
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.		
3.4 Grants (Funding from other levels of government)		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	15,858	14,323
State funded grants	5,081	5,769
Total grants received	20,939	20,092
(a) Operating grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	3,898	3,591
Aged services	6,496	6,400
Recurrent - State Government		
Economic and environment	70	67
Immunisation	77	78
Maternal and child health	918	895
School crossing supervisors	355	307
Social and community	924	703
Community safety	21	28
Other	340	414
Total recurrent operating grants	13,099	12,483
Non-recurrent - Commonwealth Government		
Aged services	282	3
Other	11	-
Non-recurrent - State Government		
Economic and environment	164	-
Social and community	28	32
Maternal and child health	14	127
Community Resilience (COVID-19)	228	367
Immunisation	15	-
Other	19	280
Total non-recurrent operating grants	761	809
Total operating grants	13,860	13,292

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 3 Funding for the delivery of our services (cont.)		
3.4 Grants (Funding from other levels of government) (cont.)		
(b) Capital grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants - local roads	1,305	1,183
Roads to Recovery	430	536
Total recurrent capital grants	1,735	1,719
Non-recurrent - Commonwealth Government		
Recreation	112	363
Footpaths and cycleways	237	593
Parks & open space	79	75
Roads	3,007	1,529
Other	-	50
Non-recurrent - State Government		
Recreation	1,666	1,638
Streetscapes	-	40
Buildings	75	28
Parks & open space	168	765
Total non-recurrent capital grants	5,344	5,081
Total capital grants	7,079	6,800
(c) Recognition of grant income		
Before recognising funding from government grants as revenue Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15 Revenue from Contracts with Customers. When both these conditions are satisfied, the Council:		
- identifies each performance obligation relating to revenue under the contract/agreement		
- determines the transaction price		
- recognises a contract liability for its obligations under the agreement		
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.		
Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies AASB 1058 Income for Not-for-Profit Entities.		
Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.		
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	5,211	4,774
Specific purpose grants to acquire non-financial assets	5,775	5,617
Other specific purpose grants	732	991
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	9,220	8,710
	20,938	20,092
(d) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	3,053	2,163
Received during the financial year and remained unspent at balance date	3,811	2,946
Received in prior years and spent during the financial year	(2,761)	(2,056)
Balance at year end	4,103	3,053
Capital		
Balance at start of year	6,658	7,878
Received during the financial year and remained unspent at balance date	1,125	1,627
Received in prior years and spent during the financial year	(3,455)	(2,847)
Balance at year end	4,328	6,658
Unspent grants are determined and disclosed on a cash basis.		

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

MANNINGHAM CITY COUNCIL
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	2023 \$'000	2022 \$'000
Note 3 Funding for the delivery of our services (cont.)		
3.5 Contributions		
Monetary	4,614	6,670
Non-monetary	2,572	16,458
Total contributions	7,186	23,128
Contributions of monetary assets comprised of:		
Resort and recreation Contributions (Public Open Space contributions)	3,930	6,237
Doncaster Hill activity centre Developers Contributions	74	-
Operating contributions	93	98
Capital contributions	517	335
Total monetary contributions	4,614	6,670
Contributions of non monetary assets were received in relation to the following asset classes:		
Land	6	4,681
Land under roads	423	4,011
Plant, machinery and equipment	-	22
Infrastructure	2,082	7,718
Volunteer Services	61	26
Total non-monetary contributions	2,572	16,458
Monetary and non monetary contributions are recognised as revenue at their fair value when Council obtains control over the contributed asset.		
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds from disposal	5,550	692
Written down value of assets disposed	(4,626)	(1,737)
Written down value of assets scrapped	(2,752)	(1,435)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(1,828)	(2,480)
The profit or loss on disposal of an asset is determined when control of the asset has passed to the buyer.		
3.7 Other income		
Interest on investments	2,776	484
Royalties	80	1,246
Other	828	245
Total other income	3,684	1,975
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.		

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

MANNINGHAM CITY COUNCIL
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	2023 \$'000	2022 \$'000
Note 4 The cost of delivering services		
4.1 Employee costs		
(a) Wages and salaries	50,307	44,129
Casual staff	2,523	2,769
Salary oncost *	8,329	6,598
Other employee costs	371	317
Total employee costs	61,530	53,813
Engineering design work and capital project supervision completed by employees to the value of \$3.423 million (\$2.955 million 2021/22) is reported in the Statement of Capital Works, and is not included in employee costs.		
* Salary oncost includes annual leave and long service leave provision, Workcover and superannuation costs.		
(b) Superannuation		
Manningham City Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions - Local Authorities Superannuation Fund (Vision Super)	226	221
	226	221
Employer contributions payable as at 30 June	-	-
Accumulation funds		
Employer contributions - Local Authorities Superannuation Fund (Vision Super)	2,551	2,461
Employer contributions - other funds	2,547	2,264
	5,098	4,725
Employer contributions payable as at 30 June	242	220
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
4.2 Materials, services and contracts		
Materials, services and general maintenance	1,574	6,252
Plant and equipment maintenance	652	554
Contracts and services - community building repairs and maintenance	3,539	1,575
Contracts and services - parks, gardens, sporting reserves and street trees	7,330	6,639
Contracts and services - drains, roads and footpaths	4,003	2,707
Contracts and services - waste collection and disposal services	14,922	11,302
Total materials, services and contracts	32,020	29,029
Expenses are recognised as they are incurred and reported in the financial year to which they relate.		
4.3 Depreciation		
Property	4,575	4,257
Plant, machinery and other assets	1,815	1,864
Infrastructure	19,990	17,617
Total depreciation	26,380	23,738
Refer to note 6.1 for a more detailed breakdown of depreciation charges and accounting policy.		

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 4 The cost of delivering services (cont.)		
4.4 Amortisation - Intangible assets		
Software	2,397	2,311
Total amortisation - intangible assets	2,397	2,311
<i>Refer to note 5.2(b) and 6.1 for a more detailed breakdown of amortisation charges and accounting policy.</i>		
4.5 Amortisation - Right of use assets		
Property	335	321
Equipment	12	24
Total amortisation - right of use assets	347	345
<i>Refer to note 5.7 for a more detailed breakdown of amortisation charges and accounting policy.</i>		
4.6 Bad and doubtful debts - allowance for impairment losses		
Parking fine debtors	89	20
Other debtors	178	140
Total bad and doubtful debts - allowance for impairment losses	267	160
Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	1,718	1,592
New provisions recognised during the year	267	160
Amounts provided for but recovered/written off during the year	(218)	(34)
Balance at end of year	1,767	1,718
<i>An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.</i>		
4.7 Finance costs - Leases		
Interest - Lease liabilities	52	55
Total finance costs	52	55

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

MANNINGHAM CITY COUNCIL
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	2023 \$'000	2022 \$'000
Note 4 The cost of delivering services (cont.)		
4.8 Other expenses		
Community grants and contributions		
Community grants	1,346	1,276
Library contributions	4,109	3,989
Total community grants and contributions	5,455	5,265
Utilities		
Utilities - electricity, water, other	1,285	1,350
Street lighting	852	877
Total utilities	2,137	2,227
Other miscellaneous expenses		
Auditor's remuneration - VAGO - annual financial statements, performance statement and grant acquittals	69	67
Auditor's remuneration - other parties	19	22
Auditor's remuneration - Internal audit	127	114
Councillors' allowances	437	411
Fire service levy	138	137
Insurance	1,336	1,174
Leases	480	414
Consultants - engineering	277	263
Consultants - human resources	1	51
Consultants - economic and environmental	484	553
Consultants - information technology	609	14
Consultants - other	373	141
Bank charges	224	248
Catering (including function centre)	334	109
Legal	1,016	904
Software licences	4,932	3,570
Telephone	463	703
Postage	543	306
Printing	243	209
Training	423	259
Design fees, maintenance and other IT costs - non capital	7,347	6,548
Volunteer Services	61	26
Other	1,309	1,873
Total other miscellaneous expenses	21,245	18,116
Total other expenses	28,837	25,608

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 5 Our financial position		
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	9,500	12,622
Term deposits (with term up to 3 months) and at-call with banks	12,000	12,000
Total cash and cash equivalents	21,501	24,623
(b) Other financial assets		
Current		
Term deposits - current	68,000	68,179
Term deposit - refundable Manningham Centre Association bond	500	500
Total current other financial assets	68,500	68,679
Total other financial assets	68,500	68,679
Total financial assets	90,001	93,302

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

Other financial assets (term deposits) are measured at original cost.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 5 Our financial position (cont.)		
5.1 Financial assets (cont.)		
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	13,936	11,972
Infringement debtors	743	845
Special rate schemes	93	100
Net GST receivable	1,341	1,274
<i>Non statutory receivables</i>		
Other debtors	1,958	1,932
Provision for doubtful debts - other debtors	(209)	(198)
Total current trade and other receivables	17,862	15,925
Non-current		
<i>Statutory receivables</i>		
Infringement court	1,558	1,520
Provision for doubtful debts - infringement court	(1,558)	(1,520)
<i>Non statutory receivables</i>		
Other receivables	398	374
Total non-current trade and other receivables	398	374
Total trade and other receivables	18,260	16,299
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.		
(d) Ageing of receivables		
At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade and other receivables (excluding statutory receivables and refundable deposits) was:		
Current (not yet due)	1,340	1,237
Past due between 31 and 60 days	164	121
Past due between 61 and 90 days	118	268
Past due by more than 91 days	336	306
Total trade and other receivables	1,958	1,932

Notes to the Financial Report
For the Year Ended 30 June 2023MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 5 Our financial position (cont.)		
5.2 Non-Financial assets		
(a) Other assets		
Accrued income - interest	555	20
Accrued income - other	1,429	673
Prepayments	1,876	1,462
Inventories	237	216
Total other assets	4,097	2,371
(b) Intangible assets		
Software	4,734	6,987
Total intangible assets	4,734	6,987
Gross carrying amount		
Balance at 1 July	18,226	20,153
Additions from internal developments	144	1,153
Fair value of assets disposed	-	(3,817)
Transfer from work in progress	-	737
Balance at 30 June	18,370	18,226
Accumulated amortisation		
Balance at 1 July	(11,239)	(12,710)
Amortisation expense	(2,397)	(2,311)
Amortisation of disposals	-	3,782
Balance at 30 June	(13,636)	(11,239)
Net book value at 30 June	4,734	6,987
Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.		
5.3 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	7,066	2,957
Employee benefits and related costs	7,399	2,587
Accrued expenses	6,085	11,270
Total current trade and other payables	20,550	16,814
(b) Trust funds and deposits		
Current		
Contract retention	934	1,146
Landscape bonds	4,516	6,031
Miscellaneous works deposits	341	386
Asset protection bonds	6,430	5,234
Subdivider deposits	166	171
Refundable Manningham Centre Association bond	500	500
Fire services levy	206	143
Other refundable deposits	296	279
Total current trust funds and deposits	13,389	13,890

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 5 Our financial position (cont.)		
5.3 Payables, trust funds and deposits and unearned income/revenue (cont.)		
(c) Unearned income/revenue		
Current		
Grants received in advance - operating	937	746
Grants received in advance - capital	3,283	5,942
Income received in advance - rent	293	348
Income received in advance - rates	911	822
Total current unearned income/revenue	5,424	7,858

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

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

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 Levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the state government in line with that process.

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

5.4 Provisions

	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2023			
Balance at beginning of the financial year	5,545	9,572	15,117
Amounts used	(4,375)	(1,796)	(6,171)
Additional provisions	4,381	3,109	7,490
Balance at the end of the financial year	5,551	10,885	16,436
<i>Provisions - current</i>	5,551	9,343	14,894
<i>Provisions - non-current</i>	-	1,542	1,542
2022			
Balance at beginning of the financial year	5,699	9,503	15,202
Amounts used	(4,110)	(2,092)	(6,202)
Additional provisions	3,956	2,161	6,117
Balance at the end of the financial year	5,545	9,572	15,117
<i>Provisions - current</i>	5,545	8,431	13,976
<i>Provisions - non-current</i>	-	1,141	1,141

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 5 Our financial position (cont.)

5.4 Provisions (cont.)

	2023	2022
	\$'000	\$'000
Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	3,641	3,564
Long service leave	643	538
	<u>4,284</u>	<u>4,102</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,910	1,981
Long service leave	8,700	7,893
	<u>10,610</u>	<u>9,874</u>
Total current employee provisions	<u>14,894</u>	<u>13,976</u>
Non-current		
Long service leave	1,542	1,141
Total non-current employee provisions	<u>1,542</u>	<u>1,141</u>
Aggregate carrying amount of employee provisions:		
Current	14,894	13,976
Non-current	1,542	1,141
Total aggregate carrying amount of employee provisions	<u>16,436</u>	<u>15,117</u>
The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.		
<i>Annual leave</i>		
A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:		
- nominal value if the Council expects to wholly settle the liability within 12 months		
- present value if the Council does not expect to wholly settle within 12 months.		
Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.		
<i>Long service leave</i>		
Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.		
<i>Key assumptions:</i>		
- discount rate	4.06%	3.36%
- index rate	3.50%	1.75%

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

MANNINGHAM CITY COUNCIL
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	2023 \$'000	2022 \$'000
Note 5 Our financial position (cont.)		
5.5 Financing arrangements		
The Council has the following funding arrangements in place as at 30 June.		
Bank overdraft	1,000	1,000
Credit card facilities	250	250
Total facilities	1,250	1,250
Used facilities - credit card	36	51
Unused facilities	1,214	1,199

5.6 Commitments

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

(a) Commitments for expenditure

2023	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Garbage collection	6,706	18,300	5,695	-	30,701
Green waste collection	3,747	14,570	5,932	-	24,249
Recycling collection	2,581	8,465	3,091	-	14,137
Hard waste collection	1,889	6,623	2,571	-	11,083
Tipping waste management	5,900	5,900	-	-	11,800
Renewable electricity	541	1,263	1,474	-	3,278
Tree pruning	471	-	-	-	471
Provision of cleaning services	266	63	4	-	333
Sportsground maintenance	667	667	584	-	1,918
Environmental services	735	574	90	-	1,399
Provision of security services	232	19	-	-	251
Miscellaneous works	864	404	188	-	1,456
Total	24,599	56,848	19,629	-	101,076
Capital					
Plant, equipment and other assets	154	50	-	-	204
Computers & telecommunications	997	1,025	-	-	2,022
Land & buildings	2,239	-	-	-	2,239
Drainage	1,697	-	-	-	1,697
Roads & footpaths	4,610	-	-	-	4,610
Recreation, open space & others	2,233	-	-	-	2,233
Total	11,930	1,075	-	-	13,005

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 5 Our financial position (cont.)

5.6 Commitments (cont.)

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Garbage collection	7,114	6,706	18,300	5,695	37,815
Green waste collection	2,508	3,747	14,570	5,932	26,757
Recycling collection	2,476	2,581	8,465	3,091	16,613
Hard waste collection	1,752	1,889	6,623	2,571	12,835
Tipping waste management	5,811	5,900	5,900	-	17,611
Renewable electricity	541	541	1,263	1,474	3,819
Tree pruning	1,096	471	-	-	1,567
Provision of cleaning services	529	214	10	-	753
Meals for delivery	75	-	-	-	75
Total	21,902	22,049	55,131	18,763	117,845
Capital					
Plant, equipment and other assets	154	154	50	-	358
Computers & telecommunications	1,061	997	1,025	-	3,083
Land & buildings	2,384	-	-	-	2,384
Drainage	2,102	-	-	-	2,102
Roads & footpaths	1,662	-	-	-	1,662
Recreation, open space & others	785	-	-	-	785
Total	8,148	1,151	1,075	-	10,374

(b) Operating lease receivables

At the reporting date, Council had the following operating leases for the lease of Council owned land and buildings:

These properties held under operating lease have remaining non cancellable lease term of between 1 and 35 years

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

	2023 \$'000	2022 \$'000
Not later than one year	1,683	1,603
Later than one year and not later than five years	7,094	5,710
Later than five years	4,843	7,130
	13,620	14,443

Note 5 Our financial position (cont.)

5.7 Leases

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

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

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

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

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

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

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

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

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

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

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

Peppercorn Leases - Council has one peppercorn lease arrangement of the premises accommodating the Pines Library until 2 December 2024. The lease restricts the permitted use of the leased premises as a Public Library.

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

MANNINGHAM CITY COUNCIL
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Note 5 Our financial position (cont.)

5.7 Leases (cont.)

Right-of-Use Assets	Property	Plant and equipment	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2022	2,332	26	2,358
Additions	147	-	147
Amortisation charge	(335)	(12)	(347)
Balance at 30 June 2023	2,144	14	2,158

	2023	2022
	\$'000	\$'000
Lease Liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	387	345
One to five years	1,425	1,422
More than five years	692	932
Total undiscounted lease liabilities as at 30 June:	2,504	2,699

Lease liabilities included in the Balance Sheet at 30 June:

Current	339	297
Non-current	1,960	2,164
Total lease liabilities	2,299	2,461

Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of plant and equipment 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 \$10,000), including some IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	2023	2022
	\$'000	\$'000
Expenses relating to:		
Short-term leases	83	140
Leases of low value assets	396	274
Total	479	414

Variable lease payments (not included in measurement of lease liabilities)

Variable lease payments (not included in measurement of lease liabilities)

Variable lease payments	24	-
Total	24	-

Variable lease payments are those that depend on an index or a rate, for example payments linked to the consumer price index, a benchmark interest rate or changes in market rental rates.

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

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

Payable:		
Within one year	322	345
Later than one year but not later than five years	586	885
Total lease commitments	908	1,230

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

MANNINGHAM CITY COUNCIL
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Note 6 Assets we manage

6.1 Property, infrastructure, plant, equipment and other fixed assets

Summary of property, infrastructure, plant, equipment and other fixed assets

	Carrying amount 30 June 2022	Additions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Write Offs	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	1,467,037	2,742	429	55,414	-	(4,448)	-	-	1,521,174
Buildings	231,130	4,889	-	11,834	(4,575)	(160)	120	-	243,238
Plant, equipment and other fixed assets	11,188	1,692	-	-	(1,815)	(178)	-	-	10,887
Infrastructure	722,229	26,518	2,082	114,814	(19,990)	(2,592)	7,264	-	850,325
Work in progress	13,086	9,064	-	-	-	-	(7,384)	(2,326)	12,440
	2,444,670	44,905	2,511	182,062	(26,380)	(7,378)	-	(2,326)	2,638,064

Summary of work in progress

	Opening WIP 1 July 2022	Additions	Transfers	Write Offs	Closing WIP 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	411	1,875	(120)	(159)	2,007
Plant, equipment and other fixed assets	1,396	243	-	(1,337)	302
Infrastructure	11,279	6,946	(7,264)	(830)	10,131
	13,086	9,064	(7,384)	(2,326)	12,440

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For the Year Ended 30 June 2023

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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant, equipment and other fixed assets (cont.)

(a) Property

	Land - specialised \$'000	Land - non-specialised \$'000	Land under roads \$'000	Total Land \$'000	Building - specialised \$'000	Building - non-specialised \$'000	Total Buildings \$'000	Total Property \$'000	Work in Progress \$'000
At fair value 1 July 2022	1,441,878	13,313	11,846	1,467,037	436,554	1,929	438,483	1,905,520	411
Accumulated depreciation at 1 July 2022	-	-	-	-	(206,158)	(1,195)	(207,353)	(207,353)	-
	1,441,878	13,313	11,846	1,467,037	230,396	734	231,130	1,698,167	411
Movements in fair value									
Additions of assets at fair value	-	2,742	-	2,742	4,497	392	4,889	7,631	1,875
Contributed assets	6	-	423	429	-	-	-	429	-
Revaluation increments/decrements	55,577	(163)	-	55,414	21,416	888	22,304	77,718	-
Fair value of assets disposed	(4,448)	-	-	(4,448)	-	(389)	(389)	(4,837)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	(159)
Transfers	8,983	(8,983)	-	-	120	-	120	120	(120)
	60,118	(6,404)	423	54,137	26,033	891	26,924	81,061	1,596
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(4,555)	(20)	(4,575)	(4,575)	-
Accumulated depreciation of disposals	-	-	-	-	-	229	229	229	-
Revaluation increments/decrements	-	-	-	-	(9,659)	(811)	(10,470)	(10,470)	-
	-	-	-	-	(14,214)	(602)	(14,816)	(14,816)	-
At fair value 30 June 2023	1,501,996	6,909	12,269	1,521,174	462,587	2,820	465,407	1,986,581	2,007
Accumulated depreciation at 30 June 2023	-	-	-	-	(220,372)	(1,797)	(222,169)	(222,169)	-
Carrying amount	1,501,996	6,909	12,269	1,521,174	242,215	1,023	243,238	1,764,412	2,007

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

MANNINGHAM CITY COUNCIL
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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant, equipment and other fixed assets (cont.)

(b) Plant, equipment and other fixed assets	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecom- munications	Artworks	Total plant, equipment and other assets	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	14,897	9,960	2,192	1,969	29,018	1,396
Accumulated depreciation at 1 July 2022	(7,672)	(9,024)	(1,134)	-	(17,830)	-
	7,225	936	1,058	1,969	11,188	1,396
Movements in fair value						
Additions of assets at fair value	1,256	55	211	170	1,692	243
Contributed assets	-	-	-	-	-	-
Revaluation increments/decrements	-	-	-	-	-	-
Fair value of assets disposed	(1,149)	-	-	-	(1,149)	-
Impairment losses recognised in operating result	-	-	-	-	-	(1,337)
Transfers	-	-	-	-	-	-
	107	55	211	170	543	(1,094)
Movements in accumulated depreciation						
Depreciation and amortisation	(1,226)	(190)	(399)	-	(1,815)	-
Accumulated depreciation of disposals	971	-	-	-	971	-
Revaluation increments/decrements	-	-	-	-	-	-
	(255)	(190)	(399)	-	(844)	-
At fair value 30 June 2023	15,004	10,015	2,403	2,139	29,561	302
Accumulated depreciation at 30 June 2023	(7,927)	(9,214)	(1,533)	-	(18,674)	-
Carrying amount	7,077	801	870	2,139	10,887	302

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant, equipment and other fixed assets (cont.)

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Off street car parks	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Waste Management	Total Infrastructure	Work in Progress
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	482,077	25,771	155,945	24,652	478,442	37,775	43,798	5,415	1,253,875	11,279
Accumulated depreciation at 1 July 2022	(241,403)	(8,868)	(69,225)	(10,011)	(167,604)	(13,287)	(19,264)	(1,984)	(531,646)	-
	240,674	16,903	86,720	14,641	310,838	24,488	24,534	3,431	722,229	11,279
Movements in fair value										
Additions of assets at fair value	8,897	194	4,394	-	2,180	7,852	3,001	-	26,518	6,946
Contributed assets	486	-	209	-	1,387	-	-	-	2,082	-
Revaluation increments/decrements	92,330	2,414	12,515	1,690	90,649	-	-	-	199,598	-
Fair value of assets disposed	(177)	-	(163)	-	(6,099)	(19)	(77)	-	(6,535)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	(830)
Transfers	506	-	2,307	-	246	1,766	2,439	-	7,264	(7,264)
	102,042	2,608	19,262	1,690	88,363	9,599	5,363	-	228,927	(1,148)
Movements in accumulated depreciation										
Depreciation and amortisation	(9,527)	(429)	(1,680)	(357)	(3,975)	(1,836)	(1,825)	(361)	(19,990)	-
Accumulated depreciation of disposals	106	-	98	-	3,659	12	68	-	3,943	-
Revaluation increments/decrements	(35,874)	(759)	(6,067)	(8,787)	(33,297)	-	-	-	(84,784)	-
	(45,295)	(1,188)	(7,649)	(9,144)	(33,613)	(1,824)	(1,757)	(361)	(100,831)	-
At fair value 30 June 2023	584,119	28,379	175,207	26,342	566,805	47,374	49,161	5,415	1,482,802	10,131
Accumulated depreciation at 30 June 2023	(286,698)	(10,056)	(76,874)	(19,155)	(201,217)	(15,111)	(21,021)	(2,345)	(632,477)	-
Carrying amount	297,421	18,323	98,333	7,187	365,588	32,263	28,140	3,070	850,325	10,131

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

MANNINGHAM CITY COUNCIL
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Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant, equipment and other fixed assets (cont.)

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation

Asset class	Depreciation	Threshold limit \$'000
Property		
Land	Infinite life	0
Land under roads	Infinite life	0
Buildings	75 - 100 years	5
Buildings on leased land	Term of lease or 75	
Plant, equipment and other assets		
Plant, machinery and equipment	5 - 25 years	1
Fixtures, fittings and furniture	4 - 20 years	1
Computers and telecommunications	4 - 10 years	1
Artworks	Infinite life	1
Infrastructure		
Road - pavement	30 years	10
Road - sub-pavement	120 years	10
Bridges	60 - 100 years	10
Footpaths and cycleways	60 - 100 years	10
Carparks	60 - 100 years	10
Drainage	120 years	10
Recreational, leisure and community facilities	20 years	10
Parks, open space and streetscapes	20 years	10
Waste garbage bins	20 years	0
Intangible assets		
Software	5 years	1

Land under roads

Land under roads acquired after 30 June 2008 is brought to account at cost adjusted for englobo characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Depreciation and amortisation

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

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

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.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant, equipment and other fixed assets (cont.)

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. 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.

Artworks

Artworks are not depreciated.

Valuation of land and buildings

Valuations were completed as at 30 June 2023 for Council. Valuations for 30 June 2023 are at fair value.

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, a valuation was performed by Council's City Valuer, Mr Ellis Tam AAPI, Certified Practising Valuer (Registration Number 62592) to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2023.

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.

Description of significant unobservable inputs into level 3 valuations - Specialised land and specialised buildings

Specialised land and land under roads is valued using a market based direct comparison technique but adjusted to reflect the specialised nature of the assets being valued. Significant unobservable inputs include the extent and impact of restriction on the sale or use of an asset 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 0% and 95% depending on the nature of encumbrance, restrictions or planning controls. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$2,360 per square metre.

Specialised buildings are valued using the current replacement cost method, adjusting for the associated depreciation. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$3.11 to \$5,884 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 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.

The valuation of Council's specialised land and specialised buildings was performed by Council's City Valuer, Mr Ellis Tam AAPI, Certified Practising Valuer (Registration Number 62592). The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2023.

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation	Type of Valuation
Land	-	6,909	1,501,996	Jun 2023	Full
Land under roads	-	-	12,269	-	-
Buildings	-	1,023	242,215	Jun 2023	Full
Total	-	7,932	1,756,480		
		2023	2022		
Reconciliation of specialised land		\$'000	\$'000		
Land under roads		12,269	11,846		
Parks, reserves and other		1,501,996	1,441,878		
Total specialised land		1,514,265	1,453,724		

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant, equipment and other fixed assets (cont.)

Valuation of infrastructure assets

Infrastructure assets (roads, bridges, footpaths and cycleways, off street car parks and drainage) are valued using the written down replacement cost of each asset. The written down replacement cost is calculated based on the remaining life of the asset, which in turn is determined based on the condition of the asset.

Description of significant unobservable inputs into level 3 valuations - Infrastructure assets

Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 20 years to 120 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.

A valuation of Council's infrastructure assets was performed by Council's Manager, Infrastructure Services, Mr James Paterson *B.Eng (Civil)*. The valuation was performed based on the current replacement cost of the assets. The effective date of the valuation is 30 June 2023.

There were no changes in valuation techniques throughout the period to 30 June 2023.

For all assets measured at fair value, the current use is considered the highest and best use.

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

Details of the Council's infrastructure information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
	\$'000	\$'000	\$'000		
Roads	-	-	297,421	Jun 2023	Full
Bridges	-	-	18,323	Jun 2023	Full
Footpaths and cycleways	-	-	98,333	Jun 2023	Full
Off street car parks	-	-	7,187	Jun 2023	Full
Drainage	-	-	365,588	Jun 2023	Full
Total	-	-	786,852		

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For the Year Ended 30 June 2023

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	2023 \$'000	2022 \$'000
Note 6 Assets we manage (cont.)		
6.2 Investments in associates		
Whitehorse-Manningham Regional Library Corporation		
<i>Background</i>		
Manningham City Council has a 35.06% equity interest in the Whitehorse Manningham Regional Library Corporation (WMRLC) that was incorporated on 21 December 1995. Council has reported its interest in the WMRLC on the basis of equity accounting principles. Manningham City Council's share of the movement in net assets as at 30 June 2023, per draft WMRLC financial statements, has been taken up as profit of \$290,499 during the year ended 30 June 2023 (surplus of \$39,569 in 2021/22). As neither council has a controlling interest, the participating councils show their contributions towards the operating expenditure of the library as an expense.		
Current assets		
Cash and cash equivalents	3,714	2,780
Trade and other receivables	97	67
Other assets	80	153
	<u>3,891</u>	<u>3,000</u>
Non-current assets		
Property & equipment	8,126	7,818
	<u>8,126</u>	<u>7,818</u>
Total assets	<u>12,017</u>	<u>10,818</u>
Current liabilities		
Payables	1,203	618
Provisions	1,709	1,686
	<u>2,912</u>	<u>2,304</u>
Non-current liabilities		
Provisions	105	149
	<u>105</u>	<u>149</u>
Total liabilities	<u>3,017</u>	<u>2,453</u>
Net assets	<u>9,000</u>	<u>8,365</u>
<i>Movement in carrying value of investment</i>		
Carrying value of investment at start of year	2,865	2,826
Share of surplus/(deficit) for year	291	39
Carrying value of investment at end of year	<u>3,156</u>	<u>2,865</u>

Associates are all entities over which Council has significant influence but not control or joint control. Council's investment in an associate is accounted for under the equity method as the Council has the ability to influence rather than control the operations of the entity. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entity. The Council's share of the financial result of the entity is recognised in the Comprehensive Income Statement.

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

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Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related party

Subsidiaries and Associates

Interest in associate - Whitehorse Manningham Regional Library Corporation (WMRLC) (Ref Note 6.2)

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

Councillors

Anna Chen	Councillor	(1 July 2022 - 30 June 2023)
Andrew Conlon	Councillor	(1 July 2022 - 30 June 2023)
Deirdre Diamante	Deputy Mayor	(1 July 2022 - 3 November 2022)
	Mayor	(4 November 2022 - 30 June 2023)
Geoff Gough	Councillor	(1 July 2022 - 30 June 2023)
Michelle Kleinert	Mayor	(1 July 2022 - 3 November 2022)
	Councillor	(4 November 2022 - 30 June 2023)
Carli Lange	Councillor	(1 July 2022 - 30 June 2023)
Tomas Lightbody	Councillor	(1 July 2022 - 3 November 2022)
	Deputy Mayor	(4 November 2022 - 30 June 2023)
Laura Mayne	Councillor	(1 July 2022 - 30 June 2023)
Stephen Mayne	Councillor	(1 July 2022 - 30 June 2023)

Chief Executive Officer

Andrew Day	Chief Executive Officer	(1 July 2022 - 30 June 2023)
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Other Key Management Personnel

Rachelle Quattrocchi	Director City Services	(1 July 2022 - 30 June 2023)
Kerryn Paterson	Director Experience and Capability	(1 July 2022 - 30 June 2023)
Andrew McMaster	Chief Legal and Governance Officer	(1 July 2022 - 30 June 2023)
Jon Gorst	Chief Financial Officer	(1 July 2022 - 30 June 2023)
Duncan Turner	Director City Planning	(30 January 2023 - 30 June 2023)
Angelo Kourambas	Director City Planning and Community	(1 July 2022 - 18 July 2022)
Lee Robson	Acting Director City Planning and Community	(1 July 2022 - 27 October 2022)
	Interim Director Connected Communities	(14 November 2022 - 11 December 2022)
	Director Connected Communities	(12 December 2022 - 30 June 2023)
Niall Sheehy	Acting Director City Planning and Community	(28 October 2022 - 13 November 2022)
	Interim Director City Planning	(14 November 2022 - 29 January 2023)

	2023	2022
	No.	No.
Total number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	9	7
Total number Key Management Personnel	18	16

(c) Remuneration of Key Management Personnel

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

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

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

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

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

	2023	2022
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	2,311	2,081
Other long-term employee benefits	46	39
Post employment benefits	192	156
Total	2,549	2,276

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

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Note 7 People and relationships (cont.)

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:	2023 No.	2022 No.
\$20,000 - \$29,999	1	-
\$30,000 - \$39,999	6	6
\$50,000 - \$59,999	2	2
\$90,000 - \$99,999	-	1
\$100,000 - \$109,999	2	-
\$160,000 - \$169,999	-	1
\$190,000 - \$199,999	-	1
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	2	1
\$250,000 - \$259,999	1	1
\$270,000 - \$279,999	1	-
\$290,000 - \$299,999	2	1
\$340,000 - \$349,999	-	1
\$360,000 - \$369,999	1	-
	<u>18</u>	<u>16</u>

(d) Remuneration of other senior staff

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

	2023 \$'000	2022 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	3,176	3,709
Other long-term employee benefits	79	89
Post-employment benefits	333	356
Total	<u>3,588</u>	<u>4,154</u>

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

Income Range:	2023 No.	2022 No.
less than \$160,000	-	5
\$160,000 - \$169,999	5	2
\$170,000 - \$179,999	3	-
\$180,000 - \$189,999	1	6
\$190,000 - \$199,999	6	3
\$200,000 - \$209,999	2	3
\$210,000 - \$219,999	1	1
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	-	2
	<u>19</u>	<u>22</u>

Total remuneration for the reporting year for other senior staff included above, amounted to: 3,588 4,154

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 2020*.

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

MANNINGHAM CITY COUNCIL
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Note 7 People and relationships (cont.)

7.2 Related party disclosure

(a) Transactions with related parties

During the year Manningham City Council provided contributions to Whitehorse Manningham Regional Library Corporation (WMRLC) with the total value of \$4.27m towards running costs as per the agreement. Council also provides accommodation to house libraries within Manningham.

No transactions other than remuneration payments, or the reimbursement of expenses as approved by Council were made with Related Parties during the reporting year (2021/22, nil).

(b) Outstanding balances with related parties

No balances are outstanding at the end of the reporting period in relation to transactions with related parties (2021/22, nil).

(c) Loans to/from related parties

There were no aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the Council to a responsible person of the Council, or a related party of a responsible person (2021/22, nil).

(d) Commitments to/from related parties

No commitments have been made by the Council to Related Parties during the reporting year 2022/23 (2021/22, nil).

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

MANNINGHAM CITY COUNCIL
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Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

As at 30 June 2023, there are no potential contingent assets (2022: Nil).

(b) Contingent liabilities

Contingent liabilities are:

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

General

Council controls large areas of public open space, provides general and personal services to residents, visitors and ratepayers, has responsibilities and regulatory authorities including the issue of permits and approvals, and controls significant buildings and infrastructure assets. Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council's Risk Management Plan includes securing insurance to cover insurable risks to limit exposure to liabilities arising from actions of the Council or its Officers where it is appropriate to do so. Council carries public liability and professional indemnity insurance and has an excess of \$50,000 per claim on this policy.

Legal Matters

Council is presently involved in some 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.

Bank guarantees

Council is responsible for the following bank guarantee:
Department of Primary Industries for \$150,000 (2021/22, \$150,000) in connection with Extractive Industry Licence No. 54-1.

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's Deed of Establishment allows for a call on each member should there be an insufficiency of capital for an insurance year which has an overall financial deficit. The deficit amount can be collected through this call and each member's liability for the amount is in direct proportion to their contribution for that year against the overall contribution pool. At reporting date Council had not been advised of call.

Superannuation contribution

Council has obligations under a defined benefit superannuation 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.

Parking infringements review - private car parks

A potential issue has arisen in that some infringements may have been issued by Council officers in private car parks outside of the authorised hours in the terms of agreements with private land owners. Council may have a liability to refund monies. Council officers are working to determine the number of invalid infringements, quantum and timing of any refunds and as such this is yet to be finalised at the time of reporting. Council is also undertaking a review of the administration of the traffic management function related to private car parks including a review of the private agreements.

Note 8 Managing uncertainties (cont.)**8.2 Change in accounting standards**

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

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

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

(b) Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council's exposures to market risk is primarily through interest rate risk with 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. Interest rate risk arises from interest bearing financial assets and liabilities. Interest bearing assets are predominantly short term liquid assets. As at 30 June 2023 Council had no long term loans or borrowings and is therefore not exposed to interest rate risk on these classes of financial liabilities.

Interest rate risk on financial assets are managed through Council's investment policy which requires the investment of surplus funds only with financial institutions approved under the Local Government Act 2020. The Council's investment policy provides for investment restrictions such as investment placement with authorised deposit taking institutions (ADIs), placement according to Standard and Poor's credit ratings for investment institutions, staging of investment duration, and for the regular monitoring of investment performance and investment institution credit ratings.

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on all financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 8 Managing uncertainties (cont.)

8.3 Financial instruments (cont.)

(d) Liquidity risk

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

To mitigate liquidity risk the entity has developed long term financial management strategies containing liquidity and cash flow targets, and regularly monitors budget performance and cash flows against forecasts. The entity has established access to overdraft facilities.

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.

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

Council's exposure to liquidity risk is deemed insignificant based on prior periods' data, cash flow and liquidity forecasts, and current assessment of risk.

(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 a parallel shift of +1.00% and -1.00% in market interest rates from year-end rates of 4.10% are 'reasonably possible' over the next 12 months.

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 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.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 8 Managing uncertainties (cont.)

8.4 Fair value measurement (cont.)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 6.1, Property, infrastructure, plant, equipment and other fixed assets.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 years. The valuation is performed either by experienced Council officers or independent experts.

Asset class	Revaluation frequency
Land	1 to 3 years
Buildings	1 to 3 years
Roads	1 to 3 years
Bridges	1 to 3 years
Footpaths and cycleways	1 to 3 years
Off street car parks	1 to 3 years
Drainage	1 to 3 years

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

Impairment of assets

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

8.5 Events occurring after balance date

No other matters or circumstances have arisen since the end of the financial year which have significantly affected or may affect the operations of Manningham City Council, the results of the operations or the state of affairs of Manningham City Council in future financial years.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserves

2023	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
Property				
Land	1,225,194	55,414	(1,981)	1,278,627
Buildings	47,073	11,834	(46)	58,861
	<u>1,272,267</u>	<u>67,248</u>	<u>(2,027)</u>	<u>1,337,488</u>
Plant, equipment and other fixed assets				
Plant, machinery and equipment	14	-	-	14
Fixtures, fittings and furniture	1,006	-	-	1,006
Computers and telecommunications	-	-	-	-
Artworks	887	-	-	887
	<u>1,907</u>	<u>-</u>	<u>-</u>	<u>1,907</u>
Infrastructure				
Roads	145,421	56,456	-	201,877
Bridges	6,024	1,655	-	7,679
Footpaths and cycleways	41,039	6,448	-	47,487
Off street car parks	7,944	(7,097)	-	847
Drainage	201,317	57,352	-	258,669
Parks, open space and streetscapes	205	-	-	205
	<u>401,950</u>	<u>114,814</u>	<u>-</u>	<u>516,764</u>
Total	<u>1,676,124</u>	<u>182,062</u>	<u>(2,027)</u>	<u>1,856,159</u>

2022	Balance at beginning of reporting year \$'000	Increment/ (decrement) \$'000	Realised Revaluation Reserve \$'000	Balance at end of reporting year \$'000
Property				
Land	1,095,293	131,240	(1,339)	1,225,194
Buildings	38,849	8,521	(297)	47,073
	<u>1,134,142</u>	<u>139,761</u>	<u>(1,636)</u>	<u>1,272,267</u>
Plant, equipment and other fixed assets				
Plant, machinery and equipment	19	-	(5)	14
Fixtures, fittings and furniture	1,006	-	-	1,006
Computers and telecommunications	75	-	(75)	-
Artworks	887	-	-	887
	<u>1,987</u>	<u>-</u>	<u>(80)</u>	<u>1,907</u>
Infrastructure				
Roads	114,947	30,474	-	145,421
Bridges	5,079	945	-	6,024
Footpaths and cycleways	25,707	15,332	-	41,039
Off street car parks	5,930	2,014	-	7,944
Drainage	163,966	37,351	-	201,317
Parks, open space and streetscapes	205	-	-	205
	<u>315,834</u>	<u>86,116</u>	<u>-</u>	<u>401,950</u>
Total	<u>1,451,963</u>	<u>225,877</u>	<u>(1,716)</u>	<u>1,676,124</u>

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

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 9 Other matters (cont.)

9.1 Reserves (cont.)

(b) Other reserves

	Balance at beginning of reporting year	Transfer to accumulated surplus	Transfer from accumulated surplus	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
2023				
Open Space (resort and recreation) Reserve (a)	13,159	(2,191)	3,930	14,898
Doncaster Hill activity centre DCP Reserve (b)	1,103	(200)	74	977
Total	14,262	(2,391)	4,004	15,875
	Balance at beginning of reporting year	Transfer to accumulated surplus	Transfer from accumulated surplus	Balance at end of reporting year
	\$'000	\$'000	\$'000	\$'000
2022				
Open Space (resort and recreation) Reserve (a)	11,768	(4,846)	6,237	13,159
Doncaster Hill activity centre DCP Reserve (b)	1,430	(327)	-	1,103
Total	13,198	(5,173)	6,237	14,262

(a) The Open Space (resort and recreation) Reserve was established to control contributions received from developers that will, upon completion of developments be utilised to acquire and create open space, and develop recreation and other facilities for residents in the respective development areas.

(b) The Doncaster Hill activity centre DCP Reserve was established to control contributions levied on developers under the Doncaster Hill Development Contributions Plan Overlay (DCPO) and funds will be utilised to develop social and community infrastructure in accordance with the conditions contained in the DCPO.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

	2023 \$'000	2022 \$'000
Note 9 Other matters (cont.)		
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	7,598	32,120
Depreciation/amortisation	29,124	26,394
Net gain/(loss) on disposal of property, plant and equipment, infrastructure	1,828	2,480
Contributed assets	(2,511)	(16,432)
Share of gain from associate	(291)	(39)
Adjustment for work in progress write-off to other expenses	2,326	2,938
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,961)	185
(Increase)/decrease in other assets	(2,227)	9
Increase/(decrease) in unearned income/revenue	(2,434)	(1,661)
Increase/(decrease) in trade and other payables	(1,996)	(6,108)
(Decrease)/increase in other assets and liabilities	52	55
(Increase)/decrease in provisions	1,319	(85)
Net cash provided by operating activities	30,827	39,856

9.3 Superannuation

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Manningham City Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

Funding arrangements

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

Net investment returns	5.70% pa
Salary information	3.50% pa
Price inflation (CPI)	2.80% pa

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.50% pa
Salary information	2.50% pa to 30 June 2023 and 3.50% pa thereafter
Price inflation (CPI)	3.00% pa

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

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

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 9 Other matters (cont.)

9.3 Superannuation (cont.)

Employer contributions

Regular contributions

On the basis of the results of the 2022 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

In addition, Manningham City 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 Manningham City Council) are required to make an employer contribution to cover the shortfall.

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

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

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

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

The 2022 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022.

The discounted accrued 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 2022.

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

MANNINGHAM CITY COUNCIL
2022/23 Financial Report

Note 9 Other matters (cont.)

9.3 Superannuation (cont.)

The 2023 triennial actuarial investigation

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

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.70% pa	5.60% pa
Salary inflation	3.50% pa	2.50% pa for the first two years and 2.75% pa thereafter
Price inflation	2.80% pa	2.00% pa

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2023 \$'000	2022 \$'000
Vision super	Defined benefit	10.50% (2021/22: 10.00%)	226	221
Vision super	Accumulation fund	10.50% (2021/22: 10.00%)	2,551	2,461
Other Funds	Accumulation fund	10.50% (2021/22: 10.00%)	2,547	2,264

In addition to the above contributions, Manningham City Council has paid unfunded liability payments to Vision Super totalling \$0 during the 2022/23 year (2021/22 \$0).

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$235,000.

Note 10 Change in accounting policy

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

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

Manningham City Council Performance Statement For the year ended 30 June 2023

Description of municipality

Manningham City Council is located in Melbourne's north-eastern suburbs, commencing with its western boundary in Bulleen, 12 kilometres from the Melbourne CBD and extending to Wonga Park at its eastern extremity, 32 kilometres from the CBD. The City is bounded by the Yarra River, Banyule City and Nillumbik Shire in the north, Yarra Ranges Shire in the east, Koonung Creek, Maroondah City and the cities of Whitehorse and Boroondara in the south and Banyule City and the Yarra River in the west.

The City encompasses a total land area of 114 square kilometres, including a substantial 17% green open spaces. The non-urban areas include a large tract of the Green Wedge, and are used mainly for rural residential living, conservation and small scale agriculture.

Manningham has a population of 126,373 people across the City. The City covers the suburbs of Bulleen, Doncaster, Doncaster East, Donvale, Nunawading (part), Park Orchards, Ringwood North (part), Templestowe, Templestowe Lower, Warrandyte, Warrandyte South and Wonga Park (part).

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Certification of the Performance Statement

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

Jon Gorst (BCom, CPA)
Principal Accounting Officer
12 September 2023
Doncaster

In our opinion, the accompanying performance statement of the Manningham City Council For the year ended 30 June 2023 presents fairly the results of council's performance in accordance with the Local Government Act 2020 and the Local Government (Planning and Reporting) Regulations 2020.

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

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

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

Deirdre Diamante
Mayor
12 September 2023
Doncaster

Tomas Lightbody
Deputy Mayor
12 September 2023
Doncaster

Andrew Day
Chief Executive Officer
12 September 2023
Doncaster

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Other Information

For the year ended 30 June 2023

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its financial plan on 27 June 2023 and which forms part of the Council Plan. The financial plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The financial plan can be obtained via Council's website or by contacting Council.

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Independent Auditor's Report to come

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Independent Auditor's Report to come

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Sustainable Capacity Indicators

For the year ended 30 June 2023

Indicator / measure [formula]	2020	2021	2022	2023	Comments - Material Variations
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$996	\$1,000	\$1,084	\$1,216	Over the period, we managed to deliver high-quality services within a responsible budget. The increase in expenses per property assessment in 2022/23 primarily relates to one off project related expenses including costs associated with the implementation of the new Food Organic Garden Organic (FOGO) waste service and one off restructuring costs as a result of Council's decision to transition out of Commonwealth Home Support Program services.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$6,857	\$6,765	\$7,703	\$8,838	The increase in infrastructure per head of municipal population is mainly attributable to the large revaluation of Council's buildings and infrastructure assets. We are committed to maintain, renew and upgrade our community infrastructure assets and each year allocate a minimum of 33% of rate revenue in addition to other funding sources to fund the capital works program.
Population density per length of road [Municipal population / Kilometres of local roads]	209	210	208	207	We have a lower population density per km of road than similar councils. The maintenance and upgrade of local road network is funded by an ongoing capital works program and maintenance funds.
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$949	\$945	\$996	\$1,053	The result reflects the importance of generating revenue from new and different sources to ensure ongoing financial sustainability.
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$102	\$96	\$112	\$117	In general, we receive a relatively low level of grants allocation and hence heavily rely on rate revenue for the delivery of high-quality services and infrastructure to the community. The increase in the 2022/23 result is mainly due to 100% of the 2023/24 Financial Assistance Grant allocation being received in advance.
Disadvantage					
Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	9	9	9	9	We have a low level of socio-economic disadvantage relative to many councils.
Workforce turnover					
Percentage of staff turnover [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	11.6%	9.3%	17.8%	18.8%	Turnover increased slightly in 2022/23. This is in line with both Australian and global trends resulting from 'post-pandemic' impacts on workforce. Current low unemployment coupled with increasing interest rates has resulted in existing employees seeking other opportunities to improve remuneration. Additionally, organisational restructure activity was undertaken throughout the period. Organisational structural changes traditionally correlate with higher instances of voluntary turnover. It is anticipated that the impacts of the factors above will continue throughout FY 2023/24 with higher-than-normal turnover expected for the next two to three years before restablisng.

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.

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Service Performance Indicators

Service / indicator/ measure [formula]	2020	2021	2022	2023	Comments
Aquatic Facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4.0	1.7	1.4	3.4	Aquarena provides great value with a variety of programs and activities, and we are pleased to see visits increase 134% as visitors slowly return from the impact of COVID-19 restrictions and closures.
Animal Management					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions]	100%	100%	100%	100%	Our focus is to promote responsible pet ownership however we pursue prosecutions for serious matters and in the interest of community safety. We continue to be 100% successful in animal management prosecutions, with 4 additional cases than last year.
Food Safety					
Health and safety					
Critical and major non-compliance outcome notifications [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	97.5%	93.4%	96.1%	98.9%	We have again seen an increase of almost 3% compared to last year as our health team followed up non compliances identified during the Victorian Government's COVID-19 restriction lockdowns.
Governance					
Satisfaction					
Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	57	58	58	57	Our Council continues to work to improve community satisfaction with council decisions. We have seen a one-point decrease from last year. This survey result is collected from a sample of residents by an independent company on behalf of the Victorian Government.
Libraries					
Participation					
Active library borrowers in municipality [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	14.3%	12.3%	10.9%	10.7%	It is pleasing to see an increase of 3,000 active library borrowers over the last year. Overall however, the calculation across the three years is slightly down.
Maternal and Child Health (MCH)					
Participation					
Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	76.4%	77.4%	77.9%	81.3%	We are pleased to see a positive increase in the overall participation rate in the MCH service following a concerted effort to follow up with families who missed appointments.
Participation					
Participation in the MCH service by Aboriginal children [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	82.1%	73.5%	100.0%	100%	We are pleased to see our continued effort to strengthen participation of Aboriginal and Torres Strait families in the Enhanced Maternal and Child Health remains high. This demonstrates the high quality of engagement and continuity of care offered by the Maternal Child Health service.

MANNINGHAM CITY COUNCIL

2022/23 Performance Statement

Service/ indicator/ measure [formula]	2020	2021	2022	2023	Comments
Roads					
Satisfaction					
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	66	64	66	58	We work hard to maintain our local roads. We have seen a decrease in community satisfaction, largely related to adverse weather conditions affecting the state and local road network. This survey result is collected from a sample of residents by an independent company on behalf of the Victorian Government. We continue to advocate on behalf of the state government for the maintenance of state owned roads.
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT [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	51.4%	63.3%	57.1%	71.4%	More than 71% of appeals on Council's planning decisions have been upheld by VCAT this year, which is a variation of 25% from last year. 6 of 21 decisions made at VCAT were set aside.
Waste Collection					
Waste diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	56.4%	55.2%	53.6%	55.0%	We have seen a positive 1.4% increase of waste diverted from landfill during 2022/23. Our landfill tonnages and recycling tonnages decreased compared to the prior year. From 1 July 2023 we introduced the food organic garden organic service which will further improve our diversion rate from 2023/24 onwards.

Definitions

- "Aboriginal child" means a child who is an Aboriginal person
- "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006
- "active library borrower" means a member of a library who has borrowed a book from the library
- "annual report" means an annual report prepared by a council under section 98 of the Act
- "class 1 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 1 food premises under section 19C of that Act
- "class 2 food premises" means food premises, within the meaning of the Food Act 1984, that have been declared as class 2 food premises under section 19C of that Act
- "critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that poses an immediate serious threat to public health
- "food premises" has the same meaning as in the Food Act 1984
- "local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004
- "major non-compliance outcome notification" means a notification received by a council under section 19N(3) or (4) of the Food Act 1984, or advice given to council by an authorized officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
- "MCH" means the Maternal and Child Health Service provided by a council to support the health and development of children within the municipality from birth until school age
- "population" means the resident population estimated by council

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Financial Performance Indicators

For the year ended 30 June 2023

Dimension / Indicator / measure [formula]	Results			Forecast				Material Variations	
	2020	2021	2022	2023	2024	2025	2026		2027
Efficiency									
Expenditure level									
Expenses per property assessment [Total expenses / Number of property assessments]	\$2,479	\$2,464	\$2,606	\$2,896	\$2,770	\$2,740	\$2,797	\$2,853	We are continuing to deliver quality services in accordance with our long term plans. The focus continues to be on responsible budgeting while providing cost-effective services and delivering infrastructure projects to meet the needs of our community. The increase in expenses per property assessment in 2022/23 primarily relates to one off project related expenses including costs associated with the implementation of the new Food Organic Garden Organic (FOGO) waste service and one off restructuring costs as a result of Council's decision to transition out of Commonwealth Home Support Program services.
Revenue level									
Average rate per property assessment [General rates and Municipal charges / Number of property assessments]	\$1,788	\$1,814	\$1,845	\$1,881	\$1,962	\$2,017	\$2,064	\$2,125	Our average general rate increase was 1.75 per cent in 2022/23 in line with the Victorian Government's rate cap. Rate revenue is a major source of funding for a range of Council services and assists in providing funding to maintain and renew over \$2.5 billion of community assets such as local roads, community buildings, drains, footpaths, playgrounds and sporting facilities.
Liquidity									
Working capital									
Current assets compared to current liabilities [(Current assets / Current liabilities) x100]	198.3%	174.7%	211.2%	205.1%	181.8%	182.4%	173.6%	167.4%	We can comfortably meet all short term financial commitments as and when they arise and continue to be in a sound financial position. The forward year forecasts also indicate that Manningham is expecting to maintain a strong working capital ratio.
Unrestricted cash									
Unrestricted cash compared to current liabilities [(Unrestricted cash / Current liabilities) x100]	36.9%	-13.1%	-69.2%	-62.9%	61.5%	60.6%	52.9%	58.5%	The unrestricted cash ratio is consistent with prior year results as Manningham continues to invest in term deposits with a maturity of greater than 90 days to maximise interest revenue. Only term deposits with a maturity of 90 days or less are included in the calculation of cash for this ratio. The ratio would be 62.54 per cent in 2022/23 if term deposits with a maturity of greater than 90 days were also included in the calculation.

MANNINGHAM CITY COUNCIL
2022/23 Performance Statement

Dimension / indicator / measure [formula]	Results			Forecast				Material Variations	
	2020	2021	2022	2024	2025	2026	2027		
Obligations									
Loans and borrowings									
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	We are debt free. No future loan borrowings are proposed in the forecast period.
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	7.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	We are debt free. No future loan borrowings are proposed in the forecast period.
Indebtedness									
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	3.0%	2.8%	2.6%	2.6%	1.9%	1.7%	1.5%	1.3%	We continue to have a low level of non-current liabilities compared to revenue.
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	161.3%	118.2%	118.0%	114.3%	127.0%	111.4%	131.7%	109.2%	The 2022/23 result and budget from 2023/24 onwards demonstrates our ongoing commitment to invest in the renewal and upgrade of our existing community infrastructure.
Operating position									
Adjusted underlying result									
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	5.7%	5.8%	2.8%	-3.3%	1.9%	3.3%	3.5%	4.2%	The reduction in the adjusted underlying surplus mainly relates to one off project related expenses in 2022/23 including costs associated with the implementation of the new Food Organic Garden Organic (FOGO) waste service and one off restructuring costs as a result of
Stability									
Rates concentration									
Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	78.6%	80.1%	80.8%	78.9%	81.6%	83.5%	83.6%	83.8%	We receive a relatively low level of grants allocation and hence we heavily rely on rate revenue for the delivery of high-quality services and infrastructure to the community. We are continuing to identify alternative revenue streams to reduce our reliance on rate revenue.
Rates effort									
Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	This ratio highlights our relatively low and stable rate burden on our community when compared to property values.

Victorian Local Government Performance Reporting Framework Governance and Management Checklist 2022-23	Date/s applicable
The following checklist demonstrates the plans and processes in place as per the Local Government Act 2020 to promote good governance and decision-making.	
Community engagement	
Community engagement policy policy outlining Council's commitment to engaging with the community on matters of public interest	26/02/2021
Community engagement guidelines guidelines to assist staff to determine when and how to engage with the community	26/02/2021
Planning	
Financial Plan plan under section 91 of the Act outlining the financial and non-financial resources required for at least the next 10 financial years	27/06/2023
Asset Plan plan that sets out the asset maintenance and renewal needs for key infrastructure asset classes for the next 10 years	28/06/2022
Revenue and Rating Plan plan setting out the rating structure of Council to levy rates and charges	29/06/2021
Annual budget plan setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required	27/06/2023
Risk policy policy outlining Council's commitment and approach to minimising the risks to Councils operations	25/07/2017
Fraud policy policy outlining Council's commitment and approach to minimising the risk of fraud	10/12/2019
Municipal emergency management plan plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery	1/07/2019
Procurement policy policy outlining the principles, processes and procedures that will apply to all purchases of goods and services by the Council	24/08/2021
Business continuity plan plan setting out the actions that will be taken to ensure that key services will continue to operate in the event of a disaster	08/12/2022
Disaster recovery plan plan setting the actions that will be undertaken to recover and restore business capability in the event of a disaster	01/05/2023
Monitoring	
Risk management framework Framework outlining Council's approach to managing risks to Council's operations	22/03/2022
Audit and Risk Committee advisory committee of Council under section 53 and 54 of the Local Government Act	01/09/2020
Internal audit independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls	24/10/2019

Performance reporting framework	24/08/2021
A set of indicators measuring financial and non-financial performance, including indicators referred to in section 98 of the Act	
Reporting	
Council Plan report	28/06/2023
report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year	
Quarterly budget reports	22/11/2022
quarterly reports to Council under section 97 of the Act, comparing actual and budgeted results and an explanation of any material variation	
	28/02/2023, 30/05/2023 26/09/2023
Risk reporting	13/12/2022/ 25/07/2023
Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisations strategies	
Performance reporting	23/02/2023, 26/09/2023, 12/09/2023
six-monthly reports of indicators measuring the against financial and non-financial performance, including indicators referred to in section 98 of the Act	
Annual report	25/10/2022 31/10/2023
annual report under section 98 and 99 of the Act containing a report of operations and audited financial and performance statements	
Decision Making	
Councillor Code of Conduct	23/02/2021
Code setting out the standards of conduct to be followed by Councillors and other matters	
Delegations	29/06/2021 4/04/2023
documents setting out powers, duties and functions of Council and Chief Executive Officer that have been delegated to members of staff	
Meeting procedures	14/09/2022
governance rules governing the conduct of meetings of Council and delegated committees	

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

Andrew Day
Chief Executive Officer
Date:

Cr Deirdre Diamante
Mayor
Date: