

SOUTH GIPPSLAND SHIRE COUNCIL

Financial Performance Report for the period July 2021 to March 2022



*South Gippsland
Shire Council*

Table of Contents

| | |
|---|----|
| Section 1- Financial Performance Statement..... | 3 |
| 1.1 Overview | 3 |
| 1.2 Budget Information | 3 |
| 1.3 Proposed Forecast Changes | 3 |
| 1.4 Notes to the Financial Performance Statement..... | 4 |
| 1.5 Capital Works Statement..... | 6 |
| 1.6 Treasury | 7 |
| 1.5.1 Cash Position..... | 7 |
| 1.5.2 Debtors..... | 8 |
| Section 2 – Financial Statements | 10 |
| 2.1 Balance Sheet as at 31 March 2022 | 10 |
| 2.2 Statement of Cash flows for the period 1 July 2020 to 31 March 2022 | 11 |
| 2.3 Notes to the Financial Statements..... | 11 |
| Balance Sheet | 11 |
| Cash flow Statement | 12 |
| Section 3 - Annual Year to Date Financial Analysis | 13 |
| 3.1 Operating Performance | 13 |
| 3.2 Capital Performance | 13 |
| 3.3 Financial Ratios | 14 |

Section 1- Financial Performance Statement

For the period 1 July 2021 to 31 March 2022

| | Note | YTD ACTUAL \$'000 | YTD FORECAST \$'000 | YTD VARIANCE \$'000 | PROPOSED ANNUAL FORECAST \$'000 | QUARTER 2 FORECAST \$'000 | ANNUAL ORIGINAL BUDGET \$'000 |
|--------------------------------|-----------|-------------------------|---------------------------|---------------------------|--|---------------------------------|--|
| INCOME | A1 | | | | | | |
| Rates and charges | | 35,105 | 34,926 | 179 | 46,727 | 46,654 | 46,777 |
| Statutory fees and fines | | 786 | 759 | 27 | 1,144 | 1,035 | 1,006 |
| User fees | | 3,010 | 2,969 | 41 | 4,653 | 4,653 | 4,955 |
| Grants - operating | | 9,266 | 7,009 | 2,257 | 16,627 | 8,765 | 6,947 |
| Grants - capital | | 6,246 | 7,401 | (1,155) | 12,624 | 12,624 | 10,883 |
| Contributions | | | | | | | |
| - monetary | | 367 | 863 | (496) | 996 | 996 | 535 |
| Contributions | | | | | | | |
| - non monetary | | 1,502 | 490 | 1,012 | 903 | 903 | 413 |
| Net gain on disposal of PIPE | | 113 | 145 | (32) | 456 | 413 | 177 |
| Other income | | 1,079 | 903 | 176 | 1,168 | 1,167 | 1,694 |
| Total Income | | 57,474 | 55,465 | 2,009 | 85,298 | 77,210 | 73,387 |
| EXPENSES | A2 | | | | | | |
| Employee costs | | 21,655 | 22,743 | 1,088 | 30,257 | 30,074 | 28,317 |
| Materials and consumables | | 20,306 | 18,713 | (1,593) | 27,249 | 25,437 | 23,440 |
| Depreciation | | 9,761 | 10,085 | 324 | 12,078 | 13,448 | 14,599 |
| Borrowing costs | | 11 | 16 | 5 | 37 | 27 | 71 |
| Other expenses | | 2,178 | 2,490 | 312 | 3,233 | 3,133 | 3,090 |
| Total Expenses | | 53,911 | 54,047 | 136 | 72,854 | 72,119 | 69,517 |
| Net Surplus / (Deficit) | | 3,563 | 1,418 | 2,145 | 12,444 | 5,091 | 3,870 |

1.1 Overview

The operating surplus as at 31 March 2022 is favourable to forecast by \$2.2M which is largely due to grants received for the June 2021 Storm event, which is fully offset by expenditure for this event. Capital works expenditure is tracking at \$16.15M as compared to the year to date forecast of \$21.24M, mainly due to timing of plant and machinery purchases and infrastructure works.

1.2 Budget Information

- The Annual Original Budget referred to in the report is the budget adopted by Council at the meeting on 23 June 2021
- The Quarter 2 Forecast was endorsed by Council 16 March 2022.
- The Proposed Annual Forecast includes any adjustments identified as at the end of March 2022.

1.3 Proposed Forecast Changes

Proposed **operating** forecast changes for Quarter 3 mainly relate to:

- Brought forward allocation for Federal Assistance Grants - Victoria Grants Commission \$5.5M
- Grant funding (and equal expenditure) for 2021 Storm Event \$2.2M
- Deferred (carry forward to 2022/23) expenditure related to Boat ramps \$0.2M

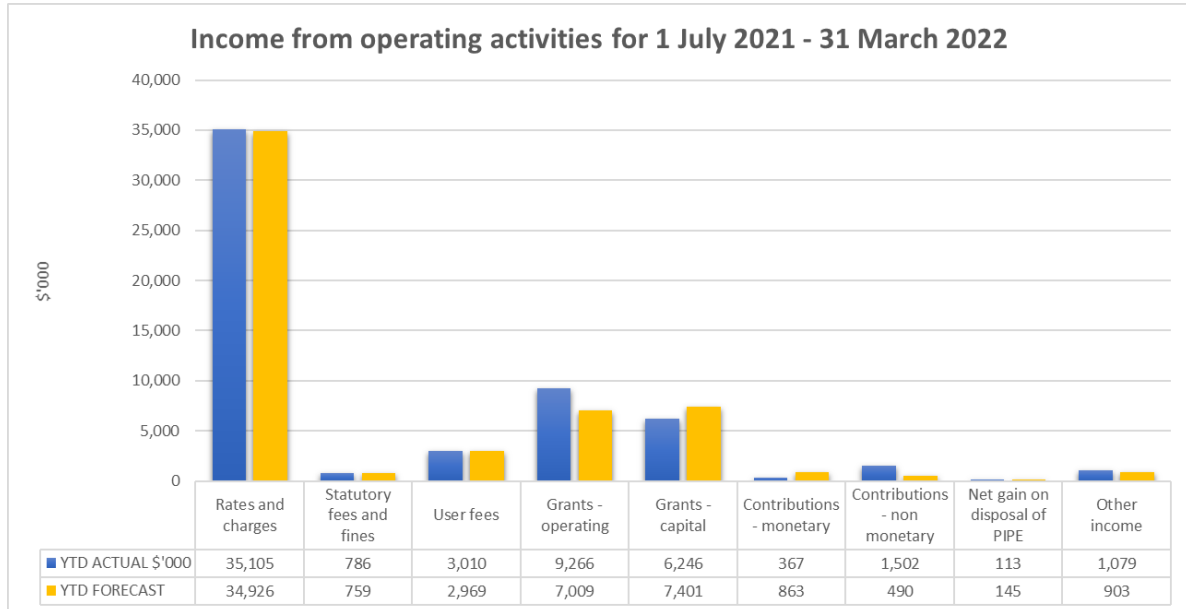
Proposed **capital** forecast changes for Quarter 3 mainly relate to:

- Savings in IT expenditure \$0.3M
- Works to be carried forward to 2022/23 for the main office refurbishment \$0.6M
- Plant and Fleet budgets to be carried forward to 2022/23 \$0.6M

1.4 Notes to the Financial Performance Statement

A1. Operating Income

The chart below shows the categories of operating income against their respective year to date forecasts.

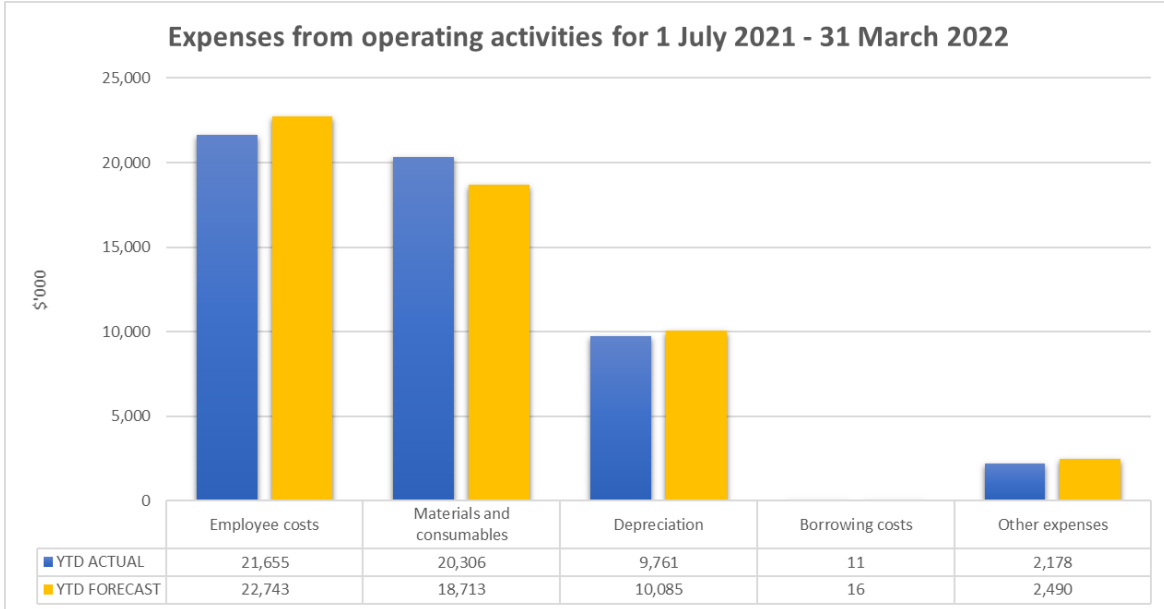


Income for the period ended 31 March 2022 is favourable against the budget. This is primarily due to the following:

- **Favourable – Grants - operating \$2.3M:** Due to receiving grants not budgeted for storm events (\$2.2M). This variance will be resolved upon adoption of the Quarter 3 proposed forecast. Offset by costs for storm events with a minimal impact on the net result.
- **Unfavourable – Grants – capital (\$1.2M):** Due to phasing of grant payments too early for Leongatha Business Precinct Project (\$1.2M) and Flood Event - August 2019 - Capital - AGRN 873 (\$3M). The payment for Leongatha Business Precinct Project is expected soon as the project is undergoing final completion reporting. The Flood Event is also in the claims process. This is offset by \$2.9M of previously deferred grants revenue recognized as milestones have been met through-out the year.
- **Unfavourable – Contributions – monetary (\$496K):** Due to Leongatha developer contributions not yet received (\$205K) and an adjustment required to remove a duplicate open space contribution forecast (\$176K)
- **Favourable – Contributions – non-monetary \$1M:** Due to recognition of found infrastructure assets, which are not budgeted for due to their nature.
- **Favourable – Other income \$176K:** Due to higher work cover reimbursements than forecast (\$128K), these are offset by higher work cover claims than forecast.

A.2 Operating Expenses

The chart below shows the categories of operating expenses against their respective year to date forecasts.



Operating expenses for the period ended 31 March 2022 is overall consistent with the forecast. Significant variances within operating expenses include:

- **Unfavourable – Materials and consumables (\$1.6M):** Due to costs for Storm Events (\$2.2M). The storm event variance will be resolved upon adoption of the Quarter 3 proposed forecast. Partially offset by an underspend across the rest of the organisation.
- **Favourable – Other expenses \$312K:** Largely due to incorrect phasing of community grants (\$105K) and the year-end audit fee (\$63K). These will be resolved by the end of the financial year.

1.5 Capital Works Statement

As at 31 December 2021

| | Note | YTD ACTUAL \$'000 | YTD FORECAST \$'000 | YTD Variance \$'000 | PROPOSED ANNUAL FORECAST \$'000 | QUARTER 2 FORECAST \$'000 | ANNUAL ORIGINAL BUDGET \$'000 |
|--|-----------|-------------------------|---------------------------|---------------------------|--|---------------------------------|--|
| Property | B1 | | | | | | |
| Buildings | | 6,250 | 8,360 | 2,110 | 13,503 | 13,969 | 15,175 |
| Total Property | | 6,250 | 8,360 | 2,110 | 13,503 | 13,969 | 15,175 |
| Plant and equipment | B2 | | | | | | |
| Plant, machinery and equipment | | 1,579 | 1,291 | (288) | 2,147 | 2,738 | 2,919 |
| Computers and telecommunications | | 686 | 1,572 | 886 | 1,756 | 2,044 | 956 |
| Total Plant and Equipment | | 2,265 | 2,863 | 598 | 3,903 | 4,782 | 3,875 |
| Infrastructure | B3 | | | | | | |
| Roads | | 3,903 | 4,632 | 729 | 9,770 | 9,770 | 12,189 |
| Bridges | | (8) | 0 | 8 | 0 | 0 | 0 |
| Major culverts | | 514 | 754 | 240 | 754 | 754 | 256 |
| Footpaths and cycleways | | 1,666 | 2,392 | 726 | 3,338 | 3,338 | 5,530 |
| Drainage | | 38 | 18 | (20) | 110 | 110 | 475 |
| Car parks | | 5 | 0 | (5) | 455 | 455 | 215 |
| Land stabilisation | | 4 | 0 | (4) | 0 | 0 | 0 |
| Waste | | 103 | 102 | (1) | 457 | 457 | 109 |
| Other infrastructure | | 1,413 | 2,118 | 705 | 5,643 | 5,743 | 6,459 |
| Total Infrastructure | | 7,638 | 10,016 | 2,378 | 20,527 | 20,627 | 25,233 |
| Total Capital Works Expenditure | | 16,153 | 21,239 | 5,086 | 37,933 | 39,378 | 44,283 |

Notes to the Capital Works Statement:

B1 Property

- **Under budget – Buildings \$2.1M:** Due to numerous projects behind schedule. Most notable variances being the Main Office refurbishment (\$874K), Early Years Renewal Program (\$718K) and Foster – Power Street Depot Building & Yard (\$321K).

B2 Plant and equipment

- **Under budget – Computers and telecommunications \$886K:** Due to delayed roll-out of the IT strategy.

B3 Infrastructure

- **Under budget – Roads \$729K:** Due to Korumburra Commercial Streetscape (\$304K). Behind schedule, works in Little Commercial Street progressing well after delayed start due to material supply issues. Carpark works in railway yard are pending issue of a planning permit. Federal Blackspot Program (\$369K) behind schedule. The Federal Blackspot Program is at the tender stage.
- **Under budget – Major culverts \$240K:** Due to phasing, works expected to be completed in April 2022.
- **Under budget – Footpaths and cycleways \$726K:** Due to Footpaths – Extension Program (\$310k), contract works behind schedule, expect take-up over the coming quarter. Also, Great Southern Rail Trail (\$407K), the Leongatha to Korumburra section recently opened, but the bridges remain behind schedule in Korumburra to Nyora section.
- **Under budget – Other infrastructure \$705K:** Due to Leongatha & Korumburra Railway Station Precincts (\$238K). Contract awarded for Leongatha carpark works following a significant delay whilst waiting for funding confirmation through Regional Infrastructure Fund. Port Welshpool Boat

Ramp Car Park Enhancement (\$205K) projects behind schedule. Contract awarded with works to start in April 2022. Project will be delayed by material supply issues.

1.6 Treasury

1.5.1 Cash Position

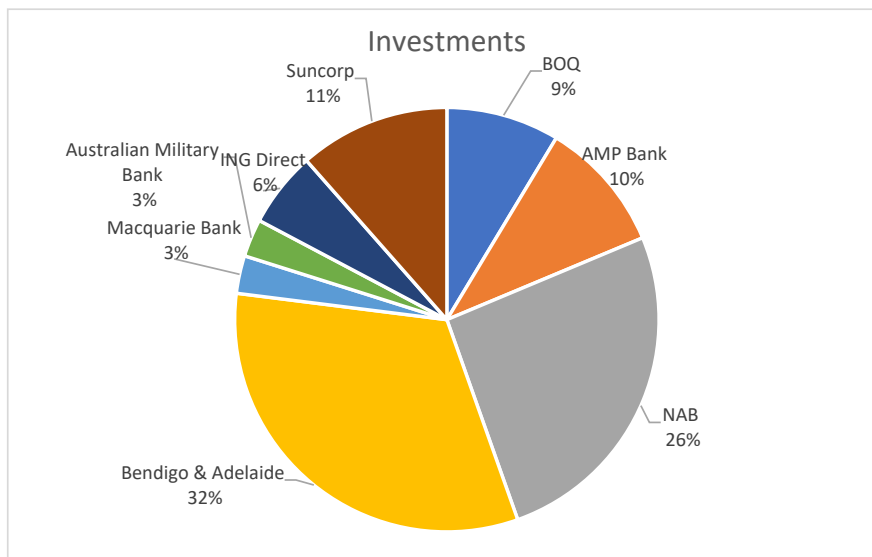
Cash and investment holdings total \$43M as of 31 March 2022, no overall change since 30 June 2021 balance of \$43M. Total cash flows for the period ended 31 March 2022 was a negative result of \$2.3M.

Total cash and investment holdings are made up of operating cash of \$26.73M and restricted cash of \$16.27M.

Restricted cash includes:

- Carry forward projects \$14.93M
- Trust funds and deposits \$0.80M
- Reserves \$0.54M

The average current interest rate on the term-deposits held is 0.56%.

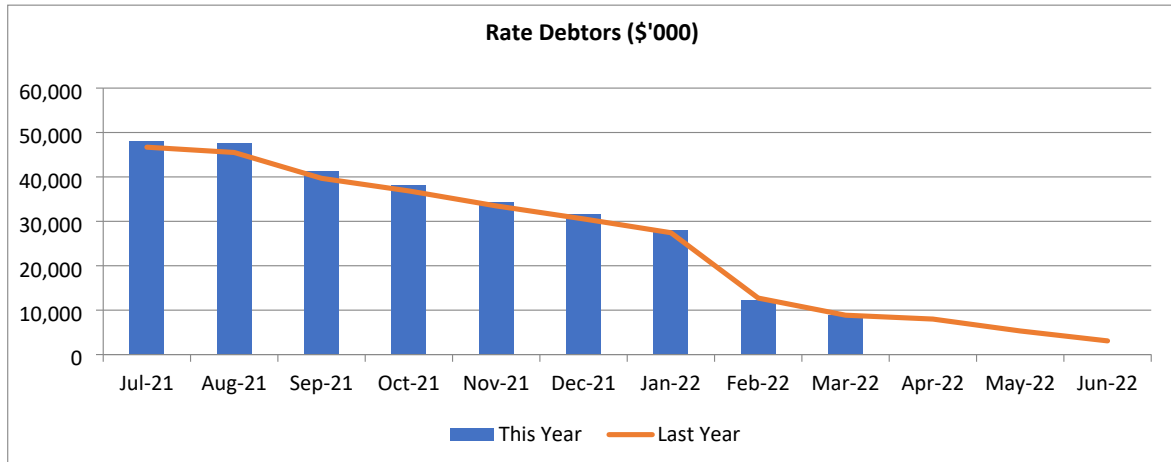


1.5.2 Debtors

Rates Debtors

The outstanding rates balance as at 31 March 2022 is \$9.0M, compared to \$8.9M as at 31 March 2021.

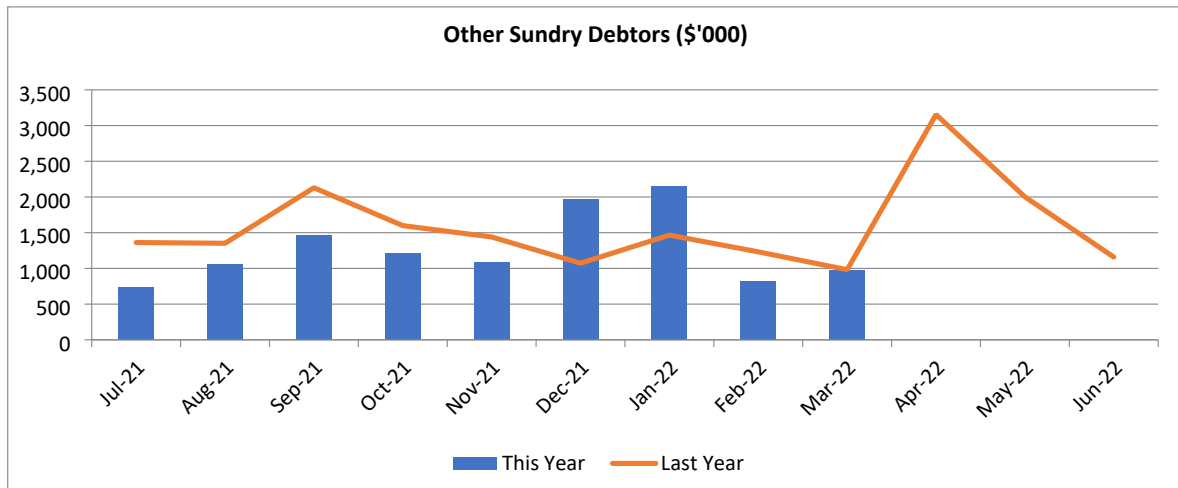
The outstanding rates balance has increased by \$0.1M (1.1%) from the same period last year. The slight increase is consistent with the increase in rates raised for 2021/22.



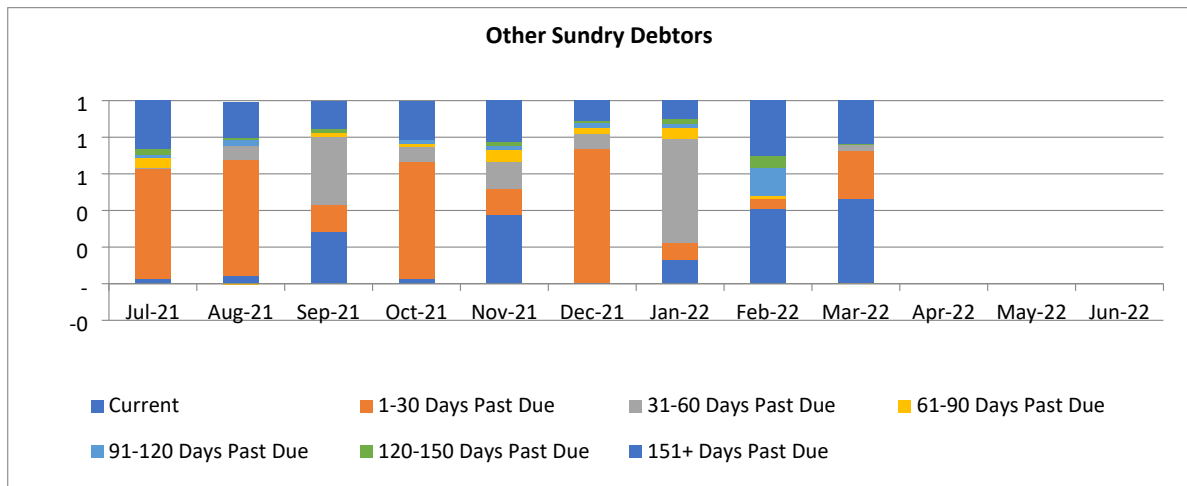
Other Sundry Debtors

The outstanding other sundry debtors balance as at 31 March 2022 is \$1.0M, compared to \$1.0M as at 31 March 2021.

The outstanding other sundry debtors balance has remained consistent with the same period last year.



Approximately 72% of other sundry debtors outstanding are current or less than 30 Days Past Due. \$242K of other sundry debtors have been outstanding greater than 151 Days Past Due. Over 70% of the greater than 151 Days Past Due relate to Caravan Park permits, other large invoices outstanding include \$29K from Ausnet Electrical Services relating to the Leongatha Business Precinct Project. 80% of these debts greater than 151 Days Past due have already been allowed for in the provision for doubtful debts.



Section 2 – Financial Statements

2.1 Balance Sheet as at 31 March 2022

| | Notes | YTD Actual | YTD Actual | Year over | | Original | Proposed |
|--|-----------|----------------|----------------|----------------|--------------|------------------|---------------------------|
| | | March 2022 | March 2021 | Year | Variance | Budget June 2022 | Annual Forecast June 2022 |
| | | \$'000 | \$'000 | \$'000 | % | \$'000 | \$'000 |
| Current Assets | C1 | | | | | | |
| Cash and cash equivalents | | 8,234 | 12,518 | (4,284) | -34.2% | 2,088 | 17,260 |
| Trade and other receivables | | 12,133 | 12,029 | 104 | 0.9% | 7,155 | 5,739 |
| Other financial assets | | 34,769 | 32,280 | 2,489 | 7.7% | 12,000 | 17,000 |
| Inventories | | 248 | 219 | 29 | 13.2% | 208 | 210 |
| Non-current assets classified as held for sale | | 1,691 | 1,542 | 149 | 9.7% | 1,541 | 1,691 |
| Other assets | | 40 | 10 | 30 | 300.0% | 218 | 240 |
| Total Current Assets | | 57,115 | 58,598 | (1,483) | -2.5% | 23,210 | 42,140 |
| Non-Current Assets | C2 | | | | | | |
| Property, infrastructure, plant and | | 594,758 | 567,294 | 27,464 | 4.8% | 606,328 | 613,967 |
| Right-of-use-assets | | 16 | 109 | (93) | -85.3% | 85 | 0 |
| Investment property | | 615 | 619 | (4) | -0.6% | 620 | 615 |
| Intangible asset | | 114 | 300 | (186) | -62.0% | 0 | 54 |
| Total Non-Current Assets | | 595,503 | 568,322 | 27,181 | 4.8% | 607,033 | 614,636 |
| TOTAL ASSETS | | 652,618 | 626,920 | 25,698 | 4.1% | 630,243 | 656,776 |
| Current Liabilities | C3 | | | | | | |
| Trade and other payables | | 4,210 | 3,041 | (1,169) | -38.4% | 2,762 | 4,161 |
| Unearned income | | 2,149 | 4,558 | 2,409 | 52.9% | 2,585 | 4,951 |
| Trust funds and deposits | | 804 | 920 | 116 | 12.6% | 1,332 | 1,527 |
| Provisions | | 6,819 | 6,225 | (594) | -9.5% | 5,999 | 6,534 |
| Interest-bearing loans and borrowings | | 349 | 347 | (2) | -0.6% | 1,333 | 713 |
| Lease liabilities | | 24 | 38 | 14 | 37% | 85 | 0 |
| Unearned rates revenue | | 11,574 | 11,195 | (379) | -3.4% | 0 | 0 |
| Total Current Liabilities | | 25,929 | 26,324 | 395 | 1.5% | 14,096 | 17,886 |
| Non-Current Liabilities | C4 | | | | | | |
| Provisions | | 4,539 | 4,393 | (146) | -3% | 4,411 | 4,728 |
| Interest-bearing loans and borrowings | | 3,516 | 3,138 | (378) | -12% | 6,759 | 6,653 |
| Lease liabilities | | 0 | 79 | 79 | 100% | 0 | 0 |
| Total Non-Current Liabilities | | 8,055 | 7,610 | (445) | -5.8% | 11,170 | 11,381 |
| TOTAL LIABILITIES | | 33,984 | 33,934 | (50) | -0.1% | 25,266 | 29,267 |
| NET ASSETS | | 618,634 | 592,986 | 25,648 | 4.3% | 604,977 | 627,509 |
| Equity | C5 | | | | | | |
| Accumulated Surplus | | 246,907 | 234,737 | 12,170 | 5.2% | 247,562 | 255,356 |
| Asset Revaluation Reserve | | 371,184 | 357,976 | 13,208 | 3.7% | 357,105 | 371,182 |
| Other Reserves | | 543 | 273 | 270 | 98.9% | 310 | 971 |
| TOTAL EQUITY | | 618,634 | 592,986 | 25,648 | 4.3% | 604,977 | 627,509 |

2.2 Statement of Cash flows for the period 1 July 2020 to 31 March 2022

| | Notes | YTD Actual \$'000 | Proposed Annual Forecast \$'000 | Annual Original Budget \$'000 | Full Year Forecast Variance \$'000 | % |
|---|-----------|----------------------|--|--|---|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | D1 | | | | | |
| Rates and charges | | 40,514 | 46,623 | 46,777 | (154) | 0% |
| Statutory fees and fines | | 786 | 1,146 | 1,006 | 140 | 14% |
| User fees | | 3,406 | 4,661 | 4,955 | (294) | -6% |
| Grants - operating | | 6,279 | 16,656 | 6,947 | 9,709 | 140% |
| Grants - capital | | 6,246 | 12,646 | 10,883 | 1,763 | 16% |
| Contributions - monetary | | 367 | 997 | 535 | 462 | 86% |
| Interest received | | 247 | 150 | 550 | (400) | -73% |
| Other receipts | | 965 | 1,206 | 1,144 | 62 | 5% |
| Employee costs | | (21,540) | (29,652) | (28,207) | (1,445) | 5% |
| Materials and services | | (20,043) | (26,704) | (23,441) | (3,263) | 14% |
| Other payments | | (2,046) | (3,168) | (3,090) | (78) | 3% |
| Net cash provided by (used in) operating activities | | 15,181 | 24,561 | 18,059 | 6,502 | 36% |
| CASH FLOWS FROM INVESTING ACTIVITIES | D2 | | | | | |
| Payments for property, infrastructure, plant & equipment | | (16,154) | (37,933) | (44,283) | 6,350 | -14% |
| Proceeds from sale of property, infrastructure, plant & equipment | | 741 | 947 | 668 | 279 | 42% |
| Payments for / from Other Financial Assets | | (2,491) | 15,279 | 4,000 | 11,279 | 282% |
| Net cash provided by (used in) investing activities | | (17,904) | (21,707) | (39,615) | 17,908 | -45% |
| CASHFLOWS FROM FINANCING ACTIVITIES | D3 | | | | | |
| Finance costs | | (9) | (35) | (71) | 36 | -51% |
| Proceeds from borrowings | | 700 | 4,500 | 6,000 | (1,500) | -25% |
| Repayment of borrowings | | (232) | (532) | (1,245) | 713 | -57% |
| Repayment of leases | | (69) | (94) | (83) | (11) | 13% |
| Net cash provided by (used in) financing activities | | 390 | 3,839 | 4,601 | (762) | -120% |
| Net increase (decrease) in cash and cash equivalents | | (2,333) | 6,693 | (16,955) | 23,648 | -139% |
| Cash and cash equivalents at the beginning of the financial year | D4 | 10,567 | 10,567 | 19,043 | (8,476) | -45% |
| Cash and cash equivalents at the end of the period | | 8,234 | 17,260 | 2,088 | 15,172 | 727% |

2.3 Notes to the Financial Statements

Balance Sheet

Council's net assets are valued at \$619M as at the end of March 2022.

Year over Year variances**C1 Current Assets**

- **Unfavourable – Cash and cash equivalents (\$4.3M):** Higher net cash outflows compared to same period in 2020-21.
- **Favourable – Other financial assets \$2.5M:** Higher amounts invested compared to same period in 2020-21. Refer to unfavourable Cash and cash equivalents position.
- **Favourable – Non-current assets classified as held for sale \$149K:** Due to recognizing Council's portion of the West Gippsland Regional Library's income for the year-ended 30 June 2021. The West Gippsland Regional Library Corporation is due to be wound-up and assets gifted to My Community Library as of 30 June 2022.

C2 Non-Current Assets

- **Unfavourable – Intangible asset (\$186K):** Due to recognizing amortisation for the period since 31 March 2021.

C3 Current Liabilities

- **Unfavourable – Trade and other payables (\$1.2M):** Increase due to increase in creditors control of \$543K due to timing, as well as \$424K in year-end accruals made as of 30 June 2021 to be reversed at year-end.
- **Favourable – Unearned income \$2.4M:** Due to previously deferred grants revenue recognized as milestones have been met through-out the period since 31 March 2021.
- **Favourable – Trust funds and deposits \$116K:** Due to payment of retention amounts held upon completion of jobs during the period since 31 March 2022.
- **Unfavourable – Current Provisions (\$594K):** Both current and non-current provisions have increased as a result of more leave being accrued than taken.

C4 Non-Current Liabilities

- **Unfavourable – Non-current interest-bearing loans and borrowings (\$378K):** Due to \$700K drawings on the TCV loan for the Korumburra Community Hub. This is net of payment of the Mirboo North Pool loan over the period up to 31 March 2022.

C5 Equity

- **Favourable – Accumulated Surplus \$12.2M:** Due to surplus earned from the period since 31 March 2022.
- **Favourable – Other Reserves \$270K:** Due to an increase in the Public Open Space reserve recognized as of 30 June 2021.

Cash flow Statement

Forecast variances to budget

D1 Cash flows from operating activities

- **Favourable \$6.5M:** Due to an increase in operating and capital grants of \$11.5M. This is offset largely by an increase in employee costs of \$1.5M and materials and services of \$3.3M.

D2 Cash flows from investing activities

- **Favourable \$17.9M:** Due to increasing forecasted redemptions of Other Financial Assets to fund the capital asset program by \$11.3M, as well as a decrease in the forecasted capital works outlays for 2021/22 by \$6.4M

D3 Cash flows from financing activities:

- **Unfavourable (\$762K):** Due to a delay in the proceeds from borrowings for the Korumburra Commercial Streetscape construction drawdown loan, due to carrying forward some of the project expenditures to 2022/23.

D4 Cash and cash equivalents at the beginning of the financial year

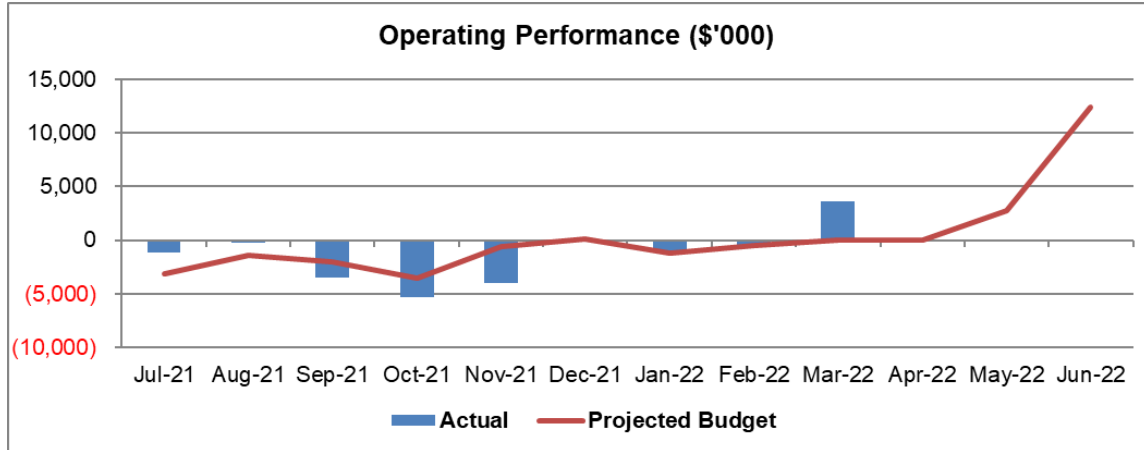
- **Unfavourable (\$8.5M):** Due to updating the forecast based on the actual cash and cash equivalents balance as of 30 June 2021. This was due to not redeeming as much Other Financial Assets as originally expected in 2020/21 as cash flows were sufficient to fund operating and capital works.

Section 3 - Annual Year to Date Financial Analysis

This section analyses the implications of the year to date performance and the projected outcome for the financial year.

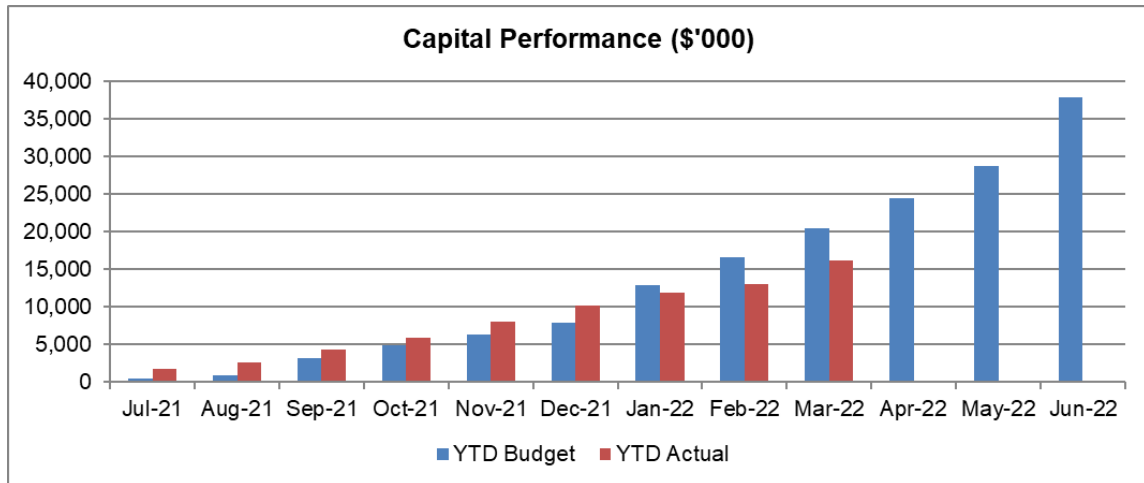
3.1 Operating Performance

The operating result is a \$3.6M surplus for the period July 2021 to March 2022. This is a favourable variation of \$2.2M compared to the forecast deficit of \$1.4 for the period July 2021 to March 2022. Further detail can be found on the Income Statement for the period ended 31 March 2022.



3.2 Capital Performance

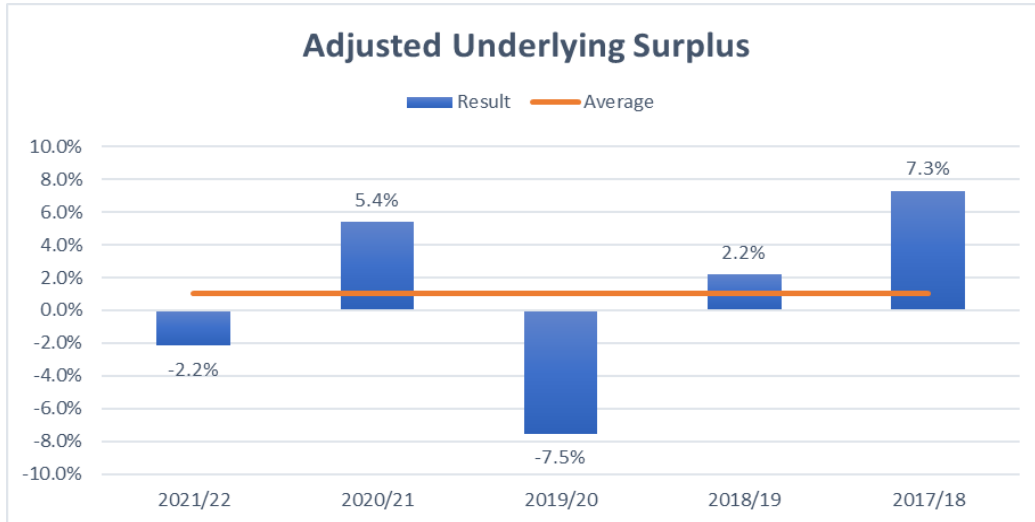
The capital expenditure is \$16.2M for the period July 2021 to March 2022. This is \$5.1M behind the forecast of \$21.3M for the period July 2021 to March 2022. Further detail can be found on the Statement of Capital Works for the period ended 31 March 2022.



3.3 Financial Ratios

Operating position

Council proposed forecast result is an \$1.5M adjusted underlying deficit for the year ended 30 June 2022. This variance is due to carried forward operating expenditure from 2020/21 and timing of the Financial Assistance Grants from the Federal Government.

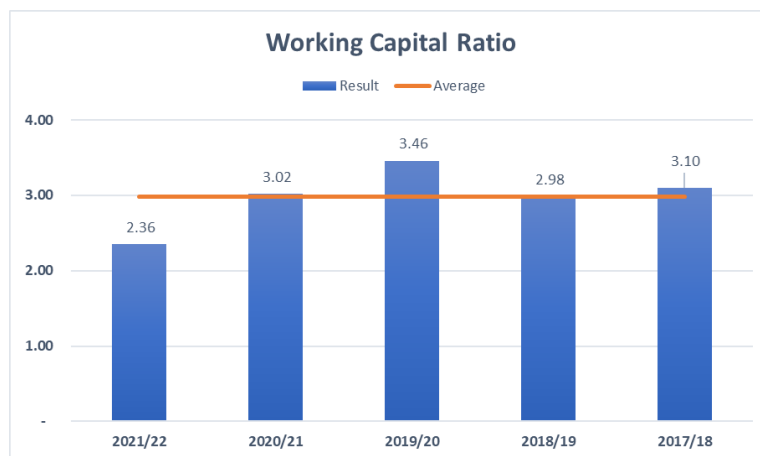


The adjusted underlying result demonstrates Council’s ability to generate a surplus in its ordinary course of business, excluding non-recurrent capital grants, non-monetary asset contributions and other contributions to fund capital works from its net result. A surplus or increasing surplus suggest an improvement in operations. The overall average adjusted underlying surplus is a positive result of 1.0%.

Liquidity

The Working Capital Ratio, which assesses Council’s ability to meet current commitments, is calculated by measuring Council’s current assets as a percentage of current liabilities.

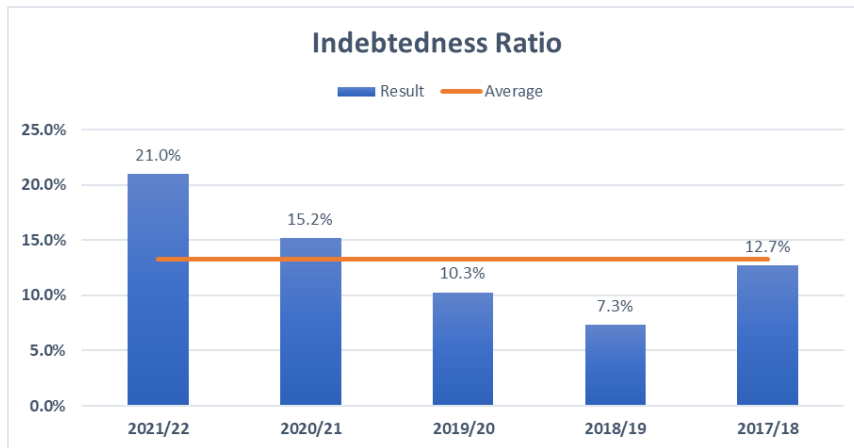
Council’s proposed forecast as of 30 June 2022 has a Working Capital Ratio of 2.36. This is within the targeted range above 1.5. The decrease in the forecast compared to previous years is due to a decline in cash and cash equivalents and other financial assets (expected to be \$34.3M as of 30 June 2022), to fund the capital works program.



Obligations

The Indebtedness Ratio Percentage measures Council’s ability to pay the principal and interest on borrowings when they are due from the funds it generates. Own-sourced revenue is used in the calculation, not including any grants or contributions.

Council’s proposed forecast Indebtedness Ratio as of 30 June 2022 is 21%, and is well within the target of 40% or lower. The increase over the previous years is due to additional construction drawdown facilities though TCV during 2021/22.



Asset Renewal

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. The investment in asset renewal for the 2021/22 year is forecasted to be \$27.8M.

The Capital Replacement Ratio compares the total rate of spending on new infrastructure, property, plant and equipment with its depreciation. Ratios of higher than 1:1 indicate that spending is faster than the depreciation rate.

Council’s proposed forecast Capital Replacement Ratio of 3.14 for the year ending 30 June 2022, which is well above the target of 1.5.

