

# Frankston City Council Annual Report

2018 – 2019



*Lifestyle Capital of Victoria*







Photo: 1 National Tree Planting Day at Paratea Reserve.

# Welcome to Frankston City

Frankston City Council acknowledges the Traditional Owners of the land, the Bunurong People. We offer our respect to their elders past, present and emerging.

Front cover image: Big Picture Fest 2019, image courtesy of Invest Frankston



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## Introduction

Frankston City Council is committed to transparent reporting and accountability to the community. The Report of Operations 2018-2019 is the primary means of advising the Frankston City community about Council's operations and performance during the financial year.

## Snapshot

### Our vision

Lifestyle Capital of Victoria.

### Our mission

We are driven by the privilege of serving our community and providing leadership and visionary thinking to ensure Frankston City is recognised as the Lifestyle Capital of Victoria.

### Our values

The core values that will help Council achieve the vision are:

- Community
- Respect
- Excellence
- Accountability
- Team
- Integrity
- Sustainability

### About Frankston City

Frankston City is located on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne's CBD, within metropolitan Melbourne. The municipality covers an area of about 131 square kilometres from Seaford Wetlands in the north, to Frankston South in the south and the Western Port Highway in the east. The western boundary of the city is made up of 11 kilometres of coastline.

Frankston City comprises the suburbs of Frankston, Frankston South, Frankston North, Seaford, Carrum Downs, Langwarrin, Langwarrin South, Karingal, Sandhurst and Skye. It is strategically placed as the regional centre for the Mornington Peninsula and the south-east growth corridor of Melbourne.

Main industries include health and community services, manufacturing, retail trade, education and training. Frankston is recognised for its parks, natural reserves, vibrant lifestyle, diverse community and growing business and arts sectors.

Frankston City provides recreation, leisure and entertainment facilities for a population catchment far greater than its municipal boundaries as it hosts a number of popular venues and attractions such as the Frankston Arts Centre, McClelland Sculpture Park + Gallery and a full calendar of events.





## Frankston City Demographic profile

(\*Source ABS Data - Census 2016)

- Frankston City has a population of 141,845, forecast to grow to 163,610 people by 2041 (.id forecast)
- There are 56,873 dwellings in the Frankston area, 69.9 per cent of all homes are family households\*
- 40.7 per cent of people are in the process of buying their own home (paying off a mortgage), 26.5 per cent own their own homes and 28.7 per cent are renting\*
- Health and social assistance (20.4 per cent) is the largest employment sector, followed by retail trade (13.1 per cent) and construction (12.2 per cent) (REMPPLAN data incorporating ABS and June 2016 Gross State Product)
- The unemployment rate was 5.4 per cent for the March 2019 quarter (latest figures), compared to the Greater Melbourne rate of 5.1 per cent (Department of Jobs and Small Business, Small Area Labour Markets (SALM).)
- The median weekly household income is \$1,331\*
- 16,805 people regularly volunteer with an organisation or group \*
- 20.4 per cent of residents (aged 15 and over) have a vocational qualification. 14.5 per cent have a Bachelor or higher degree and 10.2 per cent have an Advanced Diploma or Diploma\*
- 82.5 per cent of residents only speak English at home. Other languages include Mandarin 0.8 per cent, Greek 0.9 per cent, Malayalam 0.5 per cent, Italian 0.6 per cent and Spanish 0.5 per cent\*
- 71.5 per cent of residents were born in Australia, with residents also born in England 5.6 per cent, New Zealand 2.3 per cent, India 1 per cent, Scotland 1 per cent and Philippines 0.8 per cent

Council managed the following facilities and assets on behalf of the community:

- 427 reserves
- 74 sports grounds
- 987 km of pathways
- 705 km of local roads
- 107 bridge and pedestrian structures
- 932 km stormwater drains
- 34,948 stormwater management pits
- 338 buildings, including community, family and youth centres, park and leisure facilities, Civic Centre, aged service buildings, public toilets, Frankston Arts Centre and libraries



# Fast facts

During 2018-2019 in Frankston City, there were:

## Community services



**1,038** four year olds and  
**393** three year olds enrolled  
in kindergarten



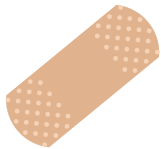
**71** active school crossings  
manned by **82**  
School Crossing Supervisors



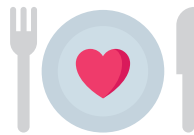
**15,533** visits to Maternal  
and Child Health (MCH)  
centres and **1,724** home  
visits to first time parents



**694** parents attended  
a parent education  
program session



**2,969** infants and  
**3,563** secondary students  
attended immunisation sessions



**35,670**  
Meals on Wheels  
meals provided



**42,742** attended  
Youth Services activities,  
events and Youth  
Hangout programs



**5,839** passengers on  
community transport buses

## Environment



**4,676,053** bins emptied  
(residential, commercial and public place bins)



Approximately **1,765** cubic metres of litter  
removed from Frankston and Seaford Foreshore



**4,928** subscriptions to Council's  
EnviroNews and Halve Our Waste e-Newsletters



**25** local clean-up sites were  
registered by volunteers for  
Clean Up Australia Day and  
related events in March 2019



**6,803kg** (6.803 tonnes)  
of household chemical products  
were disposed of by participants  
at the free Detox Your Home  
event in February 2019



# Customer and visitor experience



**350,041** visits to Frankston City libraries



**175,752** Frankston Arts Centre attendances



**55,257** pieces of correspondence received



**87** Community Grants issued through Council's Community Grants Program



**104,904** calls answered by Council's Customer Service officers



An estimated **206,745** people participated in local tourism, festivals and events



**200,727** visits to the Frankston City Libraries website



**851,391** library collection items (books, DVD's, e-books etc) were borrowed



**30,539** people attended **1,162** library programs and events

# Maintenance, works and safety



**17,946km** roads swept



**1,765** Food Act inspections



**9,031m<sup>2</sup>** of footpath repaired and replaced



**845** planning applications received and **858** planning decisions made by Council



**29,205m<sup>2</sup>** of graffiti removed



**1,300** fire hazard inspections undertaken



**\$2.3 million** in plant and fleet replacements



**22,271** pets registered: 16,531 dogs, 5,740 cats



**346** Public Health and Wellbeing Act inspections



**3,417** Animal Management requests responded to by Council officers



# Frankston City Economic Scorecard

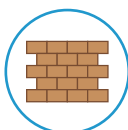
The Frankston City Economic Scorecard provides a snapshot of the local economy.



Frankston City boasts nearly **45,000** local jobs, over **30,897** local businesses (including 16,213 registered for GST), an economy worth more than **\$12 billion**, and continues to build its reputation as a growing bayside regional hub for services, arts, education and health sectors.



Frankston City's **\$3.6 billion** Carrum Downs/Seaford industrial precinct is ideally located alongside EastLink and Peninsula Link, providing connections across Melbourne and the Mornington Peninsula. This precinct contributes 30% of the City's total output.



Construction is well underway on the **\$75.9 million** redevelopment at Chisholm's Frankston Campus including a Centre for Advanced Manufacturing with integrated Design Centre. Construction has also commenced on the **\$32 million** upgrade at Monash University's Peninsula Campus, with a 150-room residential complex.



A **\$562 million** redevelopment of the Frankston hospital is planned to be undertaken by the State Government, creating approximately **1,000** jobs and **\$1.2 billion** in output.

The City generates in excess of **\$12 billion** of output per year



Estimated resident population 2018  
**141,845**



Gross Regional Product  
**\$6.57 billion** (1.9% of Greater Melbourne and 1.5% of Victoria)

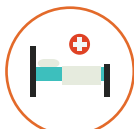


City centre business occupancy rate  
**79.1%** (82.1% in 2018)



Total number of registered businesses  
**30,897**

Total number of jobs **44,934**



**9,180** (20.4%)  
Health Care & Social Assistance



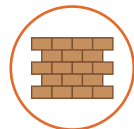
**4,195** (9.3%)  
Education & Training



**5,894** (13.1%)  
Retail Trade



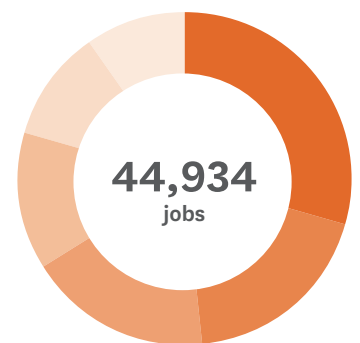
**3,318** (7.4%)  
Manufacturing



**5,483** (12.2%)  
Construction



**2,991** (6.7%)  
Accommodation & Food Services



**20,517** (46%) of individuals working in Frankston City also reside in the city



## Major Investments (under construction or recently completed)

Chisholm Institute Frankston Campus Redevelopment	<b>\$75.9 million</b>	<b>676</b> jobs created
Frankston Private Hospital	<b>\$40 million</b>	<b>407</b> jobs created
Monash University	<b>\$32 million</b>	<b>142</b> jobs created
Frankston Station Precinct Redevelopment	<b>\$63.8 million</b>	<b>231</b> jobs created
Mixed use Retail/Apartments (38 Playne Street)	<b>\$5 million</b>	<b>18</b> jobs created
Mixed use Retail/Apartments (Clyde Street)	<b>\$3 million</b>	<b>11</b> jobs created

## Tourism



**\$324 million** is the value of the tourism sector



**1,924** jobs in tourism sector

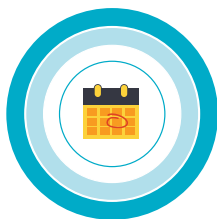


**808,600** people visit Frankston City annually (11% of Mornington Peninsula Region)

## Supporting the local economy



Business Coaching/  
Mentoring attendance  
**T 90 A 71**



Events & Seminars  
Attendance  
**T 250 A 614**



frankston.vic.gov.au/  
business visitation  
**T >25,000 A 85,386**



Invest Frankston  
Social media reach  
(impressions Facebook  
and LinkedIn)  
**T 50,000 A 85,641**



Invest Frankston  
Social media engagement  
(LinkedIn Facebook and  
Twitter) **T >6,000 A 7,591**



Subscriptions to  
Build Your Business  
enewsletter  
**T 4,000 A 2,927**



Online Learning  
Program (Lynda)  
Active users  
**T 400 A 324**

Key 2018-2019  
**T Annual Target A Actual**

## Highlights of the year

### Long-term community outcome one: A Planned City

The Long Term Infrastructure Plan (LTIP) adopted by Council and aligns with the Long Term Financial Plan (LTFP).

Council nominated as a finalist in six categories of the **Keep Victoria Beautiful Sustainable Cities Awards 2019**, including Environmental Sustainability, Protection of the Environment, Clean Beach/Waterways, Resource Recovery and Waste Management and Community Government Partnership.

1,172 community members attended Council's free **Greening Our Future** environmental events which aim to build community skills and interest around sustainable living and looking after the local environment.

The **Towards Zero Emissions Plan (2019-2023)** was adopted by Council in January 2019, providing a four-year plan to guide Council's investment in reducing energy use and greenhouse gas emissions, whilst supporting the uptake of renewable energy.

**Six solar PV systems** were installed on Council's community-use facilities, with a total capacity of 45 kilowatts, reducing greenhouse gas emissions by 67 tonnes each year.

The latest **Victorian Budget** will deliver over \$36 million towards Frankston City projects. Council continues to work with **Centenary Park** stakeholders on options to move the project forward, and has requested a meeting with the Federal Treasurer and Minister for Population, Cities and Urban Infrastructure to discuss federal funding for projects within Frankston City.

**Please refer to the 'Our performance' section for more information about these achievements.**

### Long-term community outcome two: A Liveable city

Awarded **2019 Design Award for Play Spaces** by AILA for recently constructed George Pentlands Botanic Gardens Playground redevelopment works.

Awarded **2018 Design Award for Play Spaces** by AILA for Ballam Park redevelopment works.

Commenced works on a number of significant projects such as construction of \$2.8 million multi-purpose **synthetic surface sports field at Carrum Downs** and \$1.65 million Station Street Mall redevelopment works. These works are expected to be completed in first quarter of 2019.

Completed the planning and development of the **Breast Feeding Support** Drop-in session which will be opening in July 2019 at the Botany Park Maternal and Child Health Centre.

Established a community partnership between Frankston **Maternal and Child Health** service and Frankston Terry White Pharmacy to continue the delivering of a drop in service to families in Frankston.

**Park upgrades** were carried out including footpaths, edging, rubber upgrades at Ballam, Wattlewoods, Foreshore, Long, Monterey, Gamble Reserves. Electrostatic coating of play equipment was also applied at Tilia and Lavender Hills Reserves. Council also managed the sand and soft fall top ups at pre-school play areas and developed an annual program to minimise any disruption and present a fresh play space at the start of the year.

Visitor Information Centre **Roving Ambassadors** engaged 2,112 people and a further 771 people subscribed to the **Enjoy Every Moment** E-newsletter. Traffic to the Visit Frankston website grew by 11 per cent and social media audiences continue to expand. Street art tours commenced, with 80 participants in the first couple of months.

**Please refer to the 'Our Performance' section for more information about these achievements.**



## Long-term community outcome three: A Well Governed City

Successfully undertook extensive community consultation process on the proposed **safe boat refuge** and coast guard facility.

Council's **advocacy** resulted in election commitments and budgeted funding totalling over \$1 billion from Victorian and federal candidates, including commitments to deliver on four of Council's key advocacy priorities.

Council continue to actively engage with key stakeholders and local Members of Parliament following the 2018 Victorian and 2019 **federal elections** in order to ensure the delivery of local projects.

A **Governance Training Program** led by the Municipal Monitor was completed by all Councillors.

A Register and draft **Policy and Protocol Framework** was developed to guide a review of Council's policies.

**Please refer to the 'Our Performance' section for more information.**

## Long-term community outcome four: A Well Managed City

An enhanced **Business Risk Management framework** and new strategic risk profile has been developed that is aligned with Council Plan objectives.

The review of the **Customer Experience Strategy** continues to ensure alignment with the Digital and Human Resources strategies.

**Procurement Guidelines** developed and released to provide guidance and a consistent approach to all purchasing.

A tender process has been completed to identify a suitable **Contract Management and Procurement System**, implementation is underway.

A number of significant **renewal and upgrade projects** have been successfully delivered including:

- Completion of renewal of several community facilities, structured recreation pavilions, Civic Centre, PARC and Frankston Arts Centre (\$3.7 million)
- Frankston Arts Centre bird deterrent system and main foyer lift upgrades (\$442,000)
- Installation of solar arrays on various facilities (\$130,000)
- Construction of major projects is underway including Ballam Park South Pavilion, and Overport Park Pavilion (\$4.8 million)
- Completion of concept design of major projects including Centenary Park Sporting Complex, Jubilee Park Indoor Stadium, Kevin Collopy Pavilion, Pat Rollo Pavilion, Bruce Park Pavilion, Eric Bell Reserve Pavilion and Belvedere Bowls Club (\$4.57 million)
- Completion of Beauty Park Toilet, Downs Estate Compost Toilets and Homeless Shower (\$443,000)

The annual **Building Painting Program** included multiple mural painting works throughout public toilet blocks to help deter graffiti. Painting was completed throughout the city, with works completed at various community centres and kindergartens (\$250,000).

The review and update of Council's **Asset Management Policy** was endorsed by Council.

The 2018-2019 **Condition Audit Program** has been completed and finalised, which included condition audits of Council's road network, kerb and channel stormwater drainage assets, bridge and pedestrian structures, and tennis sports infrastructure.

**Please refer to the 'Our Performance' section for more information.**

## Challenges and future outlook

### Challenges

Chief Executive Officer, Dennis Hovenden tendered his resignation following seven years of dedicated service to Council and the community. His last official day as Frankston City Council Chief Executive Officer was Sunday 30 June. Council is in the process of exploring options for a temporary replacement until the end of October, at which stage the recruitment process for a permanent Chief Executive Officer is expected to have been completed. This may be a challenging time for staff who may be apprehensive about possible change.

*(At time of publication Phil Cantillon had been permanently appointed to the position of Chief Executive Officer at Frankston City Council).*

The Frankston Yacht Club building has yet to be activated as it has been impacted by the nationwide combustible cladding concerns. A solution is currently being finalised and will be presented to the Building Appeals Board. Once the cladding concerns have been resolved, Council will continue its efforts to activate the building for the community to enjoy. Council is committed to seeing this building reach its full potential.

Increasing energy and water use by Council due to new facilities, irrigation of new areas, plus mains water increases from ageing infrastructure and equipment continues to be a challenge. This impacts on Council's ability to reach its targets and results in increasing utility costs.

The recycling crisis in Victoria, while not impacting the recycling services available to residents in Frankston City, impacts community confidence in recycling as a whole. This may result in increased waste to landfill, reduced resource recovery and increasing costs.

Despite a strong advocacy campaign by Council during the Victorian and federal elections there remains a significant budget shortfall for the Jubilee and Centenary Park projects. These projects will require further scoping and redesign to reach a solution for the community.

### Future outlook

Council is introducing a new Kerbside Food Waste Collection Service in October 2019. The new service will mean residents can put food scraps into their garden waste bin, which will then be turned into compost for local farmers. Frankston City Council will be one of only eight Victorian councils to divert food waste from landfill as part of an ongoing commitment to reduce the city's eco-footprint.

A Victorian Government recycling education campaign will be launched to increase awareness about what can and can't be recycled and to increase resource recovery.

Another significant Capital works program will be delivered, with works valued at \$16.5 million expected to be completed.

Changes within the Maternal and Child Health service will be implemented to meet new legislation and guidelines such as Child Information Sharing, Family Violence and Autism Spectrum Disorder.

Frankston City launched its new investment attraction campaign, including its new prospectus, Invest Frankston. Council continues to support and encourage the people and businesses of Frankston City, through innovative and successful support programs, such as the Business Grants Program.



# The year in review

## Mayor and CEO message

On behalf of Frankston City Council it is a pleasure to present Council's 2018-2019 Annual Report.

Council has made a number of important decisions this year, which will have lasting benefits for our community.

The Council Budget details how Council will fund community services, infrastructure, capital works and other programs over the next 12 months. Throughout the Budget you will see Council is focused on improving where we live. Our population is growing rapidly so it is vital that we continue to deliver needed services, maintain our assets and invest in new community focused infrastructure. Council is confident it has produced a balanced budget that meets the communities expectations, and which is capable of withstanding the Victorian Government's imposed rate cap

Now to reflect on last year's achievements.

Our strong advocacy position has resulted in a number of major commitments to Frankston City.

Council has capitalised on recent major public sector investments transforming Frankston's city centre such as the Frankston Station Precinct redevelopment, by strongly advocating for funding towards key community projects. This has resulted in election commitments and budgeted funding totalling over \$1 billion from Victorian and federal candidates throughout 2018-2019, including commitments to deliver on four of Council's advocacy priorities.

We will continue to passionately advocate to Victorian and Australian Governments alongside our community for funding towards projects that continue Frankston City's transformation into the Lifestyle Capital of Victoria.

With the completion of the new-look Wells Street, Young Street and brand new Frankston Train Station, now is the time to continue rejuvenating

our city centre. In the next few months Council continues its investment towards improving popular city thoroughfares such as Station Street Mall.

We know that community facilities such as sporting ovals, recreation reserves and open spaces are crucial to maintain the physical and mental health and wellbeing of our community. This is why we have invested in playgrounds across the municipality to upgrade and improve the free facilities available for families to enjoy. This includes the Waterfront Playground which has prime position on our foreshore and is enjoyed by families from across Frankston City and beyond.

George Pentland Botanic Gardens was recently awarded a prestigious Landscape Architecture Award in the 2019 Australian Institute of Landscape Architects Awards Victoria. The award recognises play areas which encourage active play, promoting healthy habits in our next generation.

The Big Picture Fest was held in March, with a line up including four of the world's best contemporary street artists from Germany, Italy, New Zealand and France. The three day festival brought our creative community together and raised the awareness of our thriving city centre. Frankston is becoming a must-see destination for free public art with loads of sculptures and a growing collection of cutting-edge street art and murals.

Council continues to work with the community to ensure the priorities and needs of our community are met. We are determined to continue to achieve our vision of becoming the Lifestyle Capital of Victoria, while accomplishing the best outcomes for our community.



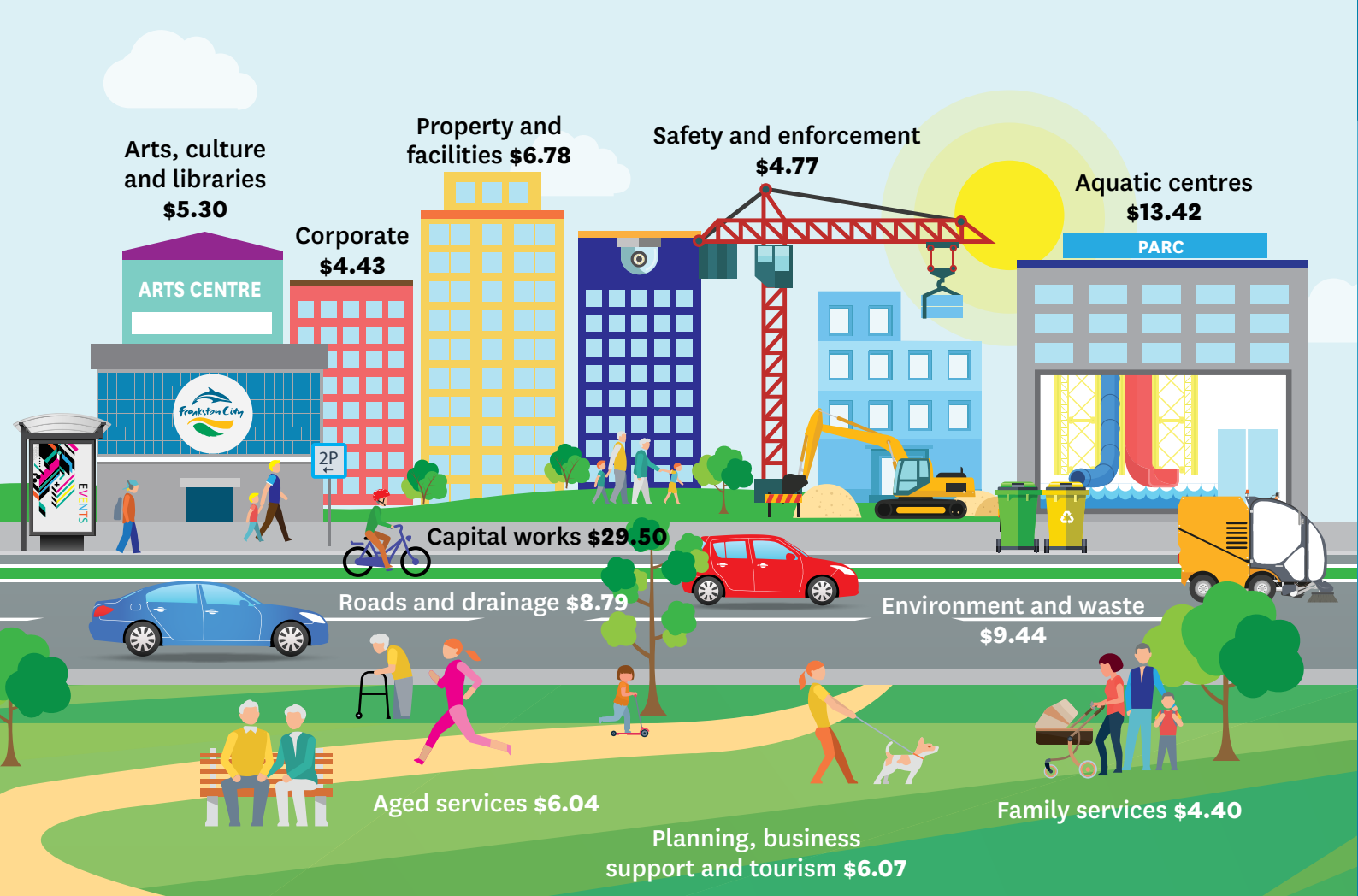
Cr Michael O'Reilly  
Mayor



Phil Cantillon  
Chief Executive Officer

# How rates are allocated

The picture below represents the breakdown for every \$100 Council invests locally





## Financial summary

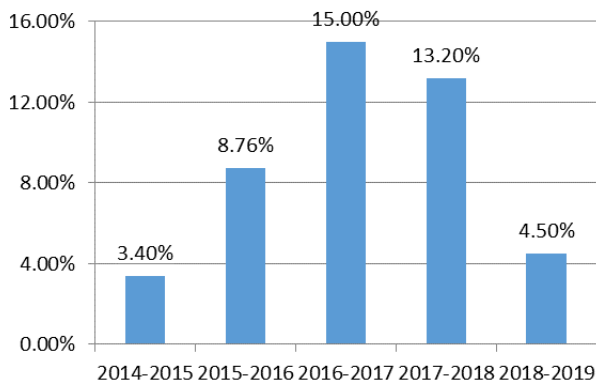
Council’s financial position remains sound. A summary of Council’s performance is outlined below and detailed information is included in the Financial Statements and Performance Statement.

### Operating position

Council achieved a surplus of \$15.700 million in 2018-2019. This surplus compares unfavourably to the surplus of \$30.727 million in 2017-2018. This variation is mainly due to the minimal increase in rates capped at 2.25 per cent being much lower than the operational cost increases during the year such as the cost of material and waste disposal escalating at a higher rate. It is expected that the trend of reducing surpluses will continue in the future.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$8.49 million or 4.5 per cent when compared to adjusted underlying revenue. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$1.68 billion of community assets under Council’s control. Figure 1 below shows the adjusted underlying result ratio since 2014-2015.

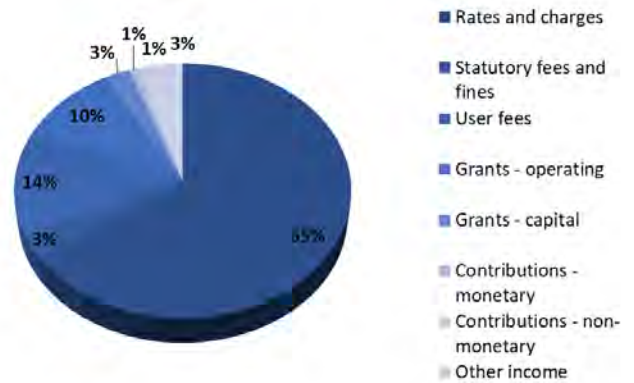
Figure 1: Adjusted underlying result ratio



### Operating Income 2018-2019

The total operating income for the year was \$188.230 million, derived from a number of sources as shown in figure 2 below.

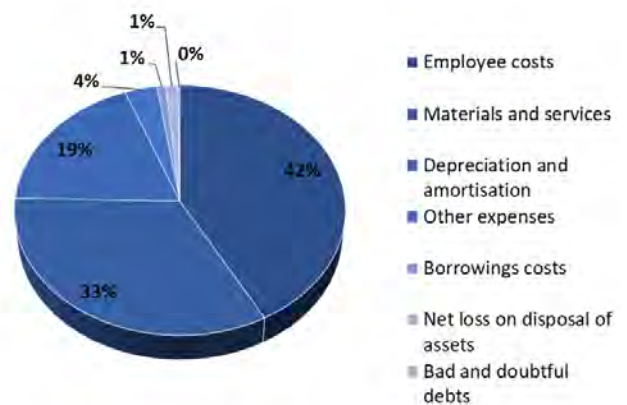
Figure 2: Sources of operating income



### Operating Expenditure 2018-2019

The total operating expenditure for the year was \$172.530 million comprised of the following main categories (see figure 3 below).

Figure 3: Categories of operating expenditure

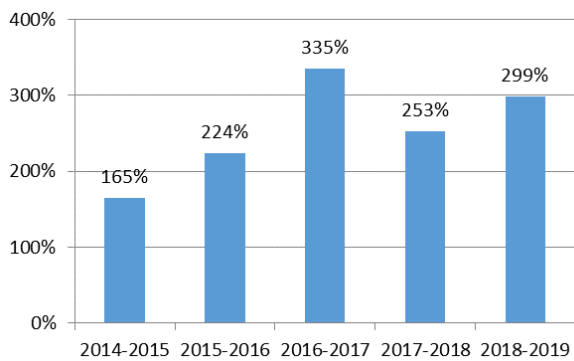


### Liquidity

Cash has decreased by \$3.976 million from 2018-2019 mainly due to a loan being repaid and increased expenditure in the capital works program. 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 result of 299 per cent is an indicator of a satisfactory financial position and well above the target range of 120 to 200 per cent (see figure 4 below).

Figure 4: Working capital ratio

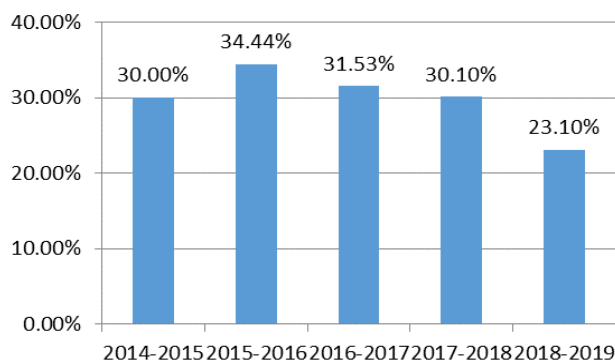


## Obligations

Council aims to maintain its infrastructure assets while also continuing to deliver services needed by the community. Council invested \$25.373 million in asset renewal works during 2018-2019 funded from operational budgets.

At the end of 2018-2019 Council’s debt ratio – which is measured by comparing interest bearing loans and borrowings to rate revenue – was 23.10 per cent, which was within the target range of 20 to 60 per cent. This is a decrease on 2017-2018 (see figure 5 below).

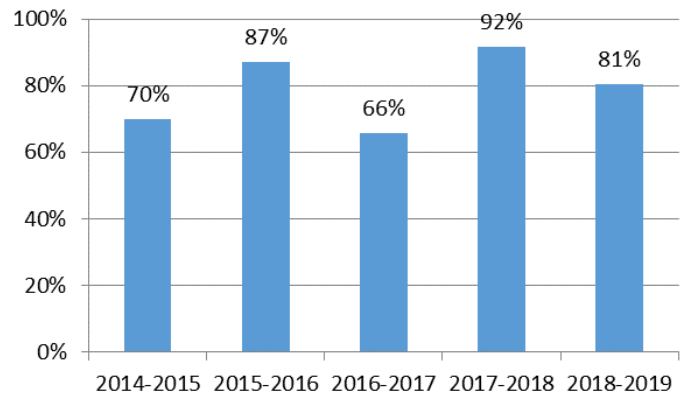
Figure 5: Debt ratio



Council’s asset renewal ratio – measured by comparing asset renewal expenditure to depreciation – was 81 per cent which falls outside

of the target range of 90 to 110 per cent. Figure 6 shows Council’s asset renewal ratio for the past five years has been low, with the exception of 2015-2016 and 2017-2018.

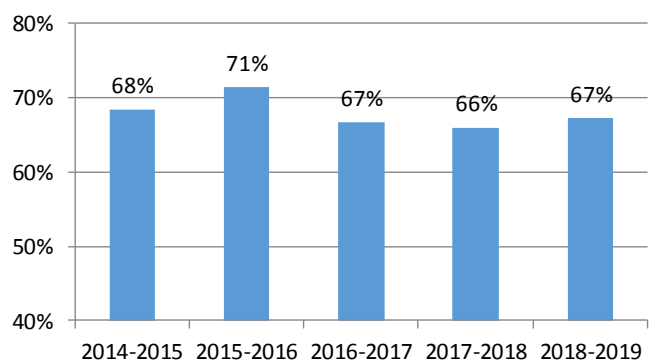
Figure 6: Asset renewal ratio



## Stability and efficiency

Council receives revenue from a wide range of sources including rates, user fees, fines, grants and contributions. Despite this, Council’s rates concentration – which compares rate revenue to adjusted underlying revenue – was 67 per cent for 2018-2019. This is toward the middle of the target range of 40 to 80 per cent. The increase from 2017-2018 was one per cent (see figure 7 below).

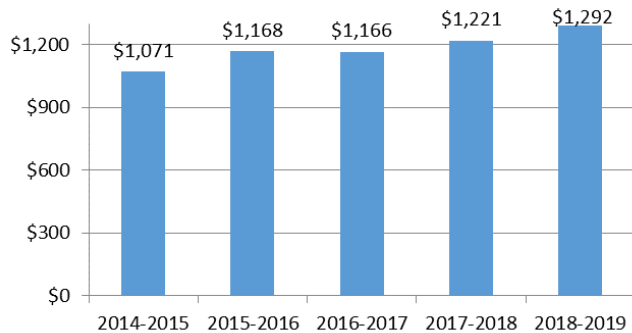
Figure 7: Rates concentration ratio



Council has continued to focus on broadening its revenue base and for 2018-2019 kept its rate increase to 2.25 per cent. This resulted in an average residential rate per residential assessment of \$1,292 which compares favourably to similar councils in the outer metropolitan area. Figure 8

below shows the average residential rate per assessment over the last five years.

Figure 8: Average residential rate per assessment



### Service planning

A Service Planning and Costing Framework was developed by Council in 2016 to address the impact of rate capping, ensure services are customer focused and costed efficiently. In 2017-2018 services were defined and costed to enable setting of service standards and levels. Work has continued during 2018-2019 to prepare service plans for each identified service which will form the basis of the framework for future community consultation as part of the budget planning process.

### Description of operations

Frankston City Council is responsible for more than 150 services, from family health and support services, traffic regulation, economic development and community infrastructure to waste management, planning for appropriate developments and ensuring accountability for Council's budget.

The 2017-2021 Council Plan highlights Council's strategic direction for the next four years and details the priorities, strategic indicators and related strategies. Council has identified 14 strategic priorities that will guide Frankston City towards its goal of becoming the Lifestyle Capital of Victoria.

The delivery of services, facilities, support and advocacy to achieve the strategic objectives is measured by a set of service performance indicators and measures. Council also has a wide

range of responsibilities under Victorian and Australian legislation.

Refer to the 'Our performance' section for more information about Council services.

### Economic factors

Low interest rates on borrowings have continued enabling Council to decrease the budget by \$0.297 million in 2018-2019. The end of year variance was a minor unfavourable variance of \$0.003 million

The performance of the share market has underpinned the sustainability of the Vision Super Defined Benefit fund and Council was advised there would be no call for additional funds in 2018-2019.



## Major capital works

Major Projects delivered in 2018-2019 include:

### Frankston Waterfront Playground

The playground at Frankston Waterfront has been updated as the existing playground was at the end of its lifespan, requiring high levels of ongoing maintenance. The new playground provides a variety of accessible play experiences for children of all ages and abilities.

Key features include:

- Incorporating the iconic 'castles' feature from the existing playground
- Demolition and removal of existing structures
- Construction of custom play structures including ramps, junior and senior play platforms, impact absorbing soft fall, sand play area, hard and soft landscaping
- The installation of play equipment including swings, slides, climbing units and spring rockers

Total budget for the project was \$1,010,893, actual cost was \$1,011,714. Construction began in August 2018 and was completed in February 2019.

### Playground Renewal Program

The project involved the implementation of the Playground Strategy through the design and renewal of play spaces throughout Frankston City. The new playgrounds provide a variety of play experiences for children of all ages from their local communities as well as children attending adjacent neighbourhood childcare centres. Locations include Bruce Park, Southgateway Reserve, Seaford North Reserve, Bayport Reserve and Darnley Reserve.

Key features include:

- Construction of footpaths, shelters, BBQs, picnic tables, impact absorbing softfall, hard and soft landscaping
- Installation of play equipment including swings, slides, climbing units, spring rockers and carousels

Construction started at Bruce Park, Southgateway and Bayport in September 2018 and was complete

by January 2019. Construction started at Seaford North and Darnley Reserve in April 2019 and is scheduled for completion in July 2019. Total budget for the project was \$1,321,369, actual cost was \$1,324,895.

### Road Renewal Program 2018-2019

Council has an annual budget to re-asphalt the existing road surface to maintain safer and better roads for the community. Priority sites are identified based on the current asphalt or road conditions data.

Key features include:

- Improving road surface conditions
- Profiling the edge of road surface
- Placing an asphalt overlay over the existing road surface

The project budget was \$2,841,010, actual project cost was \$2,856,304. The project began in July 2018 and was completed in June 2019.

### Valley Road, Langwarrin - Road Reconstruction (McClelland Drive to Potts Road)

The project included providing a newly sealed road surface for approximately one kilometre from McClelland Drive to Potts Road. Reconstructing the road provided the opportunity to remove dust related issues previously experienced by nearby residential estates. The project also improves road safety and drainage conditions, with works minimising the impact to native vegetation, whilst integrating with the character of the area.

Key features include:

- A newly sealed road surface through reconstruction of the road
- Installation of six slow points (traffic chicanes)
- Street lighting, signage and line marking
- Minor drainage works

The total cost of the project was \$766,393. Construction began in February 2019 and was completed in April 2019.

### McClelland Reserve Car Park Construction

McClelland Reserve car park has been converted from an unsealed gravel car park into a sealed carpark with drainage and a linking path connecting new car park to the Dog Obedience and Soccer facilities. The project ensures an accessible car park is in place serving both the existing Dog Obedience and Soccer facilities in the reserve. The car park and reserve are located on a former landfill site meaning that planning, design and construction of the facilities had to be considerate of planning, building and EPA requirements.

Key features include:

- Providing 152 car park spaces including four disabled parking bays
- New drainage infrastructure to service the car park
- Solar lighting to assist with night time safety and security
- Internal footpath network linking car parks with existing facilities

Construction started in February 2019 and was completed in June 2019. The actual project cost was \$1,056,707.

### McClelland Drive shared path

McClelland Drive shared path will link existing pathways at Centenary Park Drive and Darnley Drive, Langwarrin. The varying alignment of the path has been adopted to work with the existing ground levels and to minimise tree removals along the route. It will link existing Darnley Drive path and the residential area to recreation facilities along McClelland Drive and also connect residents living in the estates along McClelland drive to the Pines Flora and Fauna Park.

Key features include:

- Construction of a new 2.5 metre wide concrete shared path and sections of concrete kerb along the road reserve.

Total project budget was \$1.2 million. Construction started in March 2019 and is expected to be completed mid-August 2019.

### Construction of Newton Avenue and Weeroona Road - Special Charge Scheme

The road construction project provides a sealed road pavement, improving road conditions for residents, reducing ongoing maintenance, and improving road safety including provision of turn lanes on Warrandyte Road at the intersection of Newton Avenue.

Key features include:

- Road pavement, kerb and channel, stormwater drainage
- street lighting
- Planting to re-establish onsite indigenous vegetation

The total project budget was \$2.4 million, the actual project cost was \$2.3 million. Construction began in November 2018 and was completed in July 2019.



Photo: 2 Works being completed at Valley Road, Langwarrin and maintenance works in progress at George Pentland Botanic Gardens.





Photo: 3 The Community Engagement Team launch the 'Love Where You Live' project.



## Major changes

### Chief Executive Officer

Following the resignation of Chief Executive Officer, Dennis Hovenden following seven years of service, it is expected that a new Chief Executive Officer will be in place by the end of 2019.

*During the recruitment period an interim Chief Executive Officer (Phil Cantillon) is in place to facilitate the continued smooth running of the organisation.*

### Values

Following the results of the Staff Engagement and Alignment Survey cross functional working groups were established under the key themes identified in the survey.

The key themes were:

- Leadership, Strategic Direction
- Workplace and Technology
- Reward and Recognition
- Communication
- Learning and Development

The working groups identified that Council needed to refresh its corporate values. A refreshed set of Values were launched in June 2019.

Embedding the new values across the organisation will be an ongoing process.

## Major achievements

### Advocacy

Following a strong advocacy campaign by Council during the Victorian and federal elections, the latest Victorian Budget will deliver over \$36 million towards Frankston City projects.

### New policies and strategies adopted

The Towards Zero Emissions Plan (2019-2023) was adopted by Council in January 2019, providing a four-year plan to guide Council's investment in reducing energy use and greenhouse gas emissions, whilst supporting the uptake of renewable energy.

The Long Term Infrastructure Plan (LTIP) has been adopted by Council and aligns with the Long Term Financial Plan (LTFP).

An enhanced Business Risk Management framework and new strategic risk profile developed that is aligned with Council Plan objectives.

The review and update of Council's Asset Management Policy is complete and endorsed by Council.

The 2018-2019 condition audit programme has been completed and finalised, which included condition audits of Council's road network, kerb and channel stormwater drainage assets, bridge and pedestrian structures, and tennis infrastructure.



*Photo: 4 Frankston City coastline.*

## City profile

Frankston City is located on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne CBD. The city covers an area of about 131 square kilometres from the Seaford Wetlands in the north, to Frankston South in the South and the Western Port Highway in the east. The western boundary of the city is made up of 11 kilometres of coastline. The Estimated Resident Population (ERP) is 141, 845, forecast to grow to 163,610 people by 2041 as of September 2018.

Frankston City comprises the suburbs of Frankston, Frankston South, Frankston North, Seaford, Carrum Downs, Langwarrin, Langwarrin South, Karingal, Sandhurst and Skye and is strategically placed as the regional centre of the Mornington Peninsula and the south-east growth corridor of Melbourne.

The city's main industries include health care and community services, manufacturing, retail trade, education and training. Frankston City is recognised for its parks and natural reserves, vibrant lifestyles, diverse community and growing business, arts, education and health sectors.

Frankston City provides recreation, leisure and entertainment facilities for a population catchment far greater than its city boundaries and hosts a number of popular venues, events and attractions such as the Frankston Arts Centre, McClelland Sculpture Park + Gallery and The Waterfront Festival.

Frankston City is experiencing a rapid change in perception and landscape. Major Victorian and Australian Government investment in the form of the Frankston Station redevelopment and the transformation of Young Street has spurred investor confidence and outside interest.

Coupled with the expansions of Peninsula Health's Frankston Hospital and Chisholm TAFE, and the convenient proximity to Monash University's Peninsula Campus, these projects have also been a catalyst for private development, most notably throughout the city centre in the form of offices and apartments.

## Our Council

### Council offices

Frankston Civic Centre  
30 Davey Street, Frankston  
PO Box 490, Frankston VIC 3199  
Phone: 1300 322 322  
Website: [frankston.vic.gov.au](http://frankston.vic.gov.au)  
Email: [info@frankston.vic.gov.au](mailto:info@frankston.vic.gov.au)  
Hours: Monday to Friday 8.30am-5pm

Langwarrin Customer Service Centre  
Shop 6, Gateway Village Shopping Centre,  
230 Frankston-Cranbourne Road, Langwarrin  
Hours: Monday to Friday 9am-5pm  
Saturday 9am-12pm

Seaford Customer Service Centre  
Seaford Community Centre  
1/6R Broughton Street, Seaford  
Hours: Monday to Friday 9am-5pm  
Saturday 9-11.45am

Frankston Visitor Information Centre  
7N Pier Promenade, Frankston Waterfront  
Phone: 1300 322 842  
Website: [visitfrankston.com](http://visitfrankston.com)  
Hours: Monday to Sunday 10am-4pm



*Photo: 5 Customer Service staff outside the Civic Centre.*

Frankston Library  
60 Playne Street, Frankston  
Phone: 03 9784 1020  
Hours: Monday to Wednesday 9am-8pm  
Thursday and Friday 9am-6pm  
Saturday and Sunday 10am-4pm

Carrum Downs Library  
203 Lyrebird Drive, Carrum Downs  
Phone: 03 8773 9539  
Hours: Monday to Wednesday 11am-6pm  
Thursday 1-8pm  
Friday 9.30am-4.30pm  
Saturday 11am-4pm  
Sunday 12-4pm

Seaford Library  
1/6R Broughton Street, Seaford  
Phone: 03 9784 1048  
Hours: Monday to Friday 9am-5pm  
Saturday 9am-12pm



# Councillors

## South Ward: Frankston, Frankston city centre, Frankston South, Langwarrin South

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**Cr Brian Cunial**

**Phone:** 0400 236 977

**Email:** [crcunial@frankston.vic.gov.au](mailto:crcunial@frankston.vic.gov.au)

**Elected to Council:** 2016, 2012 and 2008



**Cr Quinn McCormack**

**Phone:** 0419 446 930

**Email:** [crmccormack@frankston.vic.gov.au](mailto:crmccormack@frankston.vic.gov.au)

**Elected to Council:** 2016



**Cr Steve Toms**

**Phone:** 0418 953 576

**Email:** [crtoms@frankston.vic.gov.au](mailto:crtoms@frankston.vic.gov.au)

**Elected to Council:** 2016

## North-East Ward: Carrum Downs, Langwarrin, Sandhurst, Skye

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**Cr Sandra Mayer**

**Phone:** 0400 236 107

**Email:** [crmayer@frankston.vic.gov.au](mailto:crmayer@frankston.vic.gov.au)

**Elected to Council:** 2016, 2012 and 2008



**Cr Colin Hampton — Deputy Mayor**

**Phone:** 0400 236 109

**Email:** [crhampton@frankston.vic.gov.au](mailto:crhampton@frankston.vic.gov.au)

**Elected to Council:** 2016, 2012, 2008, 2005, 1993 and 1987



**Cr Michael O'Reilly — Mayor**

**Phone:** 0418 721 679

**Email:** [coreilly@frankston.vic.gov.au](mailto:coreilly@frankston.vic.gov.au)

**Elected to Council:** 2016 and 2012

## North-West Ward: Frankston, Frankston North, Karingal, Seaford

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**Cr Glenn Aitken**

**Phone:** 9786 3247

**Address:** PO Box 490, Frankston VIC 3199

**Elected to Council:** 2016, 2012, 2008, 2005, and 2003



**Cr Kris Bolam JP**

**Phone:** 0417 921 644

**Email:** [crbolam@frankston.vic.gov.au](mailto:crbolam@frankston.vic.gov.au)

**Elected to Council:** 2016 and 2008






**Cr Lillian O'Connor**

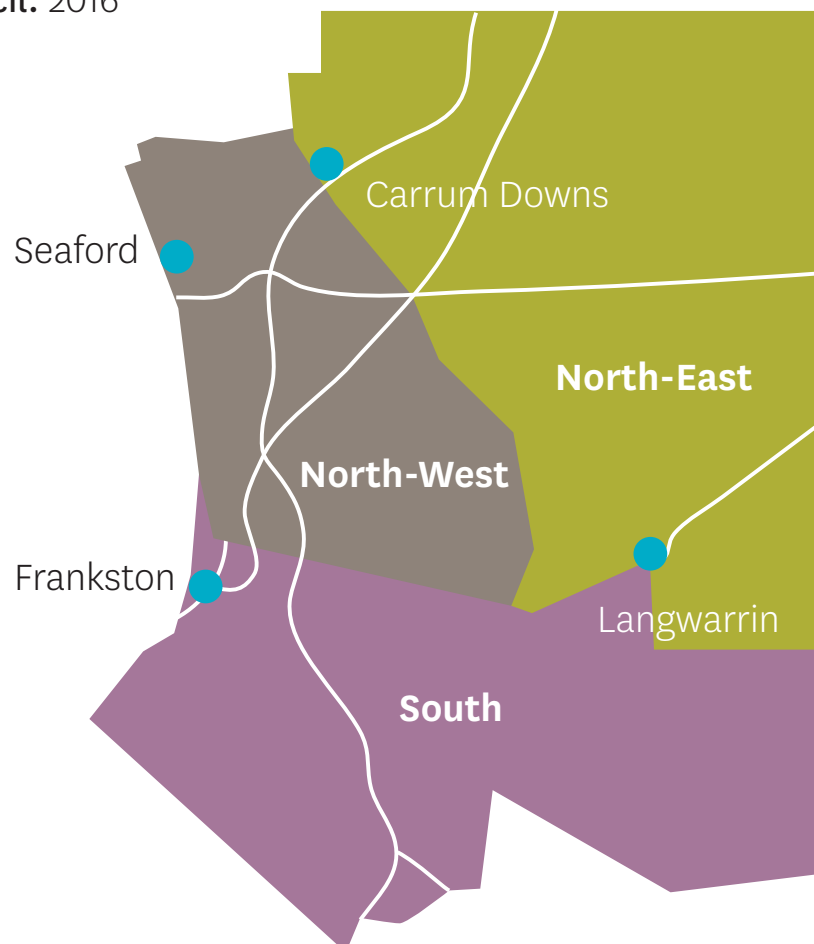
**Phone:** 0419 298 838

**Email:** [croconnor@frankston.vic.gov.au](mailto:croconnor@frankston.vic.gov.au)

**Elected to Council:** 2016

### Ward map

-  NORTH-EAST WARD
-  NORTH-WEST WARD
-  SOUTH WARD



# Our people

## Organisational structure

Council is the governing body that appoints the Chief Executive Officer (CEO). The CEO has responsibility for the day-to-day management of Council’s operations in accordance with the strategic directions of the Council Plan 2017-2021.

The CEO, Director Corporate Development, Director Community Development and Director Community Assets form the Executive Management Team (EMT) and lead the organisation.

Details of the CEO and senior officers reporting directly to the CEO at 30 June 2019 are set out below.

Dennis Hovenden Chief Executive Officer		
<p><b>Tim Frederico</b> <b>Director Corporate Development</b></p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Governance and Information</li> <li>• Business and Information Technology</li> <li>• Commercial Services</li> <li>• Community Relations</li> <li>• Financial and Corporate Planning</li> <li>• Human Resources</li> <li>• Recycling Services</li> </ul>	<p><b>Dr Gillian Kay</b> <b>Director Community Development</b></p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Arts and Culture</li> <li>• Community Safety</li> <li>• Community Strengthening</li> <li>• Family Health Support Services</li> <li>• Operations</li> <li>• Planning and Environment</li> </ul>	<p><b>Phil Cantillon</b> <b>Director Community Assets</b></p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Capital Works Delivery</li> <li>• Engineering Services</li> <li>• Sustainable Assets</li> <li>• Buildings and Facilities</li> </ul>



## Organisational chart

The organisational structure of Frankston City Council is shown below.

Figure 9: Frankston City Council organisational structure at 30 June 2019



## Council workforce

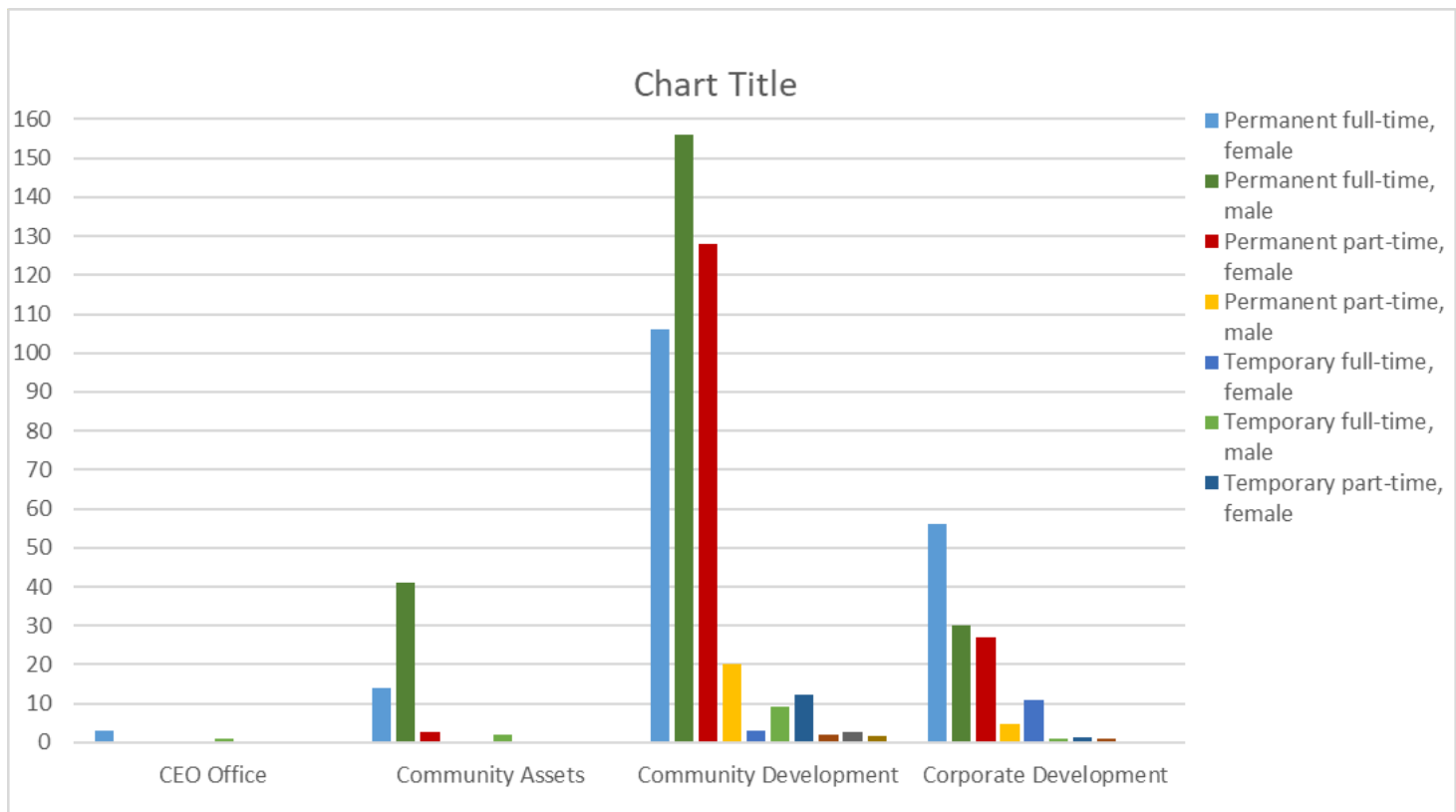
As at 30 June 2019, Frankston City Council employed 991 employees comprising full-time, part-time, temporary and casual employees. In 2018-2019, the turnover of permanent employees was 11.79 per cent, which is 1.45 per cent lower than the 2017-2018 figure of 13.24 per cent and 2.4 per cent lower than the 2016-2017 figure of 14.19 per cent.

A summary of the number of full-time equivalent (FTE) Council employees by organisational structure, employment type and gender is set out in Table 1 and Figure 10.

Table 1: Number of Council employees (FTE) by organisational structure, employment type and gender

Employee type and gender	CEO Office	Community Assets	Community Development	Corporate Development	Total
Permanent full-time, female	3.00	14.00	106	56.00	<b>179.00</b>
Permanent full-time, male	0.00	41	156.00	30.00	<b>227.00</b>
Permanent part-time, female	0.00	2.80	128.11	27.05	<b>157.96</b>
Permanent part-time, male	0.00	0.00	20.18	4.81	<b>24.99</b>
Temporary full-time, female	0.00	0.00	3.00	11.00	<b>14.00</b>
Temporary full-time, male	1.00	2.00	9.00	1.00	<b>13.00</b>
Temporary part-time, female	0.00	0.00	12.28	1.38	<b>13.66</b>
Temporary part-time, male	0.00	0.00	1.89	0.90	<b>2.79</b>
Casual, female	0.03	0.00	2.82	0.18	<b>3.03</b>
Casual, male	0.00	0.03	1.53	0.11	<b>1.64</b>
<b>Total</b>	<b>4.03</b>	<b>59.80</b>	<b>440.81</b>	<b>132.43</b>	<b>637.07</b>

Figure 10: Number of Council employees (FTE) by organisational structure, employment type and gender



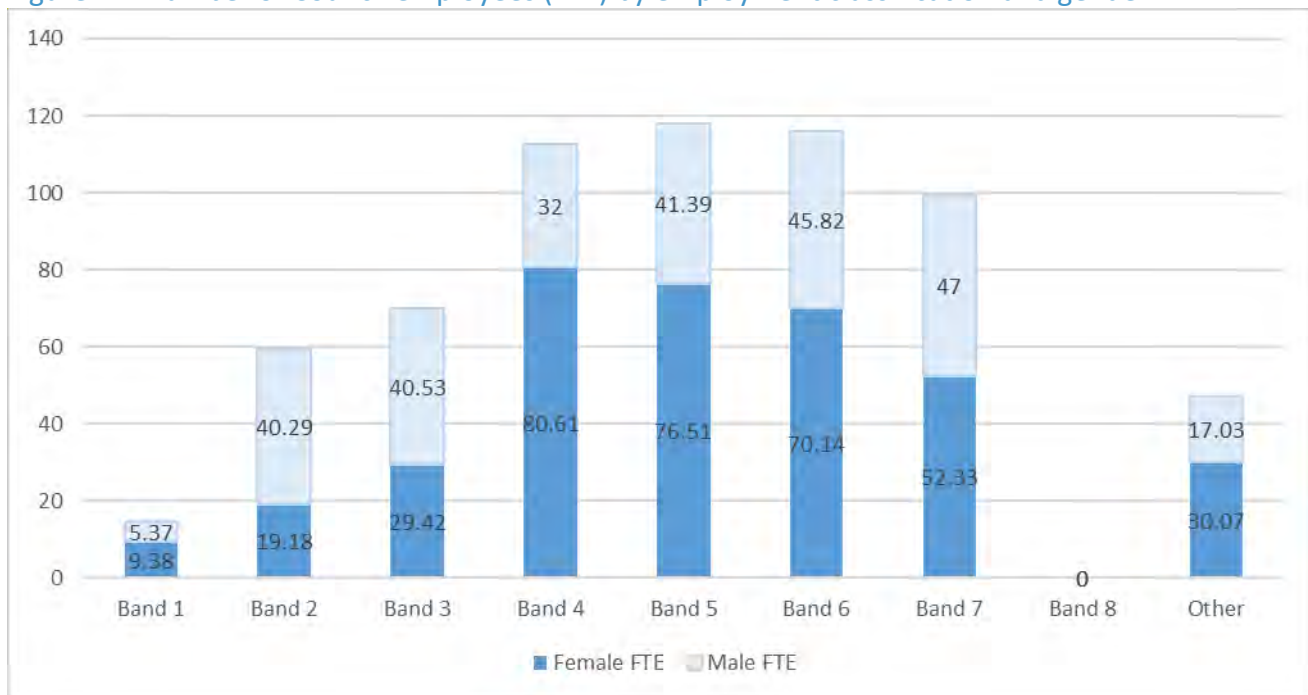
A summary of the number of FTE employees categorised by employment classification and gender is set out below in Table 2 and Figure 11.

Table 2: Number of Council employees (FTE) by employment classification and gender

Employee Classification	Female FTE	Male FTE	Total FTE
Band 1	9.38	5.37	<b>14.75</b>
Band 2	19.18	40.29	<b>59.47</b>
Band 3	29.42	40.53	<b>69.95</b>
Band 4	80.61	32	<b>112.61</b>
Band 5	76.51	41.39	<b>117.9</b>
Band 6	70.14	45.82	<b>115.96</b>
Band 7	52.33	47	<b>99.33</b>
Band 8	0	0	<b>0</b>
Other	30.07	17.03	<b>47.1</b>
<b>TOTAL</b>	<b>367.64</b>	<b>269.43</b>	<b>637.07</b>



Figure 11: Number of Council employees (FTE) by employment classification and gender



\* Other classifications – includes junior employees, apprentices, aerobics instructors, SEOs, SOs and nurses on contract.

## Equal Employment Opportunity

Council aims to provide a workplace free from all discrimination, harassment, victimisation and bullying. The principles of Equal Employment Opportunity (EEO) are upheld in all our activities. Council also protects and promotes the human rights of all employees in accordance with the *Charter of Human Rights and Responsibilities Act 2006*.

Council is progressively reviewing all human resource management policies and procedures to ensure they are up to date and consistent with statutory obligations.

This year, our Induction Program was reviewed to ensure increased awareness of Council’s expectations in relation to appropriate workplace behaviour, and to more fully explain the EEO principles and the behaviours that are unlawful under equal opportunity legislation.

The Victorian Human Rights and Equal Opportunity Commission delivered this section of the Induction Program to highlight the importance placed on it by Council.

In 2018-2019 Council updated and implemented the Appropriate Workplace Behaviours procedure following review by the Staff Consultative committee and endorsed by the EMT.

In 2019-2020, Council will review and update the Staff Code of Conduct to ensure they reflect contemporary requirements and statutory obligations.

## Other employment matters

### Human Resources Strategy

The Human Resources Strategy 2017-2021 was endorsed by the EMT in November 2017. The Strategy focusses on four key pillars:

- Culture
- Leadership
- People
- Environment

Under each of the pillars, there are a number of outcomes and priority actions; priorities for 2018-2019 include:

- Developing and implementing workforce planning
- Reviewing the Staff Code of Conduct
- Enhancing Council's Induction Program
- Implementing the outcomes of the employee engagement survey
- Reviewing Council's reward and recognition program

The Human Resources Strategy supports Council's ability to achieve the required organisational culture, and recognises the fundamental role of our

people and our organisational culture in achieving the Council Plan. The Strategy sets out priorities and actions which will facilitate achievement of the recommendations of the report by Council's Internal Auditors on Workforce Planning.

We have also monitored the progress of the *Local Government Bill 2019*, currently before Victorian Parliament, which, if it comes into effect, will make a number of significant changes to employment related matters.

### Enterprise Agreement

Council's Enterprise Agreement was approved by the Fair Work Commission in May 2018. The Agreement formally came into operation on 29 May 2018, with a nominal expiry date of 31 March 2019.

Negotiations began on the new Enterprise Agreement on 11 February 2019, with negotiations still progressing as at 30 June 2019. The Bargaining Committee is comprised of 18 staff/union delegates from across the organisation and three union organisers.



Photo: 6 Staff attending Recognition of Service Awards and Harmony Day celebrations.

## Learning and Development

Following the Staff Engagement Survey results in March 2018, the EMT created six working groups based on key areas of improvement, with Learning and development being one of those groups. The group met a number of times and undertook a survey to determine training needs and areas of focus.

A new Learning and Development Outcomes Framework was developed in consultation with the Learning and Development Working Group, which identifies the key capabilities or outcomes that we are aiming for with all of our learning and training initiatives. The Framework is used to determine the appropriateness of training or learning activities as well as measuring its success.

The Outcomes Framework has four components:

- Work - getting things done
- Leadership -strategic and accountable
- Self - being the best you can be
- Others - collaborating and influencing, with the customer being at the centre of everything we do



Photo: 7 Learning and Development Outcomes Framework.

Over the last twelve months, the volume of training has increased significantly with 113 courses being delivered, impacting 1,353 employees and resulting in 7,033 training hours across the organisation.

Planning commenced to procure a Learning Management System (LMS) which will improve the variety of training offered, provide a flexible platform for employees to learn “anywhere” at “anytime” as well as improving the efficiency of training administration, records and reporting. The system will be delivered early in 2019-2020.

## Induction

Effective and engaging induction is the key to creating a positive and welcoming environment for new employees and ensuring that new employees have an understanding of their rights and responsibilities as employees of Council. Induction sessions are held quarterly and currently include two face to face days with a tour around the municipality so new employees are aware of our key facilities, locations and services.

The Human Resources Department is continuing to review and improve the Corporate Induction Program. Feedback and evaluation assessments from those sessions will be used to inform changes and improvements to ensure that we provide a valuable and beneficial Induction for all new employees. Some of the enhancements for 2019-2020 will be the introduction of an online Corporate Orientation module so that new employees can access important information they require for their jobs sooner.

## Human resources policies and procedures

Council is continuing to review and update all human resource management policies and procedures to ensure they are contemporary and accurately reflect any new or changed provisions of the Enterprise Agreement and statutory requirements.



## Staff Engagement and Alignment Survey

A Staff Engagement and Alignment Survey was undertaken during February and March 2018. The results of the Survey were presented to the Council and EMT in June 2018. One of the priority actions this year has been to create cross functional working groups under the key themes identified in the survey.

The key themes were:

- Leadership
- Strategic Direction
- Workplace and Technology
- Reward and Recognition
- Communication
- Learning and Development

Each working group explored more deeply the survey data, consult further with staff and to develop and implement actions to respond to the issues. The action that was consistent across all of the working groups was that Council needed to refresh its corporate values and align to

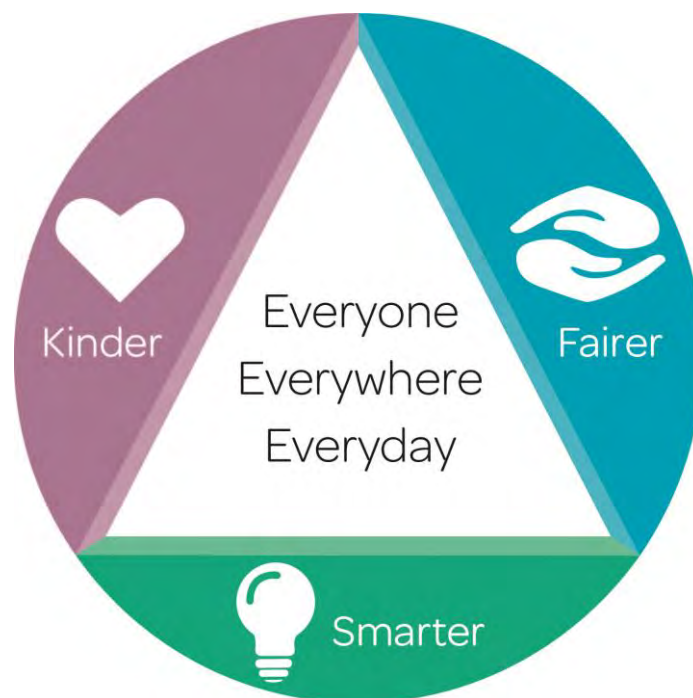
recruitment processes, code of conduct, recognition and performance reviews.

The Staff Engagement and Alignment Survey will be conducted biennially. Regular pulse surveys will be conducted between the organisational surveys to check on and monitor progress on issues and the effectiveness of actions implemented.

## Values Refresh

A refreshed set of Values were launched in June 2019 following extensive staff consultation. Staff had the opportunity to input into the process through a survey and a number of focus groups held at various locations. We aimed to create values that were both core and aspirational, that really differentiated what we wanted to stand for as an organisation. Values such as respect, honesty and integrity underpin the values that were developed.

Our new values are **Kinder – Smarter – Fairer** for everyone, everywhere, every day.



*Photo: 8 Frankston City Council new staff corporate values.*



Photo: 9 Staff attending the launch of the new corporate values.

## Occupational Health and Safety (OH&S)

The Health and Safety team continue to endorse the council message of safety in the workplace. With the support of the Health and Safety representatives in each location across Council has continued to ensure hazards are identified and measures put in place to control and reduce the likelihood of injuries to employees, volunteers, contractors and the community.

Our commitment to providing employees with a healthy and positive workplace is ongoing and includes access to:

- Employee Assistance Programs
- Health and wellbeing programs (i.e. Flu Vaccinations, Lunch and Learn sessions)
- Early Intervention programs to assist employees to stay at work if they are injured
- Ergonomic workstation assessments to ensure best practice is observed in workplace design and accommodation

With plans to expand the range of programs for employees we anticipate that overall wellbeing in our workforce will increase and reinforce a positive cultural shift as a consequence.

## Injury management

The Early Intervention Program has been effective in allowing employees to stay at work if they are injured, or return to work in a way that will not compromise their recovery. With further programs being developed in conjunction with our Learning and Development partners, we will focus on developing the skills of our Managers and Team Leaders to be able to respond to the challenges that managing a team presents, focus on improving the safety awareness and skills of our teams and embed these improvements into what we do every day.

## The year ahead in Health and Safety

A significant part of our focus for 2019-2020 will be on wellbeing and self-care, awareness and compliance with procedures and providing relevant and current data reporting to managers to develop key focus areas that will ultimately reduce our risk and reinforce our commitment to improving the health, safety and wellbeing of our employees.

### Health and Safety planned initiatives:

- Improvements to the current OH&S management system to enable improved reporting
- Monthly workplace inspection program to identify potential risk factors and implement controls
- Engagement with senior stakeholders in Safety Consultation forums to drive stronger engagements
- Improved Health and Safety procedures to promote better awareness of employee health and safety
- Implementing the new Enterprise Agreement, building organisational capabilities including leadership development, statutory responsibilities and compliance

Work will continue on a number of initiatives started this year, including:

- Communicating and implementing new human resources procedures
- Implementing the Human Resources Strategy
- Enhancing the professional development and capacity of our employees
- Addressing issues identified in the Staff Engagement and Alignment Survey
- Further improving human resources reporting and information for management to facilitate workforce planning and enhanced decision making
- Strengthening Council's hazard and risk identification program to be a more proactive process



- Delivering a positive OH&S culture change program for all employees
- Reducing the Lost Time Injury Frequency Rate (LTIFR)
- Procuring a new Payroll system and Rostering and Time and attendance system
- Better communication with injured employees to improve and facilitate return to work arrangements
- Implement the new “My Learning” portal/Learning management system
- Develop a new online module for Induction to complement the face to face induction
- Implement the new Leadership Capability Framework and incorporate into the “My Learning” portal
- Improve Human Resources reporting



*Photo: 10 Odie, Council's official Wellness Dog. Odie comes to work one day a week and then as demand requires.*



# Our performance

## Planning and Accountability Framework

The Planning and Accountability Framework is found in Part 6 of the *Local Government Act 1989* (the Act). The Act requires councils to prepare the following planning and reporting documents:

- A Council Plan within six months after each general election or by 30 June, whichever is later
- A strategic resource plan for a period of at least four years and include this in the council plan
- A budget for each financial year
- An annual report in respect of each financial year

Figure 12 below shows the relationships between the key planning and reporting documents that make up the Planning and Accountability Framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.

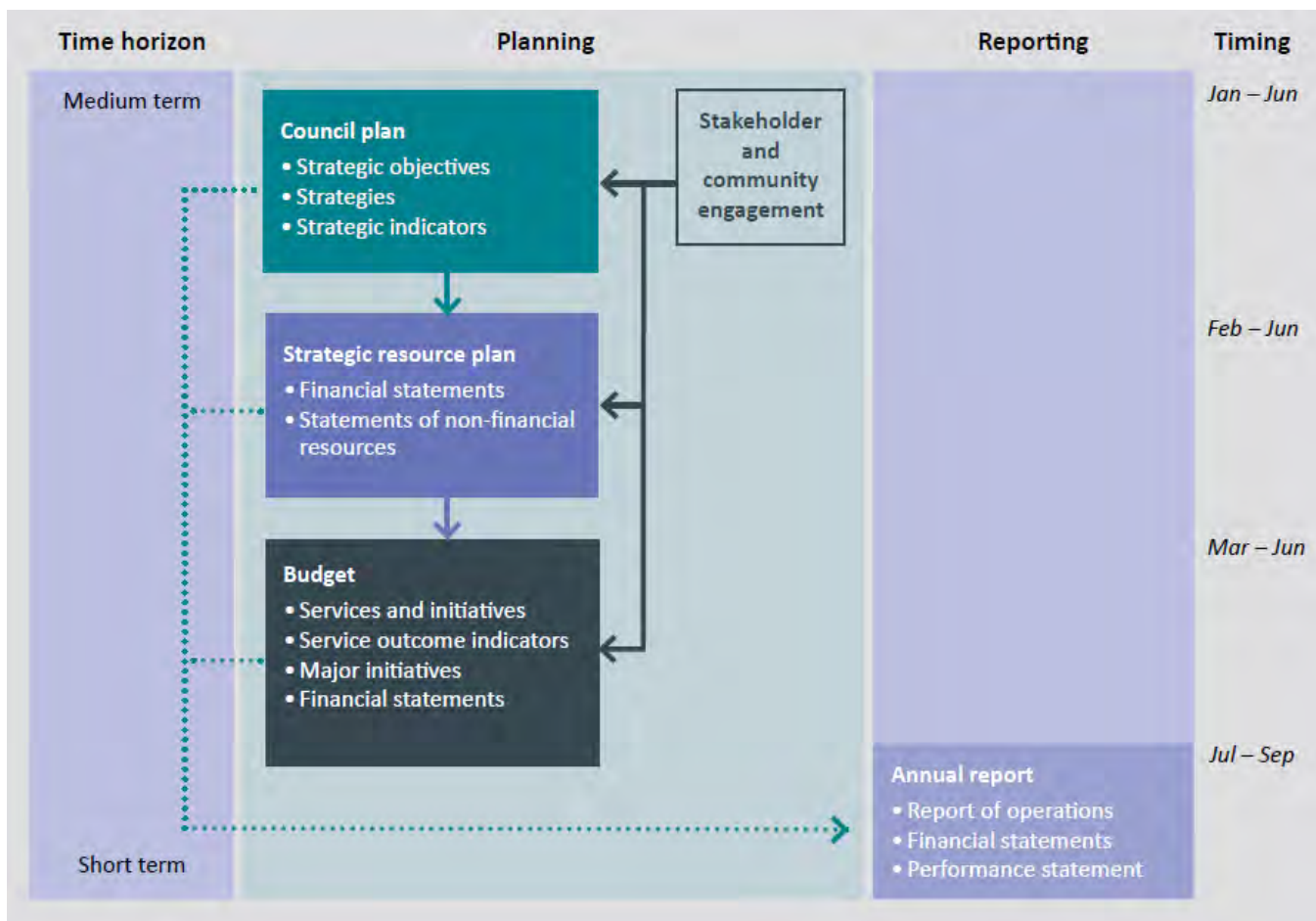


Figure 12: Planning and Accountability Framework

## Council Plan

The Council Plan 2017-2021 is the strategic document which guides the planning, development, allocation of resources and provision of services to the Frankston City Community.

The Council Plan 2017-2021 includes:

- Four long term community outcomes
- Strategies for achieving the community outcomes for at least four years
- Strategic indicators for monitoring achievement of the strategic objectives
- Strategic Resource Plan

The following are the four long term community outcomes as detailed in the Council Plan.

### Long term community outcome one: A Planned City

A vibrant city providing housing, stunning beaches, a beautiful natural environment and arts and cultural experiences. Everything you want at your doorstep—shopping, education, employment, recreation and a lifestyle the envy of others.

### Long term community outcome two: A Liveable City

Welcoming neighbourhoods, green streets and thoroughfares, parks and natural reserves, an active foreshore and vibrant town centres delivering a living environment that is second to none. An active and healthy community that is connected through participation in activities at our local and regional sporting facilities, events and festivals.

### Long term community outcome three: A Well Governed City

An elected Council that is driven by the privilege of serving its community and providing leadership and vision to ensure Frankston City is recognised as the Lifestyle Capital of Victoria.

### Long term community outcome four: A Well Managed City

Proudly delivering services to improve our community's lifestyle. An organisation that is recognised amongst its peers as a leader in the sector and one that is founded upon its engagement and connection to its community.

## Performance

Council's performance for the 2018-2019 year has been reported against each long term community outcome to demonstrate how Council is performing in achieving the 2017-2021 Council Plan.

Performance has been measured as follows:

- Results achieved in relation to the strategic indicators in the Council Plan
- Progress in relation to the major initiatives identified in the budget
- Services funded in the budget and the persons or sections of the community who are provided those services
- Results against the prescribed service performance indicators and measures

## Long term community outcome one: A Planned City

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators for strategies included in the Council Plan.

**Table 3: A Planned City – strategic indicators**

Strategic Indicator	2017-2018	2018-2019	Progress comments
New dwellings in Frankston Metropolitan Activities Centre (FMAC)	29	6	The result in 2017-2018 reflects the construction of a block of Apartments near Bayside shopping centre. The current annual total saw more construction of stand-alone dwellings within the FMAC area.
Council's greenhouse gas emissions	16,218 (2016-2017 new baseline year)	16,203 tonnes	Emissions in 2018-2019 were 16,203 tonnes of carbon dioxide equivalent. This is a 2.3per cent (or 359 tonne) increase from 15,844 tonnes in 2017-2018. This is mainly due to an increase in electricity and gas usage at PARC, the Frankston Arts Centre and Library. Results for 2018-2019 are comparable to the baseline year of 16,250 tonnes in 2016-2017.
Kerbside collection waste diverted from landfill	53%	54%	An increase in kerbside garden waste service uptake and initiatives such as the Garage Sale Trail has resulted in an increased diversion of waste from landfill.
Adopt a Green Wedge Management Plan	In Progress	In Progress	Public Exhibition of the draft plan was completed in June 2019. Over 150 written submissions have been received which will be reviewed prior to submitting it to Council for adoption, later in 2019.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018-2019 Budget.

**Table 4: A Planned City – Major Initiatives**

Four Year Priorities Council Plan 2017-2021	Major Initiatives 2018-2019 Year Two	Progress comments
Develop a Coast Guard facility and Boat Refuge	Complete preliminary studies and further community consultation for development of a breakwater and boat refuge	Concept planning and outcomes of the community consultation were reported to Council in April 2019.
Work with the Victorian Government to develop a business case for a catalyst development as a further stage of the Frankston Station Precinct Redevelopment	Work with the Australian and Victorian Governments to develop a business case to relocate departments to Frankston	Advocacy continues with both the Australian and Victorian Government to gain “in principle” agreement to undertake a feasibility study.

The following statement reviews the progress of Council in relation to initiatives identified in the 2018-2019 Budget.

**Table 5: A Planned City – initiatives**

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
Advocate to Government for: <ul style="list-style-type: none"> <li>- Electrification to Baxter</li> <li>- Funding for Regional Sporting Facilities, including:</li> </ul>	Continue to advocate to the Australian and Victorian governments for funding of key priorities	The latest Victorian Budget will deliver over \$36 million towards Frankston City projects. Council continues to work with Centenary Park stakeholders on options to advance the project, and has requested a meeting with the Federal Treasurer and Minister for Population, Cities and Urban Infrastructure to discuss federal funding for other projects within Frankston City.



Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<ul style="list-style-type: none"> <li>- Belvedere Reserve</li> <li>- Jubilee Park Netball Stadium</li> <li>- Centenary Park Regional Tennis facility</li> <li>- National Broadband Network (NBN) Rollout</li> </ul>		
Undertake a feasibility study to relocate Council's Operations Centre and allow for an exemplar urban renewal project	Identify potential sites for the relocation of the Operations Centre	The feasibility of the current Operations Centre has highlighted opportunities for improved efficiency on a smaller allocation of land with better storage and accommodation. A further assessment of the Operations Centre is also being undertaken.
Ensure built form, displays architectural excellence and embodies creative urban design	Improve architectural excellence outcomes through the review and revision of the Frankston Planning Scheme	The first meeting of the new Design Advisory Committee (DAC) was held in June 2019 and will meet quarterly. This is an additional source of advice to Council on the design assessment of new development and major capital works projects.
Improve public car parking options	Endorse the Developer Contribution Scheme Amendment for approval by the Minister	Amendment C111 to introduce a cash-in-lieu scheme for car parking in the city centre was approved by the Minister in November 2018. A dedicated fund has been established for this purpose.
Protect the natural and coastal environment whilst maximising the	Work with the Victorian Government to find a long term solution to the management of silt in Kananook Creek	A 'citizen science' initiative to help identify silt entry points into Kananook Creek has been established in partnership with Melbourne Water.

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
use and enjoyment of the foreshore	Develop and implement a policy to protect indigenous and native vegetation cover against increasing development and use	A review and update of Council's vegetation mapping has been completed. This information will be used to update the vegetation protection overlay maps and have provisions included in the Frankston Planning Scheme.
Reduce Council's energy use and greenhouse emissions and progress towards carbon neutrality	Implement priority actions in the Energy and Emissions Reduction Plan	Council adopted the Towards Zero Emissions Plan (2019-2023) in January 2019. Key energy efficiency and solar projects are included in Council's Long-Term Infrastructure Plan.
Establish the Frankston Regional Recycling and Recovery Centre (FRRRC) as the south east's regional solution for resource recovery	Continue to develop the FRRRC as the South East's regional solution for resource recovery	A \$100,000 Victorian Government grant was received to construct an e-waste storage shed as part of our response to the e waste ban from landfill in July 2019. The centre's overall revenue has increased by 18 per cent.
Protect the values of the Green Wedge and Implement a management plan	Complete and adopt Green Wedge Management Plan	Public Exhibition of the draft plan was completed in June 2019. Over 150 written submissions have been received which will be reviewed prior to submitting it to Council for adoption, later in 2019.

The following statement provides information about the services funded in the 2018-2019 Budget and the persons or sections of the community who are provided the service.

**Table 6: A Planned City – services**

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Engineering services	Provides traffic management solutions, strategic transportation planning, road safety programs, management of public spaces and quality control on subdivisional and commercial developments including protection of Council's assets.	3,034 <u>(375)</u> 2,659
Capital Works Delivery	Delivers project and contract management for the design and construction of infrastructure projects in the capital works program to provide quality services and facilities to the community. The projects include new, upgrades, expansions, renewals and compliance projects.	1,163 <u>(0)</u> 1,163 Capital Works 51,644
Planning and Environment	Researches and prepares land use, development and environmental strategies for the municipality. Undertakes timely assessment of development, land use, subdivision and tree removal proposals. Develops and implements integrated nature conservation and biodiversity protection strategies and action plans. Educates and enforces (in close cooperation with Council's Community Safety officers) to ensure that all land use and development within Frankston fully complies with approvals and relevant legislation.	4,044 <u>(1,948)</u> 2,096
Community Relations	Provides the first point of contact for our communities, including residents, visitors, businesses, investors, media and internal departments. Manages Frankston City's and the organisation's reputation, disseminates key messages to our communities and positions the municipality as the preferred place to live, learn, work, visit and invest.	3,358 <u>(71)</u> 3,287

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



**Table 7: A Planned City – prescribed service performance indicators and measures**

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
<b>Roads</b>						
<b>Satisfaction of use</b>						
<b>Sealed local road requests</b> [Number of sealed local road requests / Kilometres of sealed local roads] x100	128	87	100	93	106	There has been a minor increase in sealed local road related requests.
<b>Condition</b>						
<b>Sealed local roads below the intervention level</b> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	98%	97%	95%	92%	99%	The significant improvement in this indicator is a result of updated road condition data and various road renewal works initiatives.
<b>Service cost</b>						
<b>Cost of sealed local road reconstruction</b> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$102	\$69	\$91	N/A	\$109	A number of significant road reconstruction projects have been completed, these include Newton Avenue, Weeroona Road and Warrandyte Road in Langwarrin South and Skye Road in Langwarrin.
<b>Cost of sealed local road resealing</b>	\$22	\$24	\$23	\$22	\$21	Approximately 21km of Council's road network has been resealed.

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]						
<b>Satisfaction</b> <b>Satisfaction with sealed local roads</b> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	64	63	59	64	66	An increase in satisfaction from the previous years including ten points higher than the Victorian average.
<b>Statutory Planning</b>						
<b>Timeliness</b> <b>Time taken to decide planning applications</b> [The median number of days between receipt of a planning application and a decision on the application]	105 days	96 days	93 days	105 days	84 days	Results show a substantial improvement over previous years due to improved processes.
<b>Service standard</b> <b>Planning applications decided within 60 days</b> [Number of planning application decisions made within 60 days /	68%	48%	56%	34%	48%	The improvement in the number of applications decided within statutory timeframes results from efforts made to clear

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
Number of planning application decisions made] x100						backlogs and improvement initiatives to digitise the assessment process.
<b>Service cost</b> <b>Cost of statutory planning service</b> [Direct cost of statutory planning service / Number of planning applications received]	\$1,729	\$1,760	\$1,867	\$2,264	\$1,966	A substantial improvement in cost efficiency for the year compared to the previous year. Costs have been reduced while improving performance.
<b>Decision making</b> <b>Council planning decisions upheld at VCAT</b> [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	45%	56%	41%	44%	32%	VCAT decisions set aside were high however a number of matters were settled by consent at VCAT once modifications were made to the proposal or as a result of compulsory conference outcomes. Applications reflect an agreed position between Council and the applicant which is subsequently affirmed by VCAT without a contested hearing. Council is undertaking further strategic planning work to update the Frankston Planning Scheme to enable decisions which meet community needs.
<b>Waste Collection</b>						



Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
<b>Satisfaction</b>						
<b>Kerbside bin collection requests</b> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	101	96	114	118	117	
<b>Service standard</b>						
<b>Kerbside collection bins missed</b> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1	1	1	2	2	A continued high level of service has resulted in a reduction in bins missed.
<b>Service cost</b>						
<b>Cost of kerbside garbage collection service</b> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$83	\$91	\$92	\$94	\$97	Slight increase due to higher disposal costs.
<b>Cost of kerbside recyclables collection service</b>	\$19	\$17	\$17	\$30	\$56	Higher processing costs as a result of China National Sword Policy has resulted in an increase in costs.

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]						
<b>Waste Diversion</b> <b>Kerbside collection waste diverted from landfill</b> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54%	53%	54%	53%	54%	An increase in kerbside garden waste service uptake and initiatives such as the Garage Sale Trail has resulted in an increased diversion of waste from landfill.

### Long term community outcome two: A Liveable City

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators for strategies included in the Council Plan.

**Table 8: A Liveable City – strategic indicators**

Strategic Indicators	2017-2018	2018-2019	Comments
Jobs in Frankston City	8,303	2,684	Estimated to have increased by 10,987 jobs since 2011.

Strategic Indicators	2017-2018	2018-2019	Comments
Degree courses on offer in Frankston City	18	19	Council continues to work with various Education divisions to provide more opportunities to study in Frankston City.
Five star accommodation	In progress	In progress	The development of five star accommodation is intrinsically linked to the development of the business case for the catalyst development. When this is completed work on this project can commence.
Frankston Arts Centre, festivals and events attendance	250,326	283,178	Annual attendances increased by over 10 per cent, or 32,000 attendees, compared to last year. The increase is a result of increased utilisation of the Frankston Arts Centre venues.
0-1 infants enrolled in maternal Child health (MCH) service	1,897	1,795	The annual total includes new born infants and babies under one year of age that were born and have moved to Frankston City. There has been a decrease in the number of births in the Municipality and Statewide, which effects the number of enrolments in MCH.
Service utilisation per funded hours through Home and Community Care (HACC) and Commonwealth Home and Support Programme (CHSP)	77,348 <sup>1</sup>	82,551	The hours of service have decreased as a result of clients transitioning over to the National Disability Insurance Scheme (NDIS). Furthermore, clients under the Commonwealth Home Support Program (CHSP) have a choice of service provider, which has also impacted these results.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018-2019 Budget.

<sup>1</sup> The result for 2017-2018 was incorrect; the actual result is \$88,648

**Table 9: A Liveable city – Major initiatives**

Four Year Priorities Council Plan 2017-2021	Major Initiatives 2018-2019 Year Two	Progress comments
<b>Promote Frankston City's reputation as an arts, festivals and events destination</b>	Leverage the potential of McClelland Sculpture Park + Gallery to increase Frankston's art and sculptures across the city	Council and McClelland Sculpture Park + Gallery have reached agreement for the loan of a sculpture. Further opportunities for loans of sculptures from McClelland are being explored.
<b>Improve the presentation and cleanliness of Frankston City</b>	Implement and maintain a gateway and boulevard tree planting program to establish prominent entrances into the municipality	Concept plans for the proposed tree planting works along Cranbourne Road and Nepean Highway have been prepared and will be presented to Council in July 2019.
Facilitate the delivery of a health services hub in the Health precinct	Position Frankston as the premier health and education precinct of Melbourne's south east	Advocacy by Council, Monash University, Peninsula Health and Chisholm to establish Frankston as a leading health and education centre has been successful. The Victorian Government has announced a \$550M expansion of the hospital to enable it to become a major teaching hospital and further advocacy is occurring to advance the health hub services to improve alcohol and drug services.

The following statement reviews the progress of Council in relation to initiatives identified in the 2018-2019 Budget.



**Table 10: A Liveable city – initiatives**

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<b>Develop a knowledge, creativity and skills based economy that generates employment opportunities</b>	Deliver a range of business programs to increase employment opportunities and economic activity	Online Learning was launched as part of Council’s Build Your Business program, with 325 individuals currently using the portal. Council has partnered with the Australian Taxation Department to deliver workshops that assist businesses to understand their taxation requirements. Approximately 120 businesses have participated in workshops.
<b>Strengthen and promote Frankston City's visitor economy</b>	Position Council’s visitor services to meet emerging visitor trends and increase attraction opportunities	Declining visitation to the Frankston Visitor Information Centre has been supplemented by alternative visitor services including the introduction of digital screens and a destination mobile application. Roving Ambassadors engaged 2,112 people and subscribed a further 771 to the Enjoy Every Moment E-newsletter. Traffic to the Visit Frankston website grew by 11 per cent and social media audiences continue to expand.
<b>Promote Frankston City's reputation as an arts, festivals and events destination</b>	Continue to enhance social inclusion through programs, events and promotion of Frankston’s rich culture, diversity and history	Council continues to enhance social inclusion within the community by providing and promoting programs such as Artwell, Cirque Sur Roues, Art in Dialysis and an annual theatre season which presents culturally diverse stories with a particular focus on First Nations.
<b>Engage and support Frankston City's local areas and diverse communities to optimise facility usage and enhance equitable access to services</b>	Engage with local areas on Council's master plans and capital works program	A 10 Year Long Term Infrastructure Plan has been developed and is scheduled for adoption by Council on 1 July 2019. The Long Term Infrastructure Plan provides a focus on future infrastructure needs within the local areas and is a key input into Local Area engagement.

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<b>Develop an education and library hub in Langwarrin</b>	Finalise a site feasibility study for an education and library hub in Langwarrin	Investigation continues to find a suitable site and further analysis is being undertaken on the Pindarra Estate site. A community engagement plan is being developed.
<b>Enhance equitable access to sport and leisure opportunities</b>	Complete an audit, functionality and usage review of sporting facilities	The sport lighting, sports field and tennis court audits have been completed. Work to assess community sporting infrastructure continues.
<b>Adopt an approach to delivery of aged services within the state and federal service model</b>	Implement Council's adopted position on the delivery of aged care services and ensure alignment with the Age Friendly Victoria Declaration	The volunteer recruitment program for Age Friendly Frankston Ambassadors will give voice to the older adults in our community and guide future planning.
<b>Adopt a Health and Wellbeing Plan 2017-2021</b>	Complete the annual evaluation and implement year two actions of the Health and Wellbeing Plan 2017-2021	Annual evaluation of the year one actions were endorsed late 2018. Year two actions are currently underway and due to be completed later in 2019.

The following statement provides information about the services funded in the 2018-2019 Budget and the persons or sections of the community who are provided the service.

**Table 11: Liveable city – services**

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

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Operations	Preserves local amenity and promotes a safe, clean and attractive city through maintaining civil infrastructure, shopping centre precincts, natural resources, foreshore infrastructure and recreation reserves. Provides services and strategies for emergency management.	23,037 <u>(1,406)</u> 21,631
Community Relations	Provides the first point of contact for our communities, including residents, visitors, businesses, investors, media and internal departments. Manages Frankston City's and the organisation's reputation, disseminates key messages to our communities and positions the municipality as the preferred place to live, learn, work, visit and invest.	1,491 <u>(89)</u> 1,402
Arts and Culture	Stimulates activity in the municipality through events, festivals, performing arts, public art, visual arts, libraries, library services and lifelong learning initiatives and community development programs. Provides facilities and services for events and functions.	8,949 <u>(4,851)</u> 4,097
Aquatics	Provision of indoor and outdoor Aquatic Centres to improve health and wellbeing in the community.	12,169 <u>(12,448)</u> (279)
Community Safety	Ensures the safety of the community by managing school crossing supervision, animal registration, parking services, building services, planning enforcement, crime prevention and foreshore patrols. Undertakes local law prosecutions, emergency management and illegal dumping responses.	8,869 <u>(7,170)</u> 1,699

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Community Strengthening	Undertakes research and implements policies and programs to enhance community wellbeing, social inclusion, participation, empowerment and resilience. Community planning and engagement of local areas. Develops and implements the Municipal Health and Wellbeing Plan. Manages grants to support charities and community groups.	6,400 <u>(1,011)</u> 5,390
Recycling	Frankston Regional Recycling and Recovery Centre (FRRRC) offers the community a quick, easy, affordable and sustainable way to get rid of waste and recyclables. FRRRC is also home to a Treasure Chest shop. It sells recovered furniture, household goods and bric-a-brac for bargain hunters and anyone who has a good eye for items that can be restored/up-cycled. Also provides strategies for the waste management needs of the municipality.	18,592 <u>(4,023)</u> 14,569
Family Health Support	Supports and enhances the health and wellbeing of families, children and young people through maternal and child health and immunisation services, kindergarten infrastructure and central registration scheme for 3 and 4 year old kindergarten, childcare, youth services and advocacy. Supports other local providers of children's, family and youth services.  Provides home and community based services and support to maintain dignity and independence of older people, people with disability and their carers, including supporting positive ageing, volunteering opportunities, meals on wheels, personal and home care, senior citizens, U3A, respite care and activity groups.	14,393 <u>(8,614)</u> 5,779
Building and Facilities	Delivers, maintains and retires facility buildings in Frankston City. Constructs new or develops old building facilities in the municipality to provide, accommodate and/or house a range of community groups. Provides cleaning, security and maintenance to about 300 Frankston City Council buildings including the Civic Centre, Library, Frankston Art Centre, public toilets, sporting pavilions, pre-schools and other community buildings.	7,120 <u>(23)</u> 7,096



**Table 12: Liveable city – prescribed service performance indicators and measures**

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
<b>Animal Management</b>						
<b>Timeliness</b> <b>Time taken to action animal requests</b> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	N/A <sup>2</sup>	8 days	5 days	5 days	5 days	Consistent performance improved results relative to previous years.
<b>Service standard</b> <b>Animals reclaimed</b> [Number of animals reclaimed / Number of animals collected]	66%	64%	60%	52%	58%	Council has implemented a number of responsible pet ownership initiatives. These have increased the number of animals returned to their owner.
<b>Service cost</b> <b>Cost of animal management service</b> [Direct cost of the animal management service / Number of registered animals]	\$42 <sup>3</sup>	\$54	\$50	\$48	\$56	Council has made a considerable investment in animal management services and has increased resources to ensure it delivers a range of animal related regulatory, investigation and prosecution services.

<sup>2</sup> This is a new measure reported in 2015-2016

<sup>3</sup> The result for 2014-2015 was incorrect; the actual result is \$60

Results						
Service/Indicator/measure	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Material Variations
<b>Health and safety</b> <b>Animal management prosecutions</b> [Number of successful animal management prosecutions]	37	82	71	144	114	The rate of non-compliance has improved resulting in a decrease in the number of prosecutions.
<b>Aquatic Facilities</b>						
<b>Satisfaction</b> <b>User satisfaction with aquatic facilities</b> [User satisfaction with how council has performed on provision of aquatic facilities]	NA	NA	NA	NA	NA	This is an optional measure and is not currently reported on. PARC conduct annual user satisfaction surveys, with current results above 80%.
<b>Service standard</b> <b>Health inspections of aquatic facilities</b> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	1	1	1	1	This is an optional measure and is not currently reported on. All Council owned aquatic facilities have been inspected.

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
<b>Reportable safety incidents at aquatic facilities</b> [Number of WorkSafe reportable aquatic facility safety incidents]	13 <sup>4</sup>	3	1	0	3	Incidents reported included customers with pre-existing illnesses that require an ambulance whilst onsite.
<b>Service cost</b> <b>Cost of indoor aquatic facilities</b> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$3	-\$0.15	-\$0.34	-\$0.30	-\$0.37	Continuing growth in attendances at the facility supported the profit per visit achieved.
<b>Cost of outdoor aquatic facilities</b> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$14	\$10.00	\$10	\$8	\$9	Visitation remains strong however the cost of utilities and maintenance continues to increase. The Pines Forest Aquatic facility is in operation November to April.
<b>Utilisation</b> <b>Utilisation of aquatic facilities</b> [Number of visits to aquatic facilities / Municipal population]	4	6	7	6	7	Visitation to Peninsula Aquatic Recreation Centre (PARC) and Pines Forest Aquatic Centre continues to increase with over 1.044 million combined visits. The figures come

<sup>4</sup> The 2014-2015 result was incorrect. This has been noted in the 2015-2016 material variations. The result of 13 in 2014-2015 was incorrect due to the inclusion of minor incidents; the actual result is 5.

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
						from members scanning their RFID bands or cards on the entry gates.
<b>Food Safety</b>						
<b>Timeliness</b> <b>Time taken to action food complaints</b> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	NA <sup>5</sup>	2 days	2 days	2 days	2 days	Results remain positive with all food complaints having consistently been actioned in less than two days.
<b>Service standard</b> <b>Food safety assessments</b> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require	92%	98%	101%	99%	100%	An additional 68 audits were carried out on high risk premises.

<sup>5</sup> This is a new measure reported in 2015-2016.



<i>Service/Indicator/measure</i>	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
an annual food safety assessment in accordance with the Food Act 1984] x100						
<b>Service cost</b> <b>Cost of food safety service</b> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$488	\$475	\$514	\$510	\$537	Remains cost effective.
<b>Health and safety</b> <b>Critical and major non-compliance outcome notifications</b> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100	86%	99%	100%	95%	100%	All premises that received a major or critical inspection outcome were followed up in a timely manner.

Results						
Service/Indicator/measure	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Material Variations
<b>Libraries</b>						
<b>Utilisation</b> <b>Library collection usage</b> [Number of library collection item loans / Number of library collection items]	5	8	4 <sup>6</sup>	4	5	An increase in library resource use is due to an increase in digital asset loans. The collection has been audited to remove obsolete items, resulting in an improved collection standard.
<b>Resource standard</b> <b>Standard of library collection</b> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	60%	57%	64%	62%	69%	The collection standard is higher following an audit to remove older items. New items were also purchased to improve client offerings.
<b>Service cost</b> <b>Cost of library service</b> [Direct cost of the library service / Number of visits]	\$9	\$10	\$9	\$10	\$11	The result reflects the decrease in physical visits to Frankston Libraries.

<sup>6</sup> Definition of loan changed, did not include use of Local History images on Flickr in 2016-2017 (161,558 views).

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
<b>Participation</b> <b>Active library members</b> [Number of active library members / Municipal population] x100	15%	14%	13%	12%	11%	Consistent with previous years and provides an indication as to how many residents are accessing and engaged in the library and its services.
<b>Maternal and Child Health (MCH)</b>						
<b>Satisfaction</b> <b>Participation in first MCH home visit</b> [Number of first MCH home visits / Number of birth notifications received] x100	97%	105%	100%	98%	101%	Improved monitoring has resulted in an increase in participation.
<b>Service standard</b> <b>Infant enrolments in the MCH service</b> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	95%	99%	102%	101%	102%	Enrolments have remained consistent with previous years.
<b>Service cost</b> <b>Cost of the MCH service</b> [Cost of the MCH service / Hours worked by MCH nurses]	N/A	\$65	\$61	\$63	\$65	Remains consistent with previous years.

Results						
Service/Indicator/measure	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Material Variations
<b>Participation</b> <b>Participation in the MCH service</b> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	78%	75%	70%	74%	75%	Participation rate consistent with previous year.
<b>Participation in the MCH service by Aboriginal children</b> [Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	74%	68%	69%	76%	87%	A significant increase due to better identification of participants in the Out of Home Care program.



### Long term community outcome three: A Well Governed City

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators for strategies included in the Council Plan.

**Table 13: Sustainable city – strategic indicators**

Strategic Indicators	2017-2018	2018-2019	Comments
<b>Community satisfaction with Council decisions</b>	52	55	Council is increasing its focus on customer engagement and service.
<b>Councillor attendance at Council meetings</b>	86%	89%	Attendance remains consistent with previous years.
<b>Councillor advocacy priorities</b>	86% in progress	60.5% in progress	The definition/description details and computation calculations have been revised for 2018-2019 to reflect the advocacy campaign cycle shift from early priority project planning and development stages to proactive lobbying and funding stages. Furthermore, four alternative priority advocacy projects were adopted for actioning closer to the Victorian election, with an additional change to the four priority projects for the federal election following a Council decision on the Safe Boat Refuge and Coast Guard facility.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018-2019 Budget.

**Table 14: A Well Governed City – major initiatives**

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<p><b>The elected representatives will provide:</b></p> <ul style="list-style-type: none"> <li>- Clear and unified direction</li> <li>- Transparent decision makers</li> <li>- Good Governance</li> </ul>	<p>Work with the Municipal Monitor to improve the function of Council and the governance of the municipality</p>	<p>A Governance Training Program led by the Municipal Monitor was completed by all Councillors.</p>
<p><b>The elected representatives will promote:</b></p> <ul style="list-style-type: none"> <li>- Powerful advocacy</li> <li>- Meaningful engagement</li> <li>- Credible reputation</li> </ul>	<p>Advocate for Frankston City in the lead up to the Victorian and federal government elections</p>	<p>Council continues to actively engage with key stakeholders and local Members of Parliament following the 2018 Victorian and 2019 federal elections in order to ensure the delivery of local projects.</p>

**Table 15: A Well Governed City – initiatives**

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<p><b>The elected representatives will provide:</b></p> <ul style="list-style-type: none"> <li>- Clear and unified direction</li> <li>- Transparent decision makers</li> <li>- Good Governance</li> </ul>	<p>Implement changes to comply with the new Local Government Act along with other recommendations made by the Ombudsman, the Local Government Inspectorate and the Office of Local Government</p>	<p>The <i>Local Government Bill 2019</i> is yet to be finalised.</p>
<p>- Good Governance</p>	<p>Review Councils policies to ensure equal opportunity, access, diversity and inclusion</p>	<p>A Register and draft Policy and Protocol Framework was developed to guide a review of Council’s policies.</p>
<p><b>The elected representatives will promote:</b></p> <ul style="list-style-type: none"> <li>- Powerful advocacy</li> <li>- Meaningful engagement</li> <li>- Credible reputation</li> </ul>	<p>Develop partnerships with stakeholders to enhance engagement with the community</p>	<p>Council continues to inform stakeholders on the status of projects, and seeks appropriate feedback when required.</p>

The following statements provide information in relation to the services funded in the 2018-2019 Budget and the persons or sections of the community who are provided the service.

**Table 16: A Well Governed City – services**

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Administration and Corporate Projects	Provides administrative support in areas of Governance including policies, procedures, elections, Local Laws, statutory processes, compliance, delegations, Freedom of Information (FOI), Privacy, Records and Cemetery management, in addition to working on a number of key organisation projects.	651 <u>(1)</u> 650
Chief Executive Office (CEO)	Build a strong flexible and forward thinking organisation that is ideally positioned to respond to current and future community needs. The CEO department is also striving to build cohesive, trusting partnerships between Councillors, the community and Council staff.	1,852 <u>(32)</u> 1,820



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

**Table 17: A Well Governed City – prescribed service performance indicators and measures**

Service/Indicator/measure	Results					Material Variations
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	
<b>Governance</b>						
<b>Transparency - Council resolutions at meetings closed to the public</b> [Number of council resolutions made at ordinary or special meetings of council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of council resolutions made at ordinary or special meetings of council or at meetings of a special committee consisting only of councillors] x100	16%	28%	17%	17%	28%	The variance is due to an increase in contractual, personnel, legal and other confidential items. Greater transparency is achieved by releasing Council decisions at the next Council meeting.
<b>Consultation and engagement Satisfaction with community consultation and engagement</b> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	57	57	51	53	54	The index score has slightly increased since previous years, as a result of Council's focus on customer engagement and service.

Results						
Service/Indicator/measure	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	Material Variations
<b>Attendance</b> <b>Council attendance at Council meetings</b> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	91%	83%	94%	86%	89%	Attendance remains consistent with previous years.
<b>Service cost</b> <b>Cost of governance</b> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$44,170	\$45,069	\$43,334 <sup>7</sup>	\$54,295	\$52,338	The cost of Governance includes Councillors allowance, training and professional development, conferences and seminars as well as costs relating to the Municipal Monitor.
<b>Satisfaction</b> <b>Satisfaction with council decisions</b> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	59	58	54	52	55	Score indicates improved community satisfaction with Council decisions.

<sup>7</sup> The 2016-2017 result is incorrect due to the exclusion of new councillors from the report. The correct result is \$44,130.

### Long term community outcome three: A Well Managed City

The following statement reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators for strategies included in the Council Plan.

**Table 18: A Well Managed City – strategic indicators**

Strategic Indicator	YTD 2017-2018	YTD 2018-2019	Comments
<b>Community satisfaction with Council's customer service</b>	67	68	Customer service ratings have been consistent over the past three years
<b>Asset renewal funding maintained</b>	115%	105%	Council budgeted \$25.3M in renewal funding against a renewal requirement of \$23.9M.
<b>Adjusted Capital Works Program</b>	84%	92%	\$51.64M has been expended against a total adjusted budget of \$55.94M.
<b>Adjusted underlying surplus (or deficit)</b>	13.2%	4.46%	The declining trend over the four year forecast period is due to the long-term impact of rate capping.
<b>Employee engagement</b>	Employee Engagement Survey Conducted	N/A	Action on the results of the Employee engagement survey commenced late 2018 with the development of themed working groups made up of Managers and employees from across the organisation.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2018-2019 Budget.

**Table 19: A Well Managed City – major initiatives**

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<b>Ensure a positive customer experience</b>	Implement priority organisational actions in the Digital Strategy, Customer Focused Strategy and Employee Engagement Survey	The review of the Customer Experience Strategy continues to ensure alignment with the Digital and Human Resources strategies. The draft Strategy has been prepared and will be presented to Council in the near future.
<b>Embed a culture of Business Improvement to improve processes, applications and utilisation</b>	Implement priority organisational actions in the Digital Strategy, Customer Focused Strategy and Employee Engagement Survey	Delivery of the Digital Strategy 2018-2022 is on track, with alignment to the Digital Transformation Agency service standards.
<p><b>Continue to maintain a financially sustainable Council:</b></p> <ul style="list-style-type: none"> <li>- Advocate for operational grant funding from other tiers of Government to deliver services required by the community</li> <li>- Ensure funding decisions are based on Council's priorities</li> <li>- Seek alternative revenue sources</li> <li>- Ensure the operations of Frankston Regional Recycling and</li> </ul>	Integrate the Long Term Infrastructure Plan alongside the Long term Financial Plan	Council's Long-Term Infrastructure Plan 2019-2029 (LTIP) has been aligned to the Long Term Financial Plan (LTFP) and was endorsed in July 2019.

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<b>Recovery Centre (FRRRC) are financial sustainable</b>		
<b>Position Frankston City Council as an employer of choice</b>	Implement priority organisational actions in the Digital Strategy, Customer Focused Strategy and Employee Engagement Survey	Many key actions arising from the Employee Engagement survey have been implemented. These include the development of new organisational Values, an extensive Learning and Development calendar of training, improved corporate induction, regular service recognition events and a leadership capability framework.

**Table 20: A Well Managed City – initiatives**

Four Year Priorities Council Plan 2017-2021	Initiatives 2018-2019 Year Two	Progress comments
<b>Identify service assets and service levels required to meet future community needs</b>	Develop plans for delivery of services to the community including analysis and cost structures to inform business decisions	Further research, preparation and planning was undertaken to complete a robust service planning framework. The Service Plan templates were refined in preparation for service and asset data input, analysis and community engagement.
<b>Undertake an ongoing review of council's assets to ensure they meet community needs</b>	Determine future use and management of Belvedere precinct	Council has been working with St Kilda Football Club and AFL Victoria in relation to the existing lease and licence of the facility to explore future opportunities. Once details are confirmed, Council will call for an expression of interest from the community.



The following statements provide information in relation to the services funded in the 2018-2019 Budget and the persons or sections of the community who are provided the service.

**Table 20: A Well Managed City – services**

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Sustainable Assets	Delivers, maintains and manages municipal assets and services for current and future generations. Plans sustainable assets that perform to desired service outcomes, implementing best practice asset management, managing Council's Capital Works Program, managing Council fleet and supporting the efficient and sustainable use of natural resources. Also assists Council and the community to prepare for a changing climate.	2,024 <u>(7)</u> 2,017
Financial and Corporate Planning	Ensures organisational financial sustainability through financial management, accounting services, rates and valuations. Manages corporate planning and performance reporting	3,638 <u>(973)</u> 2,665
Commercial Services	Manages Council's property portfolio and provides business support and regulatory, contractual and policy compliance monitoring of business-related transactions and risk in all service areas. Ensures the organisation makes informed, transparent, ethical and justified decisions through the procurement of goods and services, Best Value, contract management, risk management, leases and licences, property acquisition and responsible divestment.	2,121 <u>(1,377)</u> 743
Business and Information Technology	Delivers and maintains technology, information systems and management to support Council in delivering services to the community.	5,774 <u>(5)</u> 5,769
Human Resources	Ensure the organisation has the required leadership, people, skills and capabilities and culture and environment available at the right time, in order to achieve and implement Council's priorities,	1,940 <u>(4)</u> 1,936

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
	deliver quality services and facilities to our community and meet all relevant statutory obligations and requirements.	
Administration and Corporate Projects	Provides administrative support in areas of Governance including policies, procedures, elections, Local Laws, statutory processes, compliance, delegations, Freedom Of Information, Privacy, Records and Cemetery management, in addition to working on a number of key organisation projects.	988 <u>(0)</u> 988
Corporate Development Management	Manage the services and activities of the Corporate Division. Provide advice and support to the CEO and Councillors on Governance and Financial matters.	841 <u>(0)</u> 841
Community Development Management	Community Development Management provides leadership, direction and general management of all departments within the Community Development division as well as community planning and social policy development.	783 <u>(0)</u> 783
Community Assets Management	Community Assets Management oversees the operations of the departments within the Community Assets Division whilst delivering the Long Term Infrastructure Plan. The division is primarily responsible for the management of Council's assets.	611 <u>(2)</u> 609

## Governance, management and other information

Council operates in an open and transparent manner, and is accountable to the Frankston City community.

### Governance

Frankston City Council is constituted under the *Local Government Act 1989* (the Act) to provide leadership for the good governance of Frankston City and the local community.

Council has a number of roles including:

- Taking into account the diverse needs of the local community in decision making
- Providing leadership by establishing strategic objectives and monitoring achievements
- Ensuring that resources are managed in a responsible and accountable manner
- Advocating for the interests of the local community to other communities and governments
- Fostering community cohesion and encouraging active participation in civic life

Council is committed to effective and sustainable governance as the key to ensuring that Council responds to the community's priorities. The community has many opportunities to provide input into Council's decision making processes including community consultation, public forums and the ability to make submissions to Special Committees of Council.

Council's formal decision making processes are conducted through Council meetings and Special Committees of Council. Council delegates the majority of its decision making to Council officers through the CEO. These delegations are exercised in accordance with adopted Council policies.

### Meetings of Council

Council conducts open public meetings every three weeks. Members of the community are welcome to attend these meetings and observe from the public gallery. Council meetings provide the opportunity for community members to submit questions to the Council, make a submission or speak about an item.

For the 2018-2019 year Council held the following meetings:

- 15 Ordinary Council meetings
- 8 Special Council meetings

Council also conducts regular Councillor briefings, where matters that are intended or likely to go before Council for decision are considered.

In 2018-2019, 30 Councillor Briefings were held.

Table 20 provides a summary of Councillor attendance at Council meetings, Special Council Meetings and Councillor Briefings for 2018-2019.

Table 20: Councillor attendance at meetings and briefings from July 2018 to June 2019

Councillor	Ordinary Meeting	Special Meeting	Councillor Briefing	Total
Cr Glenn Aitken	15	8	20	43
Cr Brian Cunial	12	7	12	31
Cr Michael O'Reilly	14	8	27	49
Cr Colin Hampton	15	8	27	50
Cr Sandra Mayer	15	7	23	45
Cr Kris Bolam	14	6	26	46
Cr Steve Toms	13	8	21	42
Cr Quinn McCormack	14	8	28	50
Cr Lillian O'Connor*	11	3	9	23
<b>Total meetings held</b>	<b>15</b>	<b>8</b>	<b>30</b>	<b>53</b>

\*At its meeting on 4 June 2018, Council resolved to grant Cr Lillian O'Connor leave of absence until 30 September 2018.

### Council reports

**Open Council:** In 2018-2019, 281 Council reports were prepared by Council officers for Council, 10 items were raised as Urgent Business by Councillors and 33 Notices of Motion were submitted by Councillors.

**Closed Council:** In 2018-2019, 121 Closed Council reports were prepared for Council, two items were raised as Urgent Business by Councillors and three Confidential Notices of Motions were submitted by Councillors.

### Questions

In 2018-2019, 21 people submitted questions with/without notice to Council.

### Special Committees

The Act allows councils to establish one or more Special Committees consisting of:

- Councillors
- Council officers
- Other persons
- Any combination of the above

Tables 20 and 21 contain lists of all Special Committees established by Council that are in operation and the Councillor members of each Committee.

Table 21: Councillor nominees for internal committees

Internal committee	Councillor nominee/s
<b>Advocacy Sub-Committee</b>	Mayor, Cr Toms and Cr Bolam
<b>Audit &amp; Risk Committee</b>	Mayor and Cr Bolam
<b>Ballam Park Homestead Advisory Committee Heritage Assets and Promotion Committee</b>	Cr Aitken and Cr McCormack
<b>Chief Executive Officer's Performance Review Sub-Committee</b>	Mayor, Cr Hampton, Cr Bolam and Cr McCormack
<b>*Code of Conduct Grievance Committee</b>	Cr Cunial, Cr Bolam and Cr Mayer
<b>Community Grants Committee of Management</b>	Cr Mayer and Cr Toms
<b>Frankston Arts Centre Board</b>	Cr Bolam, Cr Cunial (Substitute Cr Mayer)
<b>Frankston Cemetery Trust</b>	Mayor, Cr Cunial and Cr Bolam
<b>Frankston City News Committee</b>	Mayor, Cr Hampton and Cr Mayer
<b>*Frankston Skate Park Management Tender Sub-Committee</b>	Mayor, Cr Bolam and Cr McCormack
<b>Golf Liaison Meeting</b>	Cr Hampton
<b>Major Community Events Grants</b>	Cr Mayer
<b>Miscellaneous Grants Program Committee</b>	Mayor and Cr Mayer
<b>Municipal Emergency Management Planning Committee</b>	Cr McCormack
<b>Soccer Liaison Committee</b>	Cr Hampton
<b>Urban Design Advisory Committee</b>	Cr Toms and Cr Aitken

\*The following Committees are no longer required/have been disbanded:

- Safety Consultative Committee
- Frankston Skate Park Management Tender Sub-Committee
- Code of Conduct Grievance Committee



Table 22: Councillor nominees for external committees

External committee	Councillor nominee/s
<b>Association of Bayside Municipalities</b>	Cr Toms
<b>Australian Local Government Women’s Association</b>	Mayor and Cr McCormack
<b>Frankston Charitable Fund Committee of Management</b>	Mayor and Cr Aitken
<b>Frankston Revitalisation Board</b>	Mayor
<b>Municipal Association of Victoria</b>	Mayor (Substitute Cr Hampton)
<b>Metropolitan Local Government Waste Forum</b>	Cr Hampton and Cr Cunial
<b>Peninsula Leisure Pty Ltd</b>	Mayor
<b>South East Metro Mayoral Group</b>	Mayor
<b>Westernport Biosphere Reserve Foundation Ltd – Councillor Liaison Committee</b>	Cr McCormack
<b>Youth Advisory Council</b>	Cr Toms and Cr O’Connor

## Code of Conduct

The Act requires a Council to review and approve any amendments to its Councillor Code of Conduct within four months after each general election. On 13 June 2018 (Special Meeting 2), Council adopted the amended Councillor Code of Conduct.

The Councillor Code of Conduct is designed to:

- Assist the Mayor and Councillors to discharge the responsibilities of their public office appropriately
- Assist Councillors to maintain the highest standards of conduct and behaviour
- Provide an internal resolution process for addressing alleged contraventions of the Councillor Code of Conduct
- Provide a means for Councillors to deal with problems they may encounter

## Conflict of interest

Councillors are elected by residents and ratepayers to act in the best interests of the community. This is a position of trust that requires Councillors to act in the public interest. When a Council delegates its powers to a Council officer or a committee, the committee or officer also needs to act in the public interest.

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision making process or from the exercise of the public duty. A register is maintained to record all disclosed conflicts of interest. During 2018-2019, 11 conflicts of interest were declared at Council and Special Committee meetings.

## Councillor allowances

In accordance with Section 74 of the Act, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is entitled to receive a higher allowance. The Victorian Government sets the upper and lower limits for all allowances paid to Councillors and mayors. Councils are divided into three categories based on the income and population of each council. In this instance Frankston City Council is recognised as a category three Council (as defined by the Act).

For the period of 1 June 2018 to 30 November 2018, the Councillor annual allowance for a category three council was fixed at \$30,223 per year and the allowance for the Mayor was \$96,534 per year.

For the period 1 December 2018 to 30 June 2019, the Councillor annual allowance for a category three council was fixed at \$30,827 per year and the allowance for the Mayor was \$98,465 per year.

Table 21 outlines the allowances paid to each Frankston City Councillor during the year.

Table 23: Councillor allowances 2018-2019 (amount in \$)

Councillor	Allowance (per year, pro-rata)	Allowance (per year, pro-rata)
	From 1 July 2018	From 1 December 2018
Cr Glenn Aitken	30,223	30,827
Cr Brian Cunial	30,223	30,827
Cr Colin Hampton	96,534	30,827
<b>*Mayor until 7 November 2018</b>		
Cr Sandra Mayer	30,223	30,827
Cr Michael O'Reilly	30,223	98,465
<b>*Mayor from 8 November 2018</b>		
Cr Steve Toms	30,223	30,827
Cr Kris Bolam	30,223	30,827
Cr Quinn McCormack	30,223	30,827
Cr Lillian O'Connor	30,223	30,827

## Councillor expenses

In accordance with Section 75 of the Act, Council is required to reimburse a Councillor for expenses incurred while performing his or her duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties. The details of Councillor expenses for 2018-2019 are set out in the table below.

Table 22: Councillor Expenses for the Financial Year July 2018 to June 2019

Councillor	iPad for electronic papers	Mobile Phone	Equipment	Conferences /training	Meals/ networking	Travel	Courier Costs for Agenda Papers	Office supplies	Materials	Child Care	Frankston Arts Centre Tickets	Total
<b>Cr Aitken</b>	-	148.34	1,140	-	-	434.03	392.86	-	-	-	-	2,115.23
<b>Cr Cunial</b>	-	322.39	-	-	-	-	469.11	-	-	-	239.80	1,031.30
<b>Cr Hampton*</b>	-	1,471.33	-	1,999.36	58.26	2,238.86	194.86	128.82	-	-	309.60	6,881.09
<b>Cr Mayer</b>	327.39	805.33	-	177.27	-	111.23	18.86	-	-	-	-	1,440.08
<b>Cr O'Reilly</b>	207.68	283.45	-	445.72	105.96	824.52	-	-	330	-	-	2,197.33
<b>Cr O'Connor</b>	328.29	124.34	-	-	-	-	18.86	486.57	-	-	-	958.06
<b>Cr Bolam**</b>	123.81	506.95	44.55	(338.44)	-	-	18.86	486.58	-	-	-	842.31
<b>Cr McCormack</b>	247.68	328.34	-	540.91	-	-	-	-	-	-	-	1,116.93
<b>Cr Toms</b>	327.59	1,001.34	-	1,502.02	41.19	580.07	18.86	-	-	-	330	3,801.07
<b>Total</b>	1,562.44	4,991.81	1,184.55	4,326.84	685.41	4,188.71	1,132.27	1,101.97	330	-	879.40	20,383.40

\*Council resolved for Cr Hampton and Cr Bolam to attend the National General Assembly which was held in June 2019 in Canberra.

Any costs associated with registration, airfares and accommodation has been included within conferences and training.

\*\*Cr Bolam part paid his professional development for the Australian Company Directors Course.

## Management

Council has implemented a number of statutory and better practice elements to strengthen its management framework. Having strong governance and management frameworks lead to better decision making. The Act requires Council to undertake an assessment against the prescribed Governance and Management Checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in Table 25. The following items have been highlighted as important components of the management framework.

### Audit and Risk Committee

The Audit and Risk Committee is an independent advisory committee to Council established under Section 139 of the Act.

The Audit and Risk Committee's role is to provide independent advice and recommendations to Council about the systems and activities of Council to ensure:

- Reliable and complete financial and performance reporting
- High standards of corporate governance
- Appropriate application of accounting policies
- Compliance with applicable laws and regulations
- Effective management and monitoring of all risks, controls and insurances
- Effective and efficient internal and external audit functions
- Appropriate measures to provide early warning of any issues affecting the organisation's financial wellbeing
- The level and effectiveness of appropriate Business Continuity and Disaster Recovery planning

- Maintenance and fostering of an ethical environment and oversight of related party transactions
- Fraud prevention, including corruption

The Audit and Risk Committee consists of three independent members and two Councillors. Independent members are appointed for a three year term. The Chairperson is appointed from the independent members. Councillor members are nominated annually.

Independent members:

- Neil Greenaway (Chairperson)
- David Fraser
- Leanna La Combre

Councillor members:

- Cr Colin Hampton - Mayor (until November 2018)
- Cr Michael O'Reilly - Mayor (since November 2018)
- Cr Kris Bolam (since November 2016)

The Audit and Risk Committee meets five times a year. The CEO, Directors and Manager Financial and Corporate Planning attend all Audit and Risk Management Committee meetings. Other management representatives attend as required to present reports.

The external auditors attend meetings each year to present the audit plan, Independent Audit Report and to review the financial statements.

Recommendations from each Audit and Risk Committee meeting are subsequently reported to and considered by Council. Committee member attendance is outlined in Table 24.



Table 24: Audit and Risk Management Committee member attendance

Member	Eligible to attend	Attended
Cr Michael O'Reilly (Mayor)	3	3
Neil Greenway (Chair)	5	5
Leanna Le Combre	5	5
David Fraser	5	5
Cr Colin Hampton	2	1
Cr Kris Bolam	5	3

### Internal audit

Council's Internal Audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. Council's internal audit function is managed by Pitcher Partners.

A risk based three year Strategic Internal Audit Plan (SIAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's risk framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit coverage and outcomes and management input.

Representatives of Pitcher Partners attend each Audit and Risk Committee meeting to report on the status of the SIAP, provide an update on the implementation of audit recommendations and to present findings of completed reviews. The responsible director and manager for each area reviewed are required to attend the Audit and Risk Committee meeting to respond to questions in relation to the review. All audit issues identified are risk rated.

Recommendations are assigned to the responsible manager and tracked in Council's corporate system.

Managers provide quarterly status updates that are reviewed by the Internal Auditor and reported to the Executive Management Team and the Audit and Risk Committee. Quality assurance is measured through client satisfaction surveys for each review, the annual Audit and Risk Committee self-assessment, completion of the SIAP and benchmarking against other internal audit functions.

The following audits were undertaken during 2018-2019:

- Cash Handling
- Capital Works Project management
- Payroll
- Legislative Compliance
- Environmental Health
- Event Management (commenced not completed by June 30)
- OH&S (commenced not completed by June 30)

### External audit

Council is externally audited by the Victorian Auditor-General. For the 2018-2019 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attend Audit and Risk Committee meetings throughout the year as required to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit and Risk Committee.

## Governance and Management Checklist

Governance and Management Items	Assessment
<b>1 Community engagement policy</b> (policy outlining council's commitment to engaging with the community on matters of public interest)	Policy <input checked="" type="checkbox"/> Date of operation of current policy: 26 October 2015
<b>2 Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Guidelines <input checked="" type="checkbox"/> Date of operation of current policy: 24 May 2016 Community engagement guidelines are included in Council's Community Engagement Toolkit
<b>3 Strategic Resource Plan</b> (plan under Section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with Section 126 of the Act <input checked="" type="checkbox"/> Date of adoption: 20 May 2019
<b>4 Annual budget</b> (plan under Section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with Section 130 of the Act <input checked="" type="checkbox"/> Date of adoption: 20 May 2019
<b>5 Asset Management Plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans <input checked="" type="checkbox"/> Date of operation of current plans: Building Asset Management Plan: June 2016 Drainage Asset Management Plan: July 2008 Open Space Asset Management Plan: June 2017 Roads Asset Management Plan: May 2010 Road Management Plan: May 2019
<b>6 Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Strategy <input checked="" type="checkbox"/> Date of operation of current strategy: 23 July 2018
<b>7 Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy <input checked="" type="checkbox"/> Date of operation of current policy: 18 Feb 2019 Reviewed annually. Last reviewed: 18 Feb 2019

Governance and Management Items	Assessment
<p><b>8 Fraud policy</b> (policy outlining council's commitment and approach to minimising the risk of fraud)</p>	<p>Policy <input checked="" type="checkbox"/></p> <p>Date of operation of current policy: 23 Nov 2018</p> <p>Fraud is incorporated in the Risk Management Policy</p> <p>In operation since 1 April 2000</p>
<p><b>9 Municipal emergency management plan</b> (plan under Section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)</p>	<p>Date endorsed by Council: <input checked="" type="checkbox"/> 18 February 2019</p> <p>Last updated 21 February 2019</p>
<p><b>10 Procurement policy</b> (policy under Section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</p>	<p>Prepared and approved in accordance with Section 186A of the <i>Local Government Act 1989</i> <input checked="" type="checkbox"/></p> <p>Date of approval: 24 July 2018</p>
<p><b>11 Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)</p>	<p>Plan <input checked="" type="checkbox"/></p> <p>Date of operation of current plan: 24 May 2019</p> <p>Reviewed annually. In operation since 11 April 2007</p>
<p><b>12 Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Plan <input checked="" type="checkbox"/></p> <p>Date of operation of current plan: 2 May 2018</p> <p>Reviewed annually. In operation since 1 July 2015</p>
<p><b>13 Risk Management Framework</b> (framework outlining Council's approach to managing risks to the Council's operations)</p>	<p>Framework <input checked="" type="checkbox"/></p> <p>Framework has been revised and updated. Presented to the Audit and Risk Management Committee in May 2018</p> <p>Reviewed annually. In operation since 01 April 2008</p>

Governance and Management Items	Assessment
<p><b>14 Audit Committee</b> (advisory committee of council under Section 139 of the Act whose role is to oversee the integrity of a council's financial reporting, processes to manage risks to the council's operations and for compliance with applicable legal, ethical, and regulatory requirements)</p>	<p>Established in accordance with Section 139 of the Act <input checked="" type="checkbox"/></p> <p>Date of establishment: 27 October 1997</p>
<p><b>15 Internal Audit</b> (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)</p>	<p>Engaged <input checked="" type="checkbox"/></p> <p>Date of engagement of current provider: 14 July 2017</p>
<p><b>16 Performance Reporting Framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 131 of the Act)</p>	<p>Framework <input checked="" type="checkbox"/></p> <p>Date of operation of current framework: 1 July 2015</p>
<p><b>17 Council Plan reporting</b> (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Report <input checked="" type="checkbox"/></p> <p>Date of reports: 22 October 2018 (Annual Report) 19 November 2018 12 March 2019 13 May 2019</p> <p>Quarterly Performance Reports noted by Council since February 2011.</p>
<p><b>18 Financial reporting</b> (quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with Section 138(1) of the Act <input checked="" type="checkbox"/></p> <p>Date statements presented: 22 October 2018 (Annual Report) 19 November 2018 18 February 2019 13 May 2019</p>
<p><b>19 Risk reporting</b> (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Reports <input checked="" type="checkbox"/></p> <p>Date of reports: 22 September 2017 23 February 2018</p>

Governance and Management Items	Assessment
<p><b>20 Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in Section 131 of the Act)</p>	<p>Date of reports: <input checked="" type="checkbox"/></p> <p>22 October 2018 (Annual Report) 19 November 2018 12 March 2019 13 May 2019</p>
<p><b>21 Annual Report</b> (annual report under Sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>Considered at a meeting of council in accordance with Section 134 of the Act <input checked="" type="checkbox"/></p> <p>Date of consideration 16 October 2017</p>
<p><b>22 Councillor Code of Conduct</b> (Code under Section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</p>	<p>Reviewed in accordance with Section 76C of the Act <input checked="" type="checkbox"/></p> <p>Date reviewed: 13 June 2018</p>
<p><b>23 Delegations</b> (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>Reviewed in accordance with Section 98(6) of the Act <input checked="" type="checkbox"/></p> <p>Approved: 10 July 2017</p>
<p><b>24 Meeting procedures</b> (a local law governing the conduct of meetings of council and special committees)</p>	<p>Meeting procedures local law made in accordance with Section 91(1) of the Act <input checked="" type="checkbox"/></p> <p>Date local law made: 2 November 2018</p>

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

  
**Phil Cantillon**  
 Chief Executive Officer  
 Dated: 14 August 2019

  
**Cr Michael O'Reilly**  
 Mayor  
 Dated: 14 August 2019



## Statutory information

The following information is provided in accordance with legislative and other requirements applying to Council.

### Documents available for public inspection

As required by legislation, Council makes certain information available for viewing by the public, during normal office hours and by prior arrangement. Below is a list of documents available for public inspection in accordance with Regulation 12 of the *Local Government (General) Regulations 2015*. Inspection of these documents can be arranged by contacting Council. Phone: 1300 322 322.

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by a Councillor or any member of Council staff in the previous 12 months.
- Agendas for and Minutes of Ordinary and Special Meetings held in the previous 12 months which are kept under Section 93 of the Act, other than those agendas and minutes relating to part of a meeting which was closed to members of the public under Section 89 of the Act which are confidential information within the meaning of Section 77(2) of the Act.
- The Minutes of meetings of Special Committees established under Section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under Section 89 of the Act which are confidential information within the meaning of Section 77(2) of the Act.
- A register of delegations kept under Sections 87(1) and 98(4) of the Act, including the date on which the last review took place under Sections 86(6) and 98(6), respectively, of the Act.
- A document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease.

- A register maintained under Section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

### Carer's recognition

Councils are required to report annually on their obligations set out in Section 11 of the *Carers Recognition Act 2012*. Council has taken all practical measures to comply with its legislative responsibilities by promoting the principles to people in care relationships and to the wider community.

Council has also:

- Implemented the Care Relationship Principles outlined in Part 2 of the *Carers Recognition Act 2012*
- Ensured employees and agents have an awareness and understanding of the Care Relationship Principles
- Incorporated requirements in the Municipal Health and Wellbeing Plan
- Developed, provided and evaluated support assistance for carers
- Distributed printed material through relevant Council services

### Contracts

No contracts were entered into as a result of an emergency. One contract was the subject of a Ministerial approval under Section 186 of the Act and one contract was entered into not in accordance with Section 186.

### Disability Action Plan

In accordance with Section 38 of the *Disability Act 2006*, Council has prepared a Disability Action Plan and implemented the following actions:

- Actively support eligible Home and Community Care Program for Younger People (HACC PYP) clients and their carers in their planning and preparation towards NDIS transition whilst continuing to support non-eligible clients with In-Home and Social Support programs.
- Continue to provide In-Home Service provision to Home and Community Care Program for Younger People and their carers taking a 'Wellness and Reablement' approach.
- Support HACC PYP clients under 65 years of age and their carers with diverse In-Home and Social Support programs to accommodate client directed care and support individual needs.
- Promoted and supported events such as International Day of People with a Disability, in addition to National Disability Insurance Scheme (NDIS) information forums.
- Regularly consulted with the Disability Access and Inclusion Committee (DAIC) in relation to key Council projects, including the development of the new Waterfront playground and the Waste Wise Events Policy.
- Easy English versions of application forms have been created for new and renewed Disabled Parking Permits.
- Upgraded sports infrastructure so that it is more accessible for women and people of all abilities, including people with disabilities.
- Upgraded facilities including improved access to the change room facilities at Kananook Football/Cricket Pavilion, Seaford North Soccer Pavilion and Delacombe Cricket Club.
- 13 new fully accessible water drinking fountains have been installed in sports and recreation open spaces across the municipality using VicHealth funding, including Monterey Reserve, Eric Bell Reserve, Robinson's Park, Jubilee Park, Ballam Park and North Seaford Reserve.
- Council commenced compulsory workforce planning, which included strategies to improve the organisation's inclusiveness of people with disabilities.

## **Domestic Animal Management Plan**

In accordance with the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan (DAMP) at four yearly intervals and evaluate its implementation in the Annual Report. Council's 2017-2021 DAMP sets the strategic direction for animal management in Frankston City, allowing for review on an annual basis. Council's 2017-2021 DAMP was adopted by Council on 20 November 2017.

The DAMP was developed in consultation with Council officers, a stakeholder reference group and the community.

The DAMP seeks to promote responsible pet ownership through education, encouragement and enforcement. Enforcement of the DAMP assists in keeping parks, reserves and streets clean of animal waste and provides improved levels of safety within the community.

Issues addressed in the DAMP include:

- Identification and Registration
- Irresponsible dog and cat owners
- Communication and Education

These issues are addressed by implementing the following actions:

- Promote and encourage the responsible ownership of dogs and cats
- Council to provide support to the Responsible Pet Ownership (RPO) Program
- Multiskilling all Compliance Officers to assist with proactive patrols and enforcement
- Re-evaluate the current dog signage throughout the foreshore and parks

Achievements in 2018-2019 included:

- All staff undertook relevant training in relation to animal management and handling
- The percentage of lost and stray dogs and cats reunited with their owners exceeded targets for 2018-2019 and previous years
- All properties declared dogs for example, dangerous, menacing and restricted breed were inspected
- Council completed development of a fenced off dog agility park, located at Ballam Park

### **Food Act Ministerial Directions**

In accordance with Section 7E of the *Food Act 1984*, Council is required to publish in its Annual Report a summary of any Ministerial Directions received during the financial year.

No such Ministerial Directions were received by Council during the financial year.

### **Freedom of Information Act 1982**

The *Freedom of Information Act 1982* provides the public with a right of access to documents held by Council which are not available via administrative processes. Certain exemptions exist to protect interests such as the personal privacy of individuals and trade secrets of businesses. Applications for access to documents must be in writing, and be as specific as possible about the documents being sought. Council received 33 applications in 2018-2019.

### **Privacy**

Responsible handling of personal and health information is a key aspect of good governance. Council is committed to complying with the obligations and principles in the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*.

Council will only collect personal, sensitive and health information that is necessary for its functions and activities. Individuals are entitled to access their personal information, except where Council is required by law to withhold it.

If an individual feels aggrieved by Council's handling of their personal, sensitive or health information, they may make a complaint to Council's Privacy Officer. A complaint will be investigated as soon as possible (but within five business days) and a written response will be provided.

Council received 22 privacy complaints during 2018-2019 and 1 complaint was made to the Victorian Information Commissioner. No complaints were lodged with the Health Complaints Commissioner.

Further information regarding privacy, including Council's Privacy Policy, is available on Council's website. Council's Privacy Policy is also available upon request by contacting the Privacy Officer on 1300 322 322 or by emailing [privacyofficer@frankston.vic.gov.au](mailto:privacyofficer@frankston.vic.gov.au)

### **Protected Disclosure Procedures**

The Protected Disclosure Act 2012 aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. Procedures on how to make a disclosure are available on Council's website.

In accordance with Section 69 of the Protected Disclosure Act 2012 Council must include in its Annual Report information about how to access the procedures established by the Council under Part 9 of that Act. It is also required to provide certain information about the number and types of protected disclosures complaints investigated during the financial year.

Council is aware of one protected disclosures made in 2018-2019. The Protected Disclosure related to the withdrawal of parking infringements by Council officers. The Ombudsman discontinued the investigation as the evidence did not show or tend to show that improper conduct had occurred.

## **Road Management Act Ministerial Directions**

In accordance with Section 22 of the *Road Management Act 2004*, Council must publish a copy or summary of any Ministerial Direction in its Annual Report.

No such Ministerial Directions were received by Council, in its capacity as a road authority, during 2018-2019.

## Glossary A-Z

**2018-2019:** 1 July 2018 to 30 June 2019

**Accrual accounting:** An accounting method in which revenue and costs are recognised for the period in which they are incurred rather than as cash received or disbursed.

**Accumulated surplus:** The value of all net assets accumulated over time.

**Actual 2018-2019:** Actual performance achieved where this measure was used in the 2018-2019 financial year.

**Advocacy:** Publicly supporting or recommending programs or services on behalf of the community to other levels of government or service providers for community benefit.

**Assets:** Everything owned by or owed to Council such as roads, equipment and buildings. Assets are listed in the Financial Report.

**Australian Accounting Standard:** Accounting standards issued by the Australian Accounting Standards Board.

**Balance Sheet:** A quantitative summary of Council's financial condition as at 30 June 2019, including assets, liabilities and net equity.

**Best value:** An ongoing program of reviews of Council services to ensure they meet the required cost standards and needs of the community to deliver value for money.

**Biodiversity:** The variety of all living things including plants, animals and microorganisms, their genes and the ecosystems of which they are a part.

**Budget:** Council's published budget detailing the financial position of Council.

**Buildings and improvements:** Includes all capital building improvements to any land owned or controlled by Council.

**Capital expenditure:** The expenditure on items which are expected to produce future economic

benefits for Council and have a useful life of more than 12 months.

**Capital improved value:** The market value of the property at the date of valuation including the value of the land and all improvements built on the land.

**Capital works program:** Program of scheduled infrastructure works for road, drainage and building assets.

**Cashflow statement:** Reports all cash movements during the financial year. Cash movements consist of cash inflows (receipts/proceeds) less cash outflows (payments).

**Committee:** A group that assists Council with the decision making process and has a Council representative to assist with the consultation process.

**Commitment:** Commitments represent the key issues for the Frankston City community as identified in the Council Plan.

**Community Satisfaction Survey:** A Victorian Government requirement whereby councils conduct a survey once a year to obtain community feedback in order to gauge satisfaction levels with Council services.

**Councillors:** Elected representatives of Frankston City.

**Council Plan:** Council Plan guides the development and strategic priorities for Frankston City and Council over a four year period. This Plan is reviewed annually.

**Cultural diversity:** Celebrating the community's many different cultures expressed through languages, tradition, religions, dress, arts, dance and lifestyle.

**Depreciation:** The process of allocating the value of a non-current physical asset over its useful life having regard to any residual value remaining at the end of that economic life.



**FTE:** Full Time Equivalent – 1 FTE is equivalent to one person working 38 hours per week for 52 weeks of the year.

**Employee entitlements:** Benefit entitlements that employees accumulate as a result of their employment as at the reporting date including, but not limited to, wages and salaries, annual leave, sick leave, long service leave, superannuation benefits and other post-employment benefits.

**Equity:** The residual interest in the assets of Council after deduction of its liabilities, which is made up of accumulated surplus and reserves. Total equity is also equal to net assets.

**Expense:** An outgoing payment made by Council.

**Extraordinary items:** Items of revenue or expense that are attributable to transaction or other events of a type that are outside the ordinary operations of Council and are not of a recurring nature.

**Fair value:** The amount an asset could be exchanged between knowledgeable willing parties where available markets exist or the amount of the asset's current replacement cost less accumulated depreciation.

**Financial year:** This document reports on the financial year 1 July 2018 to 30 June 2019.

**Financial statements:** Incorporates the income statement, balance sheet, statement of changes in equity, cashflow statement plus the notes to and forming part of the accounts that support these statements.

**Fixed assets:** Physical assets owned or controlled by Council and that are used for operational requirements.

**Frankston City News:** Council's newsletter, distributed six times per year, providing residents with information about Council's activities. It is delivered by Australia Post to all residents and businesses within Frankston City.

**Frankston City Planning Scheme:** Outlines Victorian and local planning policies including zones, overlays and other provisions.

**Furniture and fittings:** Assets and capital acquisitions relating to computer equipment, electronic equipment, appliances, furniture, fixtures and fittings.

**Governance:** Governance relates to Council's purpose, objectives, role and functions as set out in the *Local Government Act 1989*.

**Grants – non-recurrent income:** Grant income received for a 'one-off' specific purpose, generally for a particular project.

**Grants – recurrent income:** Grant income received on a regular basis (i.e. quarterly, annually) and granted to Council by another entity for specific or general purposes.

**Green Wedge:** A non-urban area of Frankston City defined in the Victorian Government's Planning Strategy. The area is to be maintained as a predominantly green environment.

**Heritage assets:** Includes antiques, artefacts, artworks, photographs, Mayoral chains and heritage buildings owned by Council.

**Income statement:** Identifies all revenues earned and expenses incurred during the financial year.

**Indicators:** Indicators define what will be measured to show we are meeting our objectives.

**Infrastructure:** Stock of fixed capital equipment including roads, public buildings and footpaths.

**Internal audit:** An independent appraisal function which examines and evaluates Frankston City's financial, management and internal control systems.

**Key Performance Indicator (KPI):** A significant measure used on its own or in combination with other KPIs to monitor how well a business is achieving its quantifiable objectives.

**Land:** All land owned or controlled by Council.

**Land improvements:** Includes all capital improvements, other than buildings, to any land owned or controlled by Council.

**Liabilities:** Future sacrifices of economic benefits that Council is presently obliged to make to other entities as a result of past transactions or other past events.

**Local Law:** The laws adopted by Council that prohibit, regulate and control activities, events, practices and behaviours within Frankston City.

**Local roads:** The municipal road network which is maintained by Council.

**Metropolitan Activity Centre:** Metropolitan Activity Centre (MAC) as defined by the Frankston Structure Plan and Victorian Planning Policy.

**Master plan:** A plan which outlines a preferred future vision for a particular area in Frankston City. It is usually developed for an area being considered for redevelopment or redesign.

**Municipal Strategic Statement (MSS):** The Municipal Strategic Statement (MSS) is Council's long-term plan to guide development of the City and its urban form. It forms part of the Frankston City Planning Scheme.

**Municipal Association of Victoria (MAV):** The industry body which advocates on behalf of Victoria's 79 councils.

**Net assets:** The difference between total assets and total liabilities, which represents Council's net worth. Net assets are also equal to total equity.

**Operating leases:** A lease under which the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased asset.

**Performance measures:** Mechanisms such as unit costs or response times which can be used to measure Council's performance over time.

**Plant and equipment:** Assets owned by Council including ticket machines, garbage bins, fleet and trailers.

**Pre-payments:** Payments made to Council in advance of receiving good or services.

**Provisions:** Includes accrued long service leave, annual leave and rostered days off owing to employees at reporting date.

**Rates and charges income:** Income received from ratepayers in relation to general rates, garbage rates and special rate schemes.

**Rating strategy:** The process by which Council's rate structure is established and how the quantum of rate change has been determined taking into consideration long-term issues.

**Reserves:** Monies set aside in the statement of financial position for specific purposes in accordance with statutory and discretionary principles.

**Revaluation:** The process where the fair value of an asset or the useful life of an asset is reassessed.

**Revenue:** Revenue is the amount of money that Council actually receives from its activities, mostly from rates and services provided to customers and ratepayers.

**Risk management:** A policy and process for identifying business risks and controlling the likelihood and/or impact of a risk event occurring.

**Roads:** Includes road pavements, footpaths, kerb and channel, traffic signals and speed restriction devices.

**Statement of changes in equity:** Summarises the change in Council's net worth.

**Statement of financial position:** Reports all assets owned by Council (includes amounts owed to Council) and all liabilities owed by Council.

**Strategic Resource Plan:** Sets out the long-term financial resources of Council and includes key financial indicators.

**Strategy:** A plan of action intended to accomplish specific objectives.

**Surplus (deficit):** Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of

associates and joint ventures accounted for by the equity method.

**Sustainable:** Ability to meet present day needs without compromising the ability of future generations to meet their needs.

**Triple bottom line:** Measures community wellbeing by assessing economic, social and environmental considerations.

**Trust funds and deposits:** Monies received by Council for a specific purpose, which are to be refunded upon a specific event occurring (i.e. Council assets are not damaged). If that specific event does not occur, Council is entitled to recognise these monies as income.

**User fees:** Income received by Council from a variety of fees and charges such as aged and health service fees, animal and local law fines and registrations, building permits and other charges, childcare, children's program fees, debt collection recovery charges, election fines, parking meter fees, ticket machine fees, leisure centre and recreation fees, library fines and other charges.

**Values:** Values are beliefs that underpin behaviours and processes. The values of an organisation guide its culture.

**Victorian Auditor-General:** Independent officer of the Victorian Parliament appointed to examine the management of resources within the public sector on behalf of the Parliament and the community.

**Vision:** A description of the future we aim to achieve for our City and community.

**Ward:** Defined electoral area to which a representative is elected as Councillor.

**Wellbeing:** A general term to encompass health, happiness, welfare, security, comfort, quality of life and a sense of belonging.

Frankston City Council

# Performance Statement

For the year ended 30 June 2019

# Performance Statement

For the year ended 30 June 2019

## Description of municipality

Frankston City is located on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne. The city covers an area of about 131 square kilometres from the Seaford Wetlands in the north, to Frankston South in the South and the Western Port Highway in the east. The western boundary of the city is made up of 11 kilometres of pristine coastline. The Estimated Resident Population (ERP) is 141,845 and is expected to grow to 163,610 by 2041.

Frankston City comprises the suburbs of Frankston, Frankston South, Frankston North, Seaford, Carrum Downs, Langwarrin, Langwarrin South, Karingal, Sandhurst and Skye and is strategically placed as the regional centre of the Mornington Peninsula and the south east growth corridor of Melbourne.

The city's main industries include health care and community services, manufacturing, retail trade, education and training. Frankston City is recognised for its parks and natural reserves, vibrant lifestyles, diverse community and growing business, arts, education and health sectors.

Frankston City provides recreation, leisure and entertainment facilities for a population catchment far greater than its municipal boundaries as it hosts a number of popular venues, events and attractions such as the Frankston Arts Centre, McClelland Sculpture Park and Gallery, The Waterfront Festival and the Sand Sculpting Australia exhibition.

Frankston City is currently experiencing a rapid change in perception and landscape. Major Victorian and Australian Government investment in the form of the Frankston Station redevelopment and the transformation of Young Street has spurred investor confidence and outside interest.

Coupled with the expansions of Peninsula Health's Frankston Hospital and Chisholm TAFE, and the convenient proximity to Monash University's Peninsula Campus, these projects have also been a catalyst for private development, most notably throughout the city centre in the form of offices and apartments.



## Sustainability capacity indicators

For the year ended 30 June 2019

<i>Indicator/measure</i>	Results					Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$914	\$1,000	\$1,057	\$1089	\$1,126	Council continues to identify and pursue alternative revenue sources.
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / municipal population]	\$176	\$109	\$172	\$145	\$128	Recurrent grants including the Victorian Grants Commission funding are not increasing at the same pace as the municipal population. Recurrent grant funding has reduced by \$2.3 million since 2017-2018.
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,058	\$1,034	\$1,056	\$1089	\$1,216	The significant rise is mainly due to waste and disposal services. Depreciation has also increased due to the delivery of a large capital works program and increase to asset revaluation.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,207	\$5,415	\$5,794	\$5,618	\$6,154	Frankston City continues to increase infrastructure delivery to meet community needs.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	194	194	197	211	213	The increase is primarily due to the estimated population growth currently at 141,845.
<b>Disadvantage</b> <i>Relative socio-economic disadvantage [Index of relative socio-economic disadvantage by decile]</i>	6	6	6	7	6	Council ranks in the sixth decile in Victoria. The previous year's result was taken from the National index of relative socio-economic disadvantage by decile. The first decile indicates the most disadvantaged and the tenth decile indicates the least disadvantaged.

## Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

## Service performance indicators

For the year ended 30 June 2019

Indicator/measure	Results					Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	2018–2019	
<b>Governance</b>						
<b>Satisfaction</b> <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	59	58	54	52	55	Score indicates improved community satisfaction with Council decision.
<b>Statutory Planning</b>						
<b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	45%	56%	41%	44%	32%	VCAT decisions set aside were high however a number of matters were settled by consent at VCAT once modifications were made to the proposal or as a result of compulsory conference outcomes. Applications reflect an agreed position between Council and the applicant which is subsequently affirmed by VCAT without a contested hearing. Council is undertaking further strategic planning work to update the Frankston Planning Scheme to enable decisions which meet community needs.

<i>Indicator/measure</i>	Results					Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	
<b>Roads</b>						
<b>Satisfaction</b> <i>Satisfaction with sealed roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	64	63	59	64	66	An increase in satisfaction from the previous years including ten points higher than the state-wide average.
<b>Libraries</b>						
<b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	15%	14%	13%	12%	11%	The decline is consistent with previous years and is consistent with industry trends. The decreasing trend in participation reflects the strong emergence of readily available information from online sources. In addition, this measure does not capture the members who are engaged with the library service and accessing digital resources and activities that are not defined as a collection item, such as music streaming services.
<b>Waste Collection</b>						
<b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54%	53%	54%	53%	54%	An increase in kerbside garden waste service uptake and initiatives such as Garage Sale Trail, has resulted in an increased diversion of waste from landfill.

<i>Indicator/measure</i>	Results					Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	
<b>Aquatics Facilities</b>						
<b>Utilisation</b>	4	6	7	6	7	Visitation to Peninsula Aquatic Recreation Centre (PARC) and Pines Forest Aquatic Centre continues to increase with over 1.044 million combined visits. The figures come from members scanning their RFID bands or cards on the entry gates.
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]						
<b>Animal Management</b>						
<b>Health and safety</b>	37	82	71	144	114	The rate of non-compliance has improved resulting in a decrease in the number of prosecutions.
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]						
<b>Food Safety</b>						
<b>Health and safety</b>	86%	99%	100%	95%	100%	All premises that received a major or critical inspection outcome were followed up in a timely manner.
<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100						
<b>Maternal Child and Health</b>						
<b>Participation</b>	78%	75%	70%	74%	75%	
<i>Participation in the MCH service</i>						



<i>Indicator/measure</i>	Results					Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100						Participation rate consistent with previous year.
<b>Participation</b> <i>Participation in MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	74%	68%	69%	76%	87%	A significant increase due to better identification of Out of Home Care children.

## Definitions

"Aboriginal child" means a child who is an Aboriginal person

"Aboriginal person" has the same meaning as in the *Aboriginal Heritage Act 2006*

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

"annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the *Local Government Act 1989*

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

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

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

"Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth

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

"food premises" has the same meaning as 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 authorised 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

"target population" has the same meaning as in the Agreement entered into for the purposes of the *Home and Community Care Act 1985* of the Commonwealth

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

## Financial Performance Indicators

For the year ended 30 June 2019

Dimension/indicator/measure	Results					Forecast				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	
<b>Operating Position</b>										
<b>Adjusted underlying result</b>										
<i>Adjusted underlying surplus (or deficit)</i>	3.4%	8.9%	15.0%	13.2%	4.5%	6.9%	6.2%	5.1%	4.2%	Figure reflects the long term impact of rate capping, the increase in waste and disposal service cost. Decreased funding from government grants and an increase in asset depreciation.
[Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100										
<b>Liquidity</b>										
<b>Working capital</b>										
<i>Current assets compared to current liabilities</i>	164.0%	223.6%	334.9%	252.7%	299.2%	328.2%	311.7%	291.3%	300.6%	Assets are expected to remain stable over the next four years as Council delivers on its strategic priorities.
[Current assets / Current liabilities] x100										
<b>Unrestricted cash</b>										
<i>Unrestricted cash compared to current liabilities</i>	55.0%	45.4%	58.0%	50.4%	44.2%	111.8%	151.5%	131.1%	140.3%	Lower due to higher unexpended grants and carry forward capital works projects. This is expected to
[Unrestricted cash / Current liabilities] x100										

<i>Dimension/indicator/measure</i>	Results					Forecast				<b>Material Variations</b>
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	
										increase in future years as projects are delivered.
<b>Obligations</b>										
<b>Loans and borrowings</b>										
<i>Loans and borrowings compared to rates</i>	30.0%	34.4%	31.5%	30.1%	23.1%	21.9%	21.1%	20.3%	19.5%	Council repaid a loan of \$7.02 million. Expected to continue to decrease, reflecting Council’s scheduled repayment of debt.
[Interest bearing loans and borrowings / Rate revenue] x100										
<i>Loans and borrowings repayments compared to rates</i>	4.0%	4.5%	2.9%	2.3%	7.1%	1.4%	1.4%	1.4%	1.3%	Council repaid a loan of \$7.02 million. Expected to continue to decrease, reflecting Council’s scheduled repayment of debt.
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100										
<b>Indebtedness</b>										
<i>Non-current liabilities compared to own-source revenue</i>	19.0%	28.3%	25.2%	19.5%	18.4%	17.9%	17.3%	16.7%	16.1%	Council has a prudent level of long term liabilities, however the level of own-source revenue continues to be restricted through rate capping and user fees and charges.
[Non-current liabilities / own-source revenue] x100										

<i>Dimension/indicator/measure</i>	Results					Forecast				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	
<b>Asset renewal</b>										
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	70.0%	86.6%	60.1%	91.6%	80.5%	75.6%	74.8%	66.2%	61.5%	An anticipated decrease is based on a plateau of renewal expenditure based on current condition assessments.
<b>Stability</b>										
<b>Rates concentration</b>										
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	68.0%	71.5%	66.6%	66.0%	67.3%	68.8%	69.0%	69.4%	69.5%	Council has a stable dependency on rate revenue, however results indicate it should continue to identify and pursue alternative revenue sources.
<b>Rates effort</b>										
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	Will remain stable over the next four years.



<i>Dimension/indicator/measure</i>	Results					Forecast				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	2022– 2023	
<b>Efficiency</b>										
<b>Expenditure level</b>										
<i>Expenses per property assessment</i>	\$2,377	\$2,256	\$2,340	\$2,471	\$2,783	\$2,720	\$2,802	\$2,850	\$2,947	Expenses have risen due to waste disposal service cost. Depreciation has also increased due to the delivery of a large capital works projects and an increase to asset revaluation. This increase is expected to continue into the future.
[Total expenses / Number of property assessments]										
<b>Revenue level</b>										
<i>Average residential rate per residential property assessment</i>	\$1,099	\$1,168	\$1,166	\$1,221	\$1,292	\$1,283	\$1,316	\$1,326	\$1,359	Expected to remain stable over the next four years.
[Residential rate revenue / Number of residential property assessments]										
<b>Workforce Turnover</b>										
<i>Resignations and terminations compared to average staff</i>	13.0%	14.8%	14.9%	13.1%	10.1%	10.2%	10.3%	10.5%	10.6%	The decrease represents Council's focus on employee engagement and strengthening the workplace.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100										

## Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

## Other Information

For the year ended 30 June 2019

### 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 municipality and an explanation of material variations in the results. Council has made a number of comments under 'Material Variations' to assist readers to interpret the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

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

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by Council's Strategic Resource Plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the Performance Statement.

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 1 July 2019 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting Council.

## Certification of the Performance Statement

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



**Luke Walker CPA**  
**Acting Principal Accounting Officer**

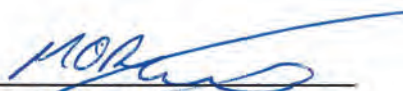
**Dated:** 23 September 2019

In our opinion, the accompanying Performance Statement of *Frankston City Council* for the year ended 30 June 2019 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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



**Cr. Michael O'Reilly**  
**Mayor**

**Dated:** 23 September 2019



**Cr. Quinn McCormick**  
**Councillor**

**Dated:** 23 September 2019



**Phil Cantillon**  
**Chief Executive Officer**

# Frankston City Council Consolidated Financial Report

For the year ended 30 June 2019





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## Certification of Financial Statements

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



**Luke Walker CPA**  
**ACTING PRINCIPAL ACCOUNTING OFFICER**  
23 September 2019  
30 Davey Street, Frankston Victoria, Australia

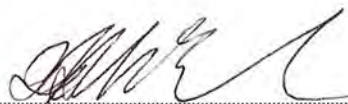
In our opinion the accompanying Financial Statements present fairly the financial transactions of Frankston City Council for the year ended 30 June 2019 and the financial position of Council as of that date.

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

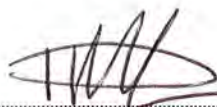
We have been authorised by Council on 2 September 2019 and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the Financial Statements in their final form.



**Cr. Michael O'Reilly**  
**MAYOR**  
23 September 2019  
30 Davey Street, Frankston Victoria, Australia



**Cr. Quinn McCormack**  
**COUNCILLOR**  
23 September 2019  
30 Davey Street, Frankston Victoria, Australia



**Phil Cantillon**  
**CHIEF EXECUTIVE OFFICER**  
23 September 2019  
30 Davey Street, Frankston Victoria, Australia

# Independent Auditor's Report

## To the Councillors of Frankston City Council

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<b>Opinion</b>	<p>I have audited the consolidated financial report of Frankston City Council (the council) and its controlled entity (together, the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"><li>• consolidated entity balance sheet as at 30 June 2019</li><li>• consolidated entity comprehensive income statement for the year then ended</li><li>• consolidated entity statement of changes in equity for the year then ended</li><li>• consolidated entity statement of cash flows for the year then ended</li><li>• consolidated entity statement of capital works for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• certification of the financial statements.</li></ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2019 and its financial performance and cash flows for the year then ended, in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

---

MELBOURNE  
30 September 2019

  
Jonathan Kyvelidis  
as delegate for the Auditor-General of Victoria

## 2018-2019 Financial Report

### Comprehensive Income Statement

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Income</b>			
Rates and charges	3.1	122,410	117,044
Statutory fees and fines	3.2	6,170	5,842
User fees	3.3	25,399	22,259
Grants - operating	3.4	19,066	20,237
Grants - capital	3.4	4,704	3,212
Contributions - monetary	3.5	1,906	3,695
Contributions - non monetary	3.5	2,778	3,607
Net gain on disposal of property, plant and equipment	3.6	-	1,923
Other income	3.7	5,797	6,125
<b>Total income</b>		<b>188,230</b>	<b>183,944</b>
<b>Expenses</b>			
Employee costs	4.1	72,501	68,660
Materials and services	4.2	57,510	49,127
Depreciation and amortisation	4.3	32,549	28,730
Bad and doubtful debts	4.4	374	224
Borrowings costs	4.5	1,576	1,869
Other expenses	4.6	5,819	4,607
Net loss on disposal of property, plant and equipment	3.6	2,201	-
<b>Total expenses</b>		<b>172,530</b>	<b>153,217</b>
<b>Surplus for the year</b>		<b>15,700</b>	<b>30,727</b>
<b>Other comprehensive income</b>			
Net asset revaluation (decrement)/increment	6.1	(25,399)	277,030
<b>Total comprehensive result</b>		<b>(9,699)</b>	<b>307,757</b>

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

## 2018-2019 Financial Report

### Balance Sheet

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	49,739	53,715
Other financial assets	5.1	47,678	52,249
Trade and other receivables	5.1	16,247	15,795
Inventories	5.2	158	186
Other assets	5.2	3,086	2,224
<b>Total current assets</b>		<b>116,908</b>	<b>124,169</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1	-	31
Other financial assets	5.1	4,500	5,500
Property, infrastructure, plant and equipment	6.1	1,673,951	1,682,437
Intangible assets	5.2	1,446	1,871
<b>Total non-current assets</b>		<b>1,679,897</b>	<b>1,689,839</b>
<b>Total assets</b>		<b>1,796,805</b>	<b>1,814,008</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	19,658	18,190
Trust funds and deposits	5.3	6,880	12,622
Provisions	5.5	12,217	11,298
Interest-bearing liabilities	5.4	320	7,023
<b>Total current liabilities</b>		<b>39,075</b>	<b>49,133</b>
<b>Non-current liabilities</b>			
Provisions	5.5	1,595	1,725
Interest-bearing liabilities	5.4	27,748	28,068
<b>Total non-current liabilities</b>		<b>29,343</b>	<b>29,793</b>
<b>Total liabilities</b>		<b>68,418</b>	<b>78,926</b>
<b>Net assets</b>		<b>1,728,387</b>	<b>1,735,082</b>
<b>Equity</b>			
Accumulated surplus		707,742	689,811
Reserves	9.1	1,020,645	1,045,271
<b>Total equity</b>		<b>1,728,387</b>	<b>1,735,082</b>

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

## 2018-2019 Financial Report

### Statement of Changes in Equity

For the year ended 30 June 2019

2019		Total	Accumulated	Revaluation	Other
	Note	2019	Surplus	Reserve	Reserves
		\$'000	2019	2019	2019
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2018</b>		<b>1,735,082</b>	<b>689,811</b>	<b>970,833</b>	<b>74,438</b>
Surplus for the year		15,700	15,700	-	-
Prior year adjustment -found assets		3,004	3,004	-	-
Net asset revaluation decrement	9.1(a)	(25,399)	-	(25,399)	-
Transfers to other reserves	9.1(b)	-	(19,795)	-	19,795
Transfers from other reserves	9.1(b)	-	19,022	-	(19,022)
<b>Balance at end of the financial year</b>		<b>1,728,387</b>	<b>707,742</b>	<b>945,434</b>	<b>75,211</b>

2018		Total	Accumulated	Asset	Other
	Note	2018	Surplus	Revaluation	Reserves
		\$'000	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>		<b>1,399,569</b>	<b>650,723</b>	<b>693,803</b>	<b>55,043</b>
Prior year adjustment - found assets		27,756	27,756	-	-
Revised balance at 1 July 2017		1,427,325	678,479	693,803	55,043
Surplus for the year		30,727	30,727	-	-
Net asset revaluation increment	9.1(a)	277,030	-	277,030	-
Transfers to other reserves	9.1(b)	-	(26,575)	-	26,575
Transfers from other reserves	9.1(b)	-	7,180	-	(7,180)
<b>Balance at end of the financial year</b>		<b>1,735,082</b>	<b>689,811</b>	<b>970,833</b>	<b>74,438</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

## 2018-2019 Financial Report

### Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Rates and charges		121,694	115,928
Statutory fees and fines		5,158	5,217
User fees		25,654	22,864
Grants - operating		18,595	20,423
Grants - capital		4,704	3,012
Contributions - monetary		1,906	3,695
Interest received		3,019	2,493
Trust funds and deposits taken		16,652	15,480
Other receipts		3,367	3,987
Net GST received		8,140	6,408
GST on receipts		1,551	1,670
		<u>210,440</u>	<u>201,177</u>
<b>Payments</b>			
Employee costs		(71,177)	(69,823)
Materials and services		(53,198)	(42,200)
Other payments		(3,593)	(3,122)
GST on payments		(9,693)	(8,078)
Trust funds and deposits repaid		(22,394)	(12,586)
		<u>(160,055)</u>	<u>(135,809)</u>
<b>Net cash provided by operating activities</b>	9.2	<u><b>50,385</b></u>	<u><b>65,368</b></u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, intangibles, plant and equipment		(52,085)	(44,743)
Proceeds from sale of property, plant and equipment	3.6	747	2,601
Payments for investments		5,571	(22,192)
<b>Net cash used in investing activities</b>		<u><b>(45,767)</b></u>	<u><b>(64,334)</b></u>
<b>Cash flows from financing activities</b>			
Finance costs		(1,571)	(1,874)
Repayment of borrowings		(7,023)	(773)
<b>Net cash used in financing activities</b>		<u><b>(8,594)</b></u>	<u><b>(2,647)</b></u>
Net decrease in cash and cash equivalents		<b>(3,976)</b>	<b>(1,613)</b>
Cash and cash equivalents at the beginning of the financial year		53,715	55,328
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<u><b>49,739</b></u>	<u><b>53,715</b></u>
Financing arrangements	5.7		
Restrictions on cash assets	5.1		

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



## 2018-2019 Financial Report

### Statement of Capital Works

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Property</b>			
Land		300	867
<b>Total land</b>		<b>300</b>	<b>867</b>
Buildings		13,761	14,457
Building improvements		28	32
<b>Total buildings</b>		<b>13,789</b>	<b>14,489</b>
<b>Total property</b>		<b>14,089</b>	<b>15,356</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		2,204	2,477
Fixtures, fittings and furniture		418	768
Computers and telecommunications		850	831
Library books		654	510
<b>Total plant and equipment</b>		<b>4,126</b>	<b>4,586</b>
<b>Infrastructure</b>			
Roads		9,164	5,618
Bridges		827	1,115
Footpaths and cycleways		3,188	2,522
Drainage		770	1,202
Recreational, leisure and community facilities		10,977	5,852
Waste management		102	-
Parks, open space and streetscapes		4,524	4,647
Off street car parks		2,281	2,176
Other infrastructure		670	1,158
<b>Total infrastructure</b>		<b>32,503</b>	<b>24,290</b>
<b>Total capital works expenditure</b>		<b>50,718</b>	<b>44,232</b>
<b>Represented by:</b>			
New asset expenditure		16,335	10,597
Asset renewal expenditure		25,373	25,490
Asset expansion expenditure		856	436
Asset upgrade expenditure		8,154	7,709
<b>Total capital works expenditure</b>		<b>50,718</b>	<b>44,232</b>

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

# Notes to the Financial Statements

## For the year ended 30 June 2019

### OVERVIEW

#### Introduction

Frankston City Council 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 30 Davey Street, Frankston, 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 Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

#### Significant accounting policies

##### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.1)
- the determination of employee provisions (refer to note 5.5)
- other areas requiring judgments

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

The Frankston Cemetery Trust has been specifically excluded from this report by virtue of the *Cemeteries Trust Act (1958)*.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 1 Performance against budget

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

The budget figures detailed below are those adopted by Council on 12 June 2018. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The Budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

#### 1.1 Income and Expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref.
<b>Income</b>					
Rates and charges	121,455	122,410	955	0.79%	
Statutory fees and fines	5,867	6,170	303	5.16%	
User fees	25,021	25,399	378	1.51%	
Grants - operating	18,190	19,066	876	4.82%	
Grants - capital	4,495	4,704	209	4.65%	
Contributions - monetary	3,425	1,906	(1,519)	(44.35%)	1.
Contributions - non-monetary	800	2,778	1,978	247.25%	2.
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	715	(2,201)	(2,916)	(407.83%)	3.
Other income	3,710	5,797	2,087	56.25%	4.
<b>Total income</b>	<b>183,678</b>	<b>186,029</b>	<b>2,351</b>	<b>1.28%</b>	
<b>Expenses</b>					
Employee costs	72,284	72,501	(217)	(0.30%)	
Materials and services	53,848	57,510	(3,662)	(6.80%)	
Bad and doubtful debts	305	374	(69)	(22.62%)	5.
Depreciation and amortisation	31,591	32,549	(958)	(3.03%)	
Borrowing costs	1,573	1,576	(3)	(0.19%)	
Other expenses	3,466	5,819	(2,353)	(67.89%)	6.
<b>Total expenses</b>	<b>163,067</b>	<b>170,329</b>	<b>(7,262)</b>	<b>(4.45%)</b>	
<b>Surplus/(deficit) for the year</b>	<b>20,611</b>	<b>15,700</b>	<b>(4,911)</b>	<b>(23.83%)</b>	

## Notes to the Financial Statements

### For the year ended 30 June 2019

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

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

Variance Ref	Item	Explanation
1	Contributions - monetary	Contributions - monetary had an unfavourable actual to budget variance of \$1.519 million mainly due to income of \$0.500 million not being received for the fit out of the Frankston Yacht Club Building and \$1.675 million due to the delay of special charge scheme Newton Ave and Weerona Road.
2	Contributions - non-monetary	Contributions - non-monetary had a favourable actual to budget variance of \$1.978 million as a result of an increase in gifted land, roads and drainage received relating to subdivisions within the municipality.
3	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Net loss on disposal of property, infrastructure, intangibles, plant and equipment has an unfavourable actual to budget variance of \$2.916 million mainly due to land that was previously sold in 2017-2018, however a correcting adjustment was made in 2018-2019 to accurately show the disposal.
4	Other income	Other income had a favourable actual to budget variance of \$2.087 million mainly due to interest received on investments exceeding budget by \$1.700 million. The adopted budget was a conservative estimate initially made and higher than expected cash levels were held earlier in the year when interest rates were higher. In addition, the variance was due to \$0.546 million being received for insurance claims in relation to damage to the pool in October 2017 at Peninsula Aquatic Recreation Centre (PARC).
5.	Bad and doubtful debts	Bad and Doubtful Debts had an unfavourable actual to budget variance of \$0.069 million mainly due to an increase in debtor totals for outstanding infringements, primarily parking infringements. Infringement payments have been effected by delays in receiving payments from the respective courts.
6.	Other expenses	Other expenses has an unfavourable actual to budget variance mainly due to \$2.225 million variance in carrying costs of assets due to the assets that have been written-off or impairment during the year.

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### 1.2 Capital Works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref.
<b>Property</b>					
Land	-	300	300	100.00%	1.
<b>Total Land</b>	<b>-</b>	<b>300</b>	<b>300</b>	<b>100.00%</b>	
Buildings	13,261	13,761	500	3.77%	
Building improvements	-	28	28	100.00%	2.
<b>Total Buildings</b>	<b>13,261</b>	<b>13,789</b>	<b>528</b>	<b>3.98%</b>	
<b>Total Property</b>	<b>13,261</b>	<b>14,089</b>	<b>828</b>	<b>6.24%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,215	2,204	(11)	(0.50%)	
Fixtures, fittings and furniture	50	418	368	736.00%	3.
Computers and telecommunications	2,030	850	(1,180)	(58.13%)	4.
Library books	700	654	(46)	(6.57%)	
<b>Total plant and equipment</b>	<b>4,995</b>	<b>4,126</b>	<b>(869)</b>	<b>(17.40%)</b>	
<b>Infrastructure</b>					
Roads	8,740	9,164	424	4.85%	
Bridges	570	827	257	45.09%	5.
Footpaths and cycleways	3,205	3,188	(17)	(0.53%)	
Drainage	1,060	770	(290)	(27.36%)	6.
Recreational, leisure and community facilities	13,305	10,977	(2,328)	(17.50%)	7.
Waste management	100	102	2	2.00%	
Parks, open space and streetscapes	4,170	4,524	354	8.49%	
Off street car parks	570	2,281	1,711	300.18%	8.
Other infrastructure	880	670	(210)	(23.86%)	9.
<b>Total infrastructure</b>	<b>32,600</b>	<b>32,503</b>	<b>(97)</b>	<b>(0.30%)</b>	
<b>Total capital works expenditure</b>	<b>50,856</b>	<b>50,718</b>	<b>(138)</b>	<b>(0.27%)</b>	
<b>Represented by:</b>					
New asset expenditure	16,655	16,335	(320)	(1.92%)	
Asset renewal expenditure	25,308	25,373	65	0.26%	
Asset expansion expenditure	3,117	856	(2,261)	(72.54%)	
Asset upgrade expenditure	5,776	8,154	2,378	41.17%	
<b>Total capital works expenditure</b>	<b>50,856</b>	<b>50,718</b>	<b>(138)</b>	<b>(0.27%)</b>	

## Notes to the Financial Statements

### For the year ended 30 June 2019

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

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

Variance Ref	Item	Explanation
1.	Land	Costs associated with the purchase of 16 Cranbourne Road.
2.	Building improvements	New projects were introduced throughout the year.
3.	Fixtures, fittings and furniture	Fixtures, fittings and furniture overspend of \$0.368 million is due to bringing forward expenditure for equipment renewal in the Frankston Arts Centre.
4.	Computers and telecommunications	Computers and telecommunications was underspent by \$1.180 million due to delays in delivery of multi-year projects with \$0.869 million being carried forward to 2019-2020 financial year.
5.	Bridges	Bridges overspent by \$0.257 million due to the scope of the Landmark Bridge project increasing to cater for additional protective coating required.
6.	Drainage	Drainage was underspent by \$0.290 million due to a change in scope for pipe works at Williams Street.
7.	Recreational, leisure and community facilities	Recreational, leisure and community facilities were \$2.328 million primarily due to Belvedere Reserve works being completed earlier than expected in the previous financial year, installation of Frankston Park Oval lighting being delayed until the 2019-2020 financial year and works associated with the Frankston BMX Track now being moved to future years.
8.	Off street car parks	Off street car parks were overspent by \$1.711 million due to completion of works that were carried forward from previous years. These projects included the construction of car parks at McClelland Reserve and Lawton Park.
9.	Other infrastructure	Other infrastructure was \$0.210 million underspent due to local area traffic management works in the Woodlands Precinct delayed until the 2019-2020 year.



# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs:

#### Chief Executive Officer (CEO) and Council

The CEO has responsibility for the day to day management of Council's operations in accordance with the strategic direction of the Council Plan 2017-2021.

#### Community Assets

Deliver innovative and sustainable outcomes for the community.

The directorate includes Capital Works Delivery, Buildings and Facilities, Sustainable Assets and Engineering Services.

#### Community Development

Build community health and wellbeing through operational service delivery to an agreed standard, balancing best value and risk minimisation to the community, staff and the overall organisation.

The directorate includes Arts and Culture, Community Strengthening, Operations, Planning and Environment, Community Safety and Family Health Support Services.

#### Corporate Development

Build robust services and strong partnerships with the community to deliver services to improve the community's lifestyle.

The directorate includes Governance and Information, Business Information and Technology, Commercial Services, Community Relations, Recycling, Financial and Corporate Planning and Human Resources.

#### Other

The items in Other are not directly attributable to the Directorates and includes overheads and grants.

#### Peninsula Leisure

Peninsula Leisure Pty Ltd is a wholly-owned subsidiary of Frankston City Council. Peninsula Leisure Pty Ltd operates Peninsula Aquatic Recreation Centre (Frankston PARC), an aquatic and recreation facility servicing the region.

### 2.1 Summary of revenues, expenses, assets and capital expenses by program

2019	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Net assets
	\$'000	\$'000	\$'000	\$'000	\$'000
CEO and Council	32	1,831	(1,799)	-	-
Community Assets	408	20,270	(19,862)	264	116,196
Community Development	25,000	96,049	(71,049)	9,760	1,495,713
Corporate Development	131,233	33,396	97,837	3	96,061
Other	19,109	8,816	10,293	13,743	85,120
Peninsula Leisure	12,448	12,168	280	-	3,715
	<b>188,230</b>	<b>172,530</b>	<b>15,700</b>	<b>23,770</b>	<b>1,796,805</b>
2018	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Net assets
	\$'000	\$'000	\$'000	\$'000	\$'000
CEO and Council	363	2,162	(1,799)	51	-
Community Assets	534	16,874	(16,340)	1	115,114
Community Development	24,623	90,254	(65,631)	10,424	1,506,856
Corporate Development	125,165	29,024	96,141	157	101,840
Other	22,490	3,772	18,718	12,816	87,004
Peninsula Leisure	10,769	11,131	(362)	-	3,194
	<b>183,944</b>	<b>153,217</b>	<b>30,727</b>	<b>23,449</b>	<b>1,814,008</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

	2019	2018
	\$'000	\$'000

#### 3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its site value inclusive of land, buildings and other improvements.

The valuation base used to calculate general rates for 2018-2019 was \$38,770 million (2017-2018 \$27,920 million).

The 2018-2019 rate in the capital improved value dollar was 0.2165 (2017-2018 0.2930). The municipal charge is levied at the rate of \$159.10 (2017-2018 \$155.60) per rateable property.

General rates	85,245	83,260
Waste management charge	24,871	22,679
Municipal charge	9,848	9,596
Supplementary rates and rate adjustments	1,636	928
Special rates and charges	218	-
Interest on rates and charges	592	581
<b>Total rates and charges</b>	<b>122,410</b>	<b>117,044</b>

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2018 and the valuation was applied to the rating period commencing 1 July 2018.

Valuations were prepared by registered valuers Patel Dore Pty Ltd under contract to Council.

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

#### 3.2 Statutory fees and fines

Infringements and costs	2,507	2,529
Permits	1,797	1,626
Building and town planning fees	1,766	1,497
Land information certificates	88	139
Court recoveries	12	51
<b>Total statutory fees and fines</b>	<b>6,170</b>	<b>5,842</b>

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

#### 3.3 User fees

Recreation and leisure	12,591	10,874
Arts and culture	3,554	2,923
Waste management	3,807	3,215
Parking	1,592	1,955
Other fees and charges	1,036	599
Aged and health services	875	922
Registrations and other permits	653	646
Building services	544	297
Legal cost recovery - rates	432	419
Child care/children's programs	315	409
<b>Total user fees</b>	<b>25,399</b>	<b>22,259</b>

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

## Notes to the Financial Statements

### For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>3.4 Funding from other levels of government</b>		
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	14,063	15,769
State funded grants	9,707	7,680
<b>Total grants received</b>	<b>23,770</b>	<b>23,449</b>
<b>(a) Operating grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Financial Assistance Grants	7,990	8,879
Aged and community care	4,228	4,318
Family, children and youth services	629	564
Maternal and child health	15	17
<b>Recurrent Commonwealth grants</b>	<b>12,862</b>	<b>13,778</b>
<b><i>Recurrent - State Government</i></b>		
Maternal and child health	1,832	1,658
Aged and community care	1,191	1,337
Libraries	882	875
Community development	464	392
School crossing supervisors	451	770
Family, children and youth services	148	148
Recreation	75	49
Community safety	40	40
<b>Recurrent State grants</b>	<b>5,083</b>	<b>5,269</b>
<b>Total recurrent operating grants</b>	<b>17,945</b>	<b>19,047</b>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
Maternal and child health	61	38
<b>Non-recurrent Commonwealth grants</b>	<b>61</b>	<b>38</b>
<b><i>Non-recurrent - State Government</i></b>		
Community development	364	203
Environment	200	158
Maternal and child health	188	384
Family, children and youth services	172	138
Community arts	70	110
Community safety	46	128
Recreation	10	31
Aged and community care	10	-
<b>Non-recurrent State grants</b>	<b>1,060</b>	<b>1,152</b>
<b>Total non-recurrent operating grants</b>	<b>1,121</b>	<b>1,190</b>
<b>Total operating grants</b>	<b>19,066</b>	<b>20,237</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>3.4 Funding from other levels of government (cont.)</b>		
<b>(b) Capital grants</b>		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	161	1,356
<b>Recurrent Commonwealth grants</b>	<b>161</b>	<b>1,356</b>
<i>Non-recurrent - Commonwealth Government</i>		
Recreational, leisure and community facilities	457	47
Buildings	432	163
Plant and equipment	90	87
Fixtures, fittings and furniture	-	300
<b>Non-recurrent Commonwealth grants</b>	<b>979</b>	<b>597</b>
<i>Non-recurrent - State Government</i>		
Recreational, leisure and community facilities	2,804	489
Buildings	363	543
Parks, open space and streetscapes	324	10
Roads	48	10
Drainage	25	-
Fixtures, fittings and furniture	-	207
<b>Non-recurrent State grants</b>	<b>3,564</b>	<b>1,259</b>
<b>Total non-recurrent capital grants</b>	<b>4,543</b>	<b>1,856</b>
<b>Total capital grants</b>	<b>4,704</b>	<b>3,212</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	12,347	10,217
Received during the financial year and remained unspent at balance date	8,563	5,819
Received in prior years and spent during the financial year	(6,770)	(3,689)
<b>Balance at year end</b>	<b>14,140</b>	<b>12,347</b>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

### 3.5 Contributions

Non-monetary	2,778	3,607
Monetary	1,906	3,695
<b>Total contributions</b>	<b>4,684</b>	<b>7,302</b>
<i>Contributions of non-monetary assets were received in relation to the following asset classes</i>		
Roads	813	763
Footpath and cycleways	624	-
Land under roads	472	-
Drainage	439	810
Land	283	2,026
Other	147	8
<b>Total non-monetary contributions</b>	<b>2,778</b>	<b>3,607</b>

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

## Notes to the Financial Statements

### For the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
<b>3.6 Net gain/(loss) on disposal of property, plant and equipment</b>		
Proceeds from sale	747	2,601
Written down value of assets disposed	(2,948)	(678)
<b>Total net gain/(loss) on disposal of property, plant and equipment</b>	<b>(2,201)</b>	<b>1,923</b>

The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

### 3.7 Other income

Interest	2,430	2,138
Sales	1,698	1,407
Other rent	1,077	933
Other	358	1,162
Reimbursements	234	485
<b>Total other income</b>	<b>5,797</b>	<b>6,125</b>

Interest is recognised as it is earned.

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 4 The cost of delivering services

	2019 \$'000	2018 \$'000
<b>4.1 Employee costs</b>		
<b>(a) Employee costs</b>		
Salaries and wages	57,520	54,143
Casual and agency staff	6,745	7,457
Superannuation	5,826	5,549
Workcover	2,100	1,216
Fringe benefits tax	155	167
Other	155	128
<b>Total employee costs</b>	<b>72,501</b>	<b>68,660</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	216	277
	<b>216</b>	<b>277</b>
Employer contributions payable at reporting date	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5,777	5,272
	<b>5,777</b>	<b>5,272</b>
Employer contributions payable at reporting date	<b>479</b>	<b>455</b>
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
<b>4.2 Materials and services</b>		
Waste collection and disposal services	17,027	14,899
Contract services	12,412	11,587
Materials	5,668	5,012
Building maintenance	4,590	3,571
Utilities	3,992	3,560
Information technology	2,705	2,188
Plant and equipment	2,248	1,832
Consultants	2,188	1,545
General maintenance	1,798	559
Insurance and fire services levy	1,176	986
Finance and legal	1,145	858
Office administration	1,133	1,193
Cost of goods sold	732	617
Marketing and promotion	696	720
<b>Total materials and services</b>	<b>57,510</b>	<b>49,127</b>



## Notes to the Financial Statements

### For the year ended 30 June 2019

	2019	2018
	\$'000	\$'000
<b>4.3 Depreciation and amortisation</b>		
Infrastructure	20,768	18,638
Property	7,274	5,076
Plant and equipment	3,486	4,117
<b>Total depreciation</b>	<b>31,528</b>	<b>27,831</b>
Intangible assets	1,021	899
<b>Total depreciation and amortisation</b>	<b>32,549</b>	<b>28,730</b>
Please refer to note 5.2(c) and note 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.		
<b>4.4 Bad and doubtful debts</b>		
Parking fine debtors	293	168
Other debtors	81	56
<b>Total bad and doubtful debts</b>	<b>374</b>	<b>224</b>
<b>4.5 Borrowing costs</b>		
Interest - borrowings	1,576	1,869
<b>Total borrowing costs</b>	<b>1,576</b>	<b>1,869</b>
<b>4.6 Other expenses</b>		
Assets written-off / impaired	2,226	1,484
Training and professional development	879	597
Grants and contributions	751	795
Operating lease rentals	725	510
Councillors' allowances and expenses	375	367
Court lodgement fees	357	352
Director and committee member fees	188	213
Auditor remuneration - Internal	134	104
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	107	101
Board costs	76	84
Legal settlement	1	-
<b>Total other expenses</b>	<b>5,819</b>	<b>4,607</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 5 Our Financial Position

	2019 \$'000	2018 \$'000
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	21	21
Cash at bank	1,972	1,605
Term deposits	47,746	52,089
<b>Total cash and cash equivalents</b>	<b>49,739</b>	<b>53,715</b>
<b>(b) Other financial assets</b>		
Term deposits - current	47,678	52,249
Term deposits - non-current	4,500	5,500
<b>Total other financial assets</b>	<b>52,178</b>	<b>57,749</b>
<b>Total financial assets</b>	<b>101,917</b>	<b>111,464</b>

Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (note 5.3)	6,880	12,622
<b>Total restricted funds</b>	<b>6,880</b>	<b>12,622</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>42,859</b>	<b>41,093</b>

#### Intended allocations

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

- Strategic asset reserve (note 9.1b)	29,606	25,988
- Unexpended grants (note 9.1b)	14,140	12,347
- MAV LGFV Fund (note 9.1b)	9,737	15,542
- PARC asset management sinking fund (note 9.1b)	9,087	6,000
- Statutory reserves (note 9.1b)	6,496	5,684
- Cash held to fund carried forward capital works	4,969	8,004
- Capital project reserve (note 9.1b)	4,623	7,313
- PARC asset management plan reserve (note 9.1b)	1,171	1,025
- PARC strategic reserve (note 9.1b)	300	495
- Resource efficiency reserve (note 9.1b)	51	44
<b>Total funds subject to intended allocations</b>	<b>80,180</b>	<b>82,442</b>

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.

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

# Notes to the Financial Statements

## For the year ended 30 June 2019

2019  
\$'000

2018  
\$'000

### 5.1 Financial assets (cont.)

#### (c) Trade and other receivables

##### Current

##### *Statutory receivables*

Rates debtors	9,759	9,571
Infringement debtors	4,708	3,702
Provision for doubtful debts - infringements	(2,426)	(2,050)
Net GST receivable	2,391	1,949
Special rate scheme	115	146

##### *Non statutory receivables*

Other debtors	1,797	2,581
Provision for doubtful debts - other debtors	(97)	(104)

**Total current trade and other receivables** 16,247 15,795

##### Non-current

##### *Statutory receivables*

Special rate scheme	-	31
---------------------	---	----

**Total non-current trade and other receivables** - 31

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost.

#### (d) Ageing of receivables

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

Current (not yet due)	1,426	946
Past due by up to 30 days	60	1,235
Past due between 31 and 180 days	311	400
<b>Total trade and other receivables</b>	<u>1,797</u>	<u>2,581</u>

### 5.2 Non-financial assets

#### (a) Inventories

Inventories held for distribution	103	112
Inventories held for sale	55	74
<b>Total inventories</b>	<u>158</u>	<u>186</u>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

#### (b) Other assets

Prepayments	1,498	1,301
Accrual Income	1,508	918
Other	80	5
<b>Total other assets</b>	<u>3,086</u>	<u>2,224</u>

# Notes to the Financial Statements

## For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>5.2 Non-financial assets (cont.)</b>		
<b>(c) Intangible assets</b>		
<b>Software</b>		
At cost	6,066	5,470
Less accumulated amortisation	(4,620)	(3,599)
	<b>1,446</b>	<b>1,871</b>
<b>Gross carrying amount</b>		
Balance at 1 July	5,470	5,168
Acquisitions	596	302
Balance at 30 June	6,066	5,470
<b>Accumulated amortisation and impairment</b>		
Balance at 1 July	3,599	2,700
Amortisation expense	1,021	899
Balance at 30 June	4,620	3,599
<b>Net book value 30 June</b>	<b>1,446</b>	<b>1,871</b>

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

### 5.3 Payables

#### (a) Trade and other payables

Trade payables	17,219	16,338
Accruals and provisions	2,439	1,852
<b>Total trade and other payables</b>	<b>19,658</b>	<b>18,190</b>

#### (b) Trust funds and deposits

Refundable deposits and bonds	2,875	3,315
Prepaid income	2,435	2,441
Fire Services Levy	1,088	6,423
Trust deposits	371	332
Unclaimed moneys	111	111
<b>Total trust funds and deposits</b>	<b>6,880</b>	<b>12,622</b>

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

#### Purpose and nature of items

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

**Fire Services Levy** - Council is the collection agent for the Fire Services Levy on behalf of the Victorian Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the Victorian Government in line with that process.

# Notes to the Financial Statements

## For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>5.4 Interest-bearing liabilities</b>		
<b>Current</b>		
Borrowings - secured *	320	7,023
<b>Total current</b>	<b>320</b>	<b>7,023</b>
<b>Non-current</b>		
Borrowings - secured	27,748	28,068
<b>Total non-current</b>	<b>27,748</b>	<b>28,068</b>
<b>Total interest-bearing liabilities</b>	<b>28,068</b>	<b>35,091</b>

Borrowings are secured over the general rate of Council as per section 141 of the *Local Government Act 1989*.

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

Not later than one year *	320	7,023
Later than one year and not later than five years	1,533	1,426
Later than five years	26,215	26,642
	<b>28,068</b>	<b>35,091</b>

\* Council had a loan maturing in September 2018 of \$6.635 million.

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

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

## 5.5 Provisions

### Employee provisions

Balance at beginning of financial year	13,023	12,345
Additional provisions	2,392	2,909
Amounts used	(1,870)	(2,089)
Change in discounted amount arising because of the time and the effect of any change in the discount rate	267	(142)
Balance at the end of the financial year	<b>13,812</b>	<b>13,023</b>

### (a) Current provisions expected to be wholly settled within 12 months

Annual leave	4,702	4,037
Long service leave	1,080	1,043
Gratuity	3	3
	<b>5,785</b>	<b>5,083</b>

### Current provisions expected to be wholly settled after 12 months

Annual leave	248	212
Long service leave	6,119	5,908
Gratuity	65	95
	<b>6,432</b>	<b>6,215</b>
<b>Total current employee provisions</b>	<b>12,217</b>	<b>11,298</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>5.5 Provisions (cont.)</b>		
<b>(b) Non-current</b>		
Long service leave	1,595	1,725
<b>Total non-current employee provisions</b>	<b>1,595</b>	<b>1,725</b>
Aggregate carrying amount of employee provisions:		
Current	12,217	11,298
Non-current	1,595	1,725
<b>Total aggregate carrying amount of employee provisions</b>	<b>13,812</b>	<b>13,023</b>

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

#### ***Wages and salaries and annual leave***

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

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

#### ***Long service leave***

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

Key assumptions:

- discount rate	1.148%
- inflation rate	4.310%



## Notes to the Financial Statements

### For the year ended 30 June 2019

#### 5.6 Commitments

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

2019	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 year and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
<b>Operating</b>					
Recycling and waste collection	6,596	4,905	1,821	65	<b>13,387</b>
Council building maintenance	4,000	4,000	667	-	<b>8,667</b>
Utilities	682	-	-	-	<b>682</b>
Other	1,321	971	465	291	<b>3,048</b>
Information technology	1,174	60	42	-	<b>1,276</b>
<b>Total</b>	<b>13,773</b>	<b>9,936</b>	<b>2,995</b>	<b>356</b>	<b>27,060</b>
<b>Capital</b>					
Buildings	2,769	-	-	-	<b>2,769</b>
Infrastructure	1,788	-	-	-	<b>1,788</b>
Plant and equipment	75	-	-	-	<b>75</b>
<b>Total</b>	<b>4,632</b>	-	-	-	<b>4,632</b>
2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 year and not later than 5 years \$'000	Later than 5 years \$'001	Total \$'000
Recycling and waste collection	5,179	-	-	-	<b>5,179</b>
Council building maintenance	4,000	4,000	4,667	-	<b>12,667</b>
Utilities	697	697	30	15	<b>1,439</b>
Other	1,462	1,266	467	103	<b>3,298</b>
Debt collection	460	-	-	-	<b>460</b>
Valuations	452	452	452	-	<b>1,356</b>
Information technology	414	38	53	-	<b>505</b>
<b>Total</b>	<b>12,664</b>	<b>6,453</b>	<b>5,669</b>	<b>118</b>	<b>24,904</b>
<b>Capital</b>					
Buildings	4,687	-	-	-	<b>4,687</b>
Infrastructure	7,944	-	-	-	<b>7,944</b>
Plant and equipment	431	-	-	-	<b>431</b>
<b>Total</b>	<b>13,062</b>	-	-	-	<b>13,062</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

	2019 \$'000	2018 \$'000
<b>5.6 Commitments (cont.)</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	672	202
Later than one year and not later than five years	1,537	65
	<u>2,209</u>	<u>267</u>
<b>5.7 Financing arrangements</b>		
Bank overdraft	2,500	2,500
Credit card facilities	45	45
<b>Total unused facilities</b>	<u>2,545</u>	<u>2,545</u>
Interest-bearing loans and borrowings – secured	28,068	35,091
<b>Used facilities</b>	<u>28,068</u>	<u>35,091</u>

Council has a bank overdraft facility secured over rates with the Commonwealth Bank.

## Notes to the Financial Statements

### For the year ended 30 June 2019

#### Note 6 Property, infrastructure, plant and equipment

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

	At Fair Value 30 June 2018	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Found	Transfers	At Fair Value 30 June 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	<b>1,071,410</b>	-	755	(66,609)	(7,274)	(2,529)	(942)	1,003	9,225	<b>1,005,039</b>
Plant and equipment	<b>10,805</b>	-	-	-	(3,486)	(419)	(28)	-	4,555	<b>11,427</b>
Infrastructure	<b>575,209</b>	-	2,023	41,210	(20,768)	-	(1,256)	2,001	16,991	<b>615,410</b>
Work in progress	<b>25,013</b>	51,489	-	-	-	-	(3,656)	-	(30,771)	<b>42,075</b>
	<b>1,682,437</b>	<b>51,489</b>	<b>2,778</b>	<b>(25,399)</b>	<b>(31,528)</b>	<b>(2,948)</b>	<b>(5,882)</b>	<b>3,004</b>	-	<b>1,673,951</b>

##### Summary of Work in Progress (WIP)

	Opening WIP	Additions	Write-offs	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	4,705	15,255	(1,397)	(9,225)	9,338
Plant and equipment	1,440	4,914	(214)	(4,555)	1,585
Infrastructure	18,868	31,320	(2,045)	(16,991)	31,152
Total	<b>25,013</b>	<b>51,489</b>	<b>(3,656)</b>	<b>(30,771)</b>	<b>42,075</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

(a) Property	Land - specialised	Land - non specialised	Land under roads	Total land	Buildings - specialised	Buildings - non specialised	Total	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	846,587	21,858	3,433	<b>871,878</b>	37,399	287,131	<b>324,530</b>	4,705	<b>1,201,113</b>
Accumulated depreciation 1 July 2018	-	-	-	-	(12,825)	(112,173)	<b>(124,998)</b>	-	<b>(124,998)</b>
	846,587	21,858	3,433	<b>871,878</b>	24,574	174,958	<b>199,532</b>	4,705	<b>1,076,115</b>
<b>Movements in fair value</b>									
Additions	-	-	-	-	-	-	-	15,255	<b>15,255</b>
Contributions	-	283	472	<b>755</b>	-	-	-	-	<b>755</b>
Found	83	-	-	<b>83</b>	4,704	1,210	<b>5,914</b>	-	<b>5,997</b>
Revaluation	(68,356)	(426)	-	<b>(68,782)</b>	82	(3,361)	<b>(3,279)</b>	-	<b>(72,061)</b>
Write-off	(520)	(130)	-	<b>(650)</b>	(165)	(3,037)	<b>(3,202)</b>	(1,397)	<b>(5,249)</b>
Disposal	-	(2,504)	-	<b>(2,504)</b>	-	(1,010)	<b>(1,010)</b>	-	<b>(3,514)</b>
Transfers	-	300	-	<b>300</b>	1,335	7,590	<b>8,925</b>	(9,225)	-
	(68,793)	(2,477)	472	<b>(70,798)</b>	5,956	1,392	<b>7,348</b>	4,633	<b>(58,817)</b>
<b>Movements in accumulated depreciation</b>									
Depreciation	-	-	-	-	(849)	(6,425)	<b>(7,274)</b>	-	<b>(7,274)</b>
Revaluation	-	-	-	-	(193)	5,645	<b>5,452</b>	-	<b>5,452</b>
Accumulated depreciation of write-off	-	-	-	-	161	2,749	<b>2,910</b>	-	<b>2,910</b>
Accumulated depreciation of disposals	-	-	-	-	-	985	<b>985</b>	-	<b>985</b>
Found	-	-	-	-	(3,857)	(1,137)	<b>(4,994)</b>	-	<b>(4,994)</b>
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(4,738)	1,817	<b>(2,921)</b>	-	<b>(2,921)</b>
At fair value 30 June 2019	777,794	19,381	3,905	<b>801,080</b>	43,355	288,523	<b>331,878</b>	9,338	<b>1,142,296</b>
Accumulated depreciation 30 June 2019	-	-	-	-	(17,563)	(110,356)	<b>(127,919)</b>	-	<b>(127,919)</b>
	777,794	19,381	3,905	<b>801,080</b>	25,792	178,167	<b>203,959</b>	9,338	<b>1,014,377</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

(b) Plant and equipment	Plant machinery and equipment	Fixtures, fittings and furniture	Computers and telecomms	Library books	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	17,716	1,265	3,666	4,943	1,440	29,030
Accumulated depreciation 1 July 2018	(9,885)	(448)	(2,914)	(3,538)	-	(16,785)
	7,831	817	752	1,405	1,440	12,245
<b>Movements in fair value</b>						
Additions	-	-	-	-	4,914	4,914
Write-off	(152)	-	-	-	(214)	(366)
Disposal	(1,707)	-	-	-	-	(1,707)
Transfers	3,459	81	351	664	(4,555)	-
	1,600	81	351	664	145	2,841
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(2,441)	(134)	(369)	(542)	-	(3,486)
Transfers	(18)	-	18	-	-	-
Accumulated depreciation of write-offs	124	-	-	-	-	124
Accumulated depreciation of disposals	1,288	-	-	-	-	1,288
	(1,047)	(134)	(351)	(542)	-	(2,074)
At fair value 30 June 2019	19,316	1,346	4,017	5,607	1,585	31,871
Accumulated depreciation 30 June 2019	(10,932)	(582)	(3,265)	(4,080)	-	(18,859)
	8,384	764	752	1,527	1,585	13,012

## Notes to the Financial Statements

### For the year ended 30 June 2019

(c) Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste management	Off-street car parks	Other infrastructure	Work in progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	453,730	22,768	113,478	258,928	107,735	2,950	32,158	12,212	18,868	<b>1,022,827</b>
Accumulated depreciation 1 July 2018	(177,011)	(7,486)	(51,542)	(118,445)	(51,340)	(787)	(16,617)	(5,522)	-	<b>(428,750)</b>
	<b>276,719</b>	<b>15,282</b>	<b>61,936</b>	<b>140,483</b>	<b>56,395</b>	<b>2,163</b>	<b>15,541</b>	<b>6,690</b>	<b>18,868</b>	<b>594,077</b>
<b>Movements in fair value</b>										
Additions	-	-	-	-	-	-	-	-	31,320	<b>31,320</b>
Contributions	813	-	624	439	147	-	-	-	-	<b>2,023</b>
Found	1,528	151	201	-	789	-	84	-	-	<b>2,753</b>
Revaluation	28,006	1,465	3,686	12,087	3,350	-	1,146	531	-	<b>50,271</b>
Write-off	(125)	(61)	(554)	-	(1,476)	-	(584)	-	(2,045)	<b>(4,845)</b>
Transfers	6,946	884	2,626	1,965	3,398	-	1,094	78	(16,991)	-
	<b>37,168</b>	<b>2,439</b>	<b>6,583</b>	<b>14,491</b>	<b>6,208</b>	<b>-</b>	<b>1,740</b>	<b>609</b>	<b>12,284</b>	<b>81,522</b>
<b>Movements in accumulated depreciation</b>										
Depreciation	(7,046)	(558)	(2,811)	(3,418)	(5,484)	(295)	(842)	(314)	-	<b>(20,768)</b>
Accumulated depreciation of write-offs	44	26	294	-	735	-	445	-	-	<b>1,544</b>
Revaluation	2,567	(2,468)	(1,949)	(5,100)	(1,535)	-	(665)	89	-	<b>(9,061)</b>
Found	(506)	(121)	(11)	-	(96)	-	(18)	-	-	<b>(752)</b>
Transfers	-	302	-	(301)	(1)	-	-	-	-	-
	<b>(4,941)</b>	<b>(2,819)</b>	<b>(4,477)</b>	<b>(8,819)</b>	<b>(6,381)</b>	<b>(295)</b>	<b>(1,080)</b>	<b>(225)</b>	<b>-</b>	<b>(29,037)</b>
At fair value 30 June 2019	490,898	25,207	120,061	273,419	113,943	2,950	33,898	12,821	31,152	<b>1,104,349</b>
Accumulated depreciation 30 June 2019	(181,952)	(10,305)	(56,019)	(127,264)	(57,721)	(1,082)	(17,697)	(5,747)	-	<b>(457,787)</b>
	<b>308,946</b>	<b>14,902</b>	<b>64,042</b>	<b>146,155</b>	<b>56,222</b>	<b>1,868</b>	<b>16,201</b>	<b>7,074</b>	<b>31,152</b>	<b>646,562</b>



# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### *Acquisition*

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

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

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

#### *Asset recognition thresholds and depreciation periods*

	Depreciation period	Threshold limit \$
<b>Property</b>		
Buildings	40-60 years	15,000
<b>Infrastructure</b>		
Roads		
Sealed road pavement foundation	No depreciation applied	15,000
Sealed road pavement base	100 years	15,000
Unsealed roads	20 years	15,000
Kerb and channel	70 years	15,000
Bridges	70-100 years	15,000
Footpaths and cycleways		
Footpaths	70 years	15,000
Bicycle paths	20 years	15,000
Drainage	80 years	5,000
Recreational, leisure and community	10 -20 years	1,000
Waste management	5-10 years	15,000
Off-street carparks	50 years	15,000
Traffic management devices	50 years	15,000
<b>Plant and equipment</b>		
Plant and machinery	5-10 years	15,000
Fixtures, fittings and furniture	5-10 years	15,000
Computers and telecoms	5 years	15,000
Library books	5 years	Nil

#### *Land under roads*

Land under roads acquired after 30 June 2008 are brought to account using the cost basis. Council does not recognise land under roads that were controlled prior to that period in its financial report.

Roads received from developers are valued based on the base block value for the area in which they are located. The base block value is determined by reference to the biennial valuations performed by Council. The rate determined is applied to the area of the land. The base block value is then discounted by 92.50 per cent to determine fair value.

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### *Depreciation*

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

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

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

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

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

#### *Repairs and maintenance*

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

#### *Valuation of land and buildings*

Valuation of land and buildings were undertaken in June 2019 by a qualified independent valuer Rodney Patel AAPI of Patel Dore Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

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

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

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land – non specialised	-	19,381	-	June 2019
Land – specialised	-	-	777,794	June 2019
Land under roads	-	-	3,905	June 2019
Buildings – non-specialised	-	178,167	-	June 2019
Buildings – specialised	-	-	25,792	June 2019
<b>Total</b>	<b>-</b>	<b>197,548</b>	<b>807,491</b>	

# Notes to the Financial Statements

## For the year ended 30 June 2019

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

#### Valuation of infrastructure

Valuation of infrastructure assets has been undertaken by Council officers in accordance with AASB 116 and AASB 136. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation. The date of the current valuation is detailed in the following table.

Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	308,946	June 2019
Bridges	-	-	14,902	June 2019
Footpaths and cycleway	-	-	64,042	June 2019
Drainage	-	-	146,155	June 2019
Recreational, leisure and community facilities	-	-	56,222	June 2019
Waste management	-	-	1,868	
Off-street carparks	-	-	16,201	June 2019
Other infrastructure	-	-	7,074	June 2019
<b>Total</b>	<b>-</b>	<b>-</b>	<b>615,410</b>	

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

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5 per cent and 95 per cent. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$80 and \$2,200 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$190 to \$70,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 91 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019	2018
	\$'000	\$'000
<b>Reconciliation of specialised land</b>		
Land	777,794	846,587
Land under roads	3,905	3,905
<b>Total specialised land</b>	<b>781,699</b>	<b>850,492</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 6.2 Investments in subsidiaries (cont.)

#### Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2019 and their income and expenses for that part of the reporting period in which control existed.

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

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

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated in full.

Entities consolidated into Council include:

- Peninsula Leisure Pty Ltd (ACN: 160 239 770)

#### (a) Investments in subsidiaries

##### Subsidiary

Peninsula Leisure Pty Ltd (ACN: 160 239 770)

##### Background

Peninsula Leisure Pty Ltd is a wholly-owned subsidiary of Frankston City Council. Peninsula Leisure Pty Ltd operates Peninsula Aquatic Recreation Centre (Frankston PARC), an aquatic and recreation facility servicing the region. The centre was established in 2014 and is located near the heart of the Frankston CBD. Peninsula Leisure Pty Ltd also operates Pines Forest Aquatic Centre, Frankston's largest outdoor swimming pool. The centre is open seasonally and is located in Frankston North.

#### Summarised financial information

##### Summarised statement of comprehensive income

	2019	2018
	\$'000	\$'000
Total income	13,352	11,862
Total expenses	13,084	11,516
Surplus for the year	<b>268</b>	<b>346</b>
Other comprehensive income	-	-
<b>Total comprehensive result</b>	<b>268</b>	<b>346</b>
<b>Summarised balance sheet</b>		
Current assets	3,284	2,912
Non-current assets	886	719
<b>Total assets</b>	<b>4,170</b>	<b>3,631</b>
Current liabilities	1,408	1,225
Non-current liabilities	194	106
<b>Total liabilities</b>	<b>1,602</b>	<b>1,331</b>
<b>Net assets</b>	<b>2,568</b>	<b>2,300</b>
<b>Summarised statement of cash flows</b>		
Net cash provided by operating activities	807	482
Net cash provided used in investing activities	(1,537)	(530)
<b>Net decrease in cash and cash equivalents</b>	<b>(730)</b>	<b>(48)</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 7 People and relationships

#### 7.1 Council and Key management remuneration

##### (a) Related Parties

###### Parent entity

Frankston City Council is the parent entity.

###### Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in note 6.2.

##### (b) Key Management Personnel

Details of persons holding the position of Councillor or other members of Key Management Personnel at any time during the year are:

<b>Councillors</b>	Councillor Michael O'Reilly (Mayor)	(22 October 2016 to current. Mayor from 8 November 2018 to current)
	Councillor Glenn Aitken	(22 October 2016 to current)
	Councillor Kris Bolam	(22 October 2016 to current)
	Councillor Brian Cunial	(22 October 2016 to current)
	Councillor Colin Hampton	(22 October 2016 to current. Mayor from 1 July 2018 to 8 November 2018)
	Councillor Sandra Mayer	(22 October 2016 to current)
	Councillor Quinn McCormack	(22 October 2016 to current)
	Councillor Lillian O'Connor	(22 October 2016 to current)
	Councillor Steve Toms	(22 October 2016 to current)
	<b>Key Management Personnel</b>	Chief Executive Officer:
Director - Community Development:		Dr Gillian Kay
Director - Community Assets:		Phil Cantillon
Director - Corporate Development:		Tim Frederico

	2019 No.	2018 No.
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	4	4
<b>Total Number of Key Management Personnel</b>	<b>13</b>	<b>13</b>

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

	2019 \$'000	2018 \$'000
Total remuneration of Key Management Personnel was as follows:		
Short-term benefits	1,412	1,350
Long-term benefits	137	140
Other long-term benefits	58	25
<b>Total</b>	<b>1,607</b>	<b>1,515</b>

## Notes to the Financial Statements

### For the year ended 30 June 2019

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

	2019 No.	2018 No.
The numbers of Key Management Personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$ 30,000 - \$ 39,999	7	7
\$ 50,000 - \$ 59,999	1	1
\$ 70,000 - \$ 79,999	-	1
\$ 80,000 - \$ 89,999	1	-
\$260,000 - \$269,999	1	1
\$290,000 - \$299,999	1	2
\$300,000 - \$309,999	-	1
\$310,000 - \$319,999	1	-
\$350,000 - \$359,999	1	-
	<b>13</b>	<b>13</b>

#### (d) Senior Officers remuneration

A Senior Officer other than a Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive Officer; or
- b) whose total annual remuneration exceeds \$148,000

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

	2019 No.	2018 No.
<b>Income Range:</b>		
< \$149,999	2	7
\$160,000 - \$169,999	1	3
\$170,000 - \$179,999	4	5
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	6	3
\$200,000 - \$209,999	2	-
\$210,000 - \$219,999	2	-
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	1	-
	<b>20</b>	<b>19</b>

	2019 \$'000	2018 \$'000
Total Remuneration for the reporting year for Senior officers included above, amounted to:	3,674	2,891



## Notes to the Financial Statements

### For the year ended 30 June 2019

#### **7.2 Related party disclosure**

##### **(a) Transactions with related parties**

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Key Management Personnel, or related parties of such Key Management Personnel during the reporting year (2017-2018, nil).

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

No outstanding balances are owed by Council to Key Management Personnel or related parties at the end of the reporting period (2017-2018, nil).

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

No loans have been made, guaranteed or secured by Council to Key Management Personnel or related parties during the reporting year (2017-2018, nil).

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

No commitments have been made, guaranteed or secured by Council to Key Management Personnel or related parties during the reporting year (2017-2018, nil).

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 8 Managing uncertainties

#### 8.1 Contingent assets and liabilities

##### (a) Contingent assets

###### Operating lease receivables

Council has entered into leases on its property. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 20 years. All leases include a CPI based revision of the rental charge annually. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2019 \$'000	2018 \$'000
No later than one year	711	704
Later than one year and not later than five years	1,948	2,031
Later than five years	1,361	1,577
<b>Total</b>	<b>4,020</b>	<b>4,312</b>

###### Contingent assets arising from developer contributions

In accordance with AASB 137, Council is required to recognise an asset for which it is probable that a future economic benefit will eventuate and the amount of this asset can be reliably measured. Council anticipates developer contributions to be received in respect of estates currently under development. Council estimates the total of these contributions for 2019-2020 to be \$0.800 million (\$0.800 million 2018-2019).

##### (b) Contingent liabilities

###### Superannuation

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

###### *Future superannuation contributions*

In addition to the disclosed contributions, Frankston City Council has paid unfunded liability payments to Vision Super totalling \$0.217 million paid during the 2018-2019 year (2017-2018 \$0.549 million). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2019. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2020 are \$0.450 million.

###### Liability Mutual Insurance

Council was a participant of the MAV Liability Mutual Insurance (LMI) Scheme until 30 June 2014 and then subsequently rejoined the LMI Scheme 1 July 2019. The LMI Scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years

# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 8 Managing uncertainties

#### 8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

***Revenue from contracts with customers (AASB 15) (applies 2019-2020 for LG sector)***

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

***Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019-2020)***

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

***Income of Not-for-Profit Entities (AASB 1058 ) (applies 2019-2020)***

This standard is expected to apply to certain transactions currently accounted for under AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 8.3 Financial instruments

#### (a) Objectives and policies

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

#### (b) Market risk

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

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

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

#### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. 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. Council has exposure to credit risk on some financial assets included in the Balance Sheet.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 8.3 Financial instruments (cont.)

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

To help manage this risk:

- Council have a policy for establishing credit limits for the entities Council deals with
- Council may require collateral where appropriate
- 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 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.

#### (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 help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- have readily accessible standby facilities and other funding arrangements in place
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitor budget to actual performance on a regular basis
- sets limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue

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

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

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

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

#### (e) Sensitivity disclosure analysis

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

- A parallel shift of +2 per cent and -1 per cent in market interest rates (AUD) from year-end rates of 2 per cent.

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.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 8.4 Fair value measurement (cont.)

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

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

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

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

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

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

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

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

#### *Revaluation*

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

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

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

#### *Impairment of assets*

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

### 8.5 Events occurring after balance date

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



# Notes to the Financial Statements

## For the year ended 30 June 2019

### Note 9 Other matters

#### 9.1 Reserves

##### (a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment/ (decrement) \$'000	Balance at end of reporting period \$'000
<b>2019</b>			
<b>Property</b>			
Land revaluation*	745,713	(68,782)	676,931
Building revaluation	55,665	2,173	57,838
	<b>801,378</b>	<b>(66,609)</b>	<b>734,769</b>
<b>Infrastructure</b>			
Drainage revaluation	77,587	6,987	84,574
Roads revaluation	91,254	34,223	125,477
	<b>168,841</b>	<b>41,210</b>	<b>210,051</b>
<b>Plant and equipment</b>			
Plant and machinery revaluation	614	-	614
	<b>614</b>	<b>-</b>	<b>614</b>
<b>Total asset revaluation reserves</b>	<b>970,833</b>	<b>(25,399)</b>	<b>945,434</b>
<b>2018</b>			
<b>Property</b>			
Land revaluation**	467,300	278,413	745,713
Building revaluation	55,789	(124)	55,665
	<b>523,089</b>	<b>278,289</b>	<b>801,378</b>
<b>Infrastructure</b>			
Drainage revaluation	80,541	(2,954)	77,587
Roads revaluation	89,559	1,695	91,254
	<b>170,100</b>	<b>(1,259)</b>	<b>168,841</b>
<b>Plant and equipment</b>			
Plant and machinery revaluation	614	-	614
	<b>614</b>	<b>-</b>	<b>614</b>
<b>Total asset revaluation reserves</b>	<b>693,803</b>	<b>277,030</b>	<b>970,833</b>

##### Nature and purpose of reserves

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

\* Council elected to revalue its land and building outside its scheduled revaluation program as a result of the downturn in the property market. The revaluation highlighted a decrease to fair value of 7.89 per cent. This result is consistent with the outcome of the general revaluation conducted by Council's contract valuers that had seen a significant change in property valuations throughout the municipality during the period.

\*\* A revaluation of Council land highlighted an increase to fair value of 59.6 per cent. This result in the prior year was consistent with the outcome of the general revaluation conducted by Council's contract valuers that had seen a significant change in property valuations throughout the municipality during the prior period.

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 9.1 Reserves

#### (b) Other reserves

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>2019</b>				
<b>Statutory</b>				
Public resort and recreation	5,467	1,576	(764)	6,279
Subdivision roadworks	133	-	-	133
Infrastructure assets	74	-	-	74
Car parking	10	-	-	10
<b>Total statutory reserves</b>	<b>5,684</b>	<b>1,576</b>	<b>(764)</b>	<b>6,496</b>
<b>Discretionary</b>				
Strategic asset reserve	25,988	3,918	(300)	29,606
Unexpended grant reserve	12,347	8,563	(6,770)	14,140
MAV LGFV Fund	15,542	830	(6,635)	9,737
PARC asset management sinking fund	6,000	3,187	(100)	9,087
Capital projects reserve	7,313	1,307	(3,997)	4,623
PARC asset management plan reserve	1,025	320	(174)	1,171
PARC strategic reserve	495	87	(282)	300
Resource efficiency	44	7	-	51
<b>Total discretionary reserves</b>	<b>68,754</b>	<b>18,219</b>	<b>(18,258)</b>	<b>68,715</b>
<b>Total other reserves</b>	<b>74,438</b>	<b>19,795</b>	<b>(19,022)</b>	<b>75,211</b>
<b>2018</b>				
<b>Statutory</b>				
Public resort and recreation	4,250	1,711	(494)	5,467
Subdivision roadworks	133	-	-	133
Infrastructure assets	74	-	-	74
Car parking	10	-	-	10
<b>Total statutory reserves</b>	<b>4,467</b>	<b>1,711</b>	<b>(494)</b>	<b>5,684</b>
<b>Discretionary</b>				
Strategic asset reserve	19,647	8,656	(2,315)	25,988
MAV LGFV Fund	14,202	1,340	-	15,542
Unexpended grant reserve	10,217	5,819	(3,689)	12,347
Capital projects reserve	1,967	5,485	(139)	7,313
PARC asset management sinking fund	3,000	3,000	-	6,000
PARC asset management plan reserve	960	320	(255)	1,025
PARC strategic reserve	526	244	(275)	495
Resource efficiency	57	-	(13)	44
<b>Total discretionary reserves</b>	<b>50,576</b>	<b>24,864</b>	<b>(6,686)</b>	<b>68,754</b>
<b>Total other reserves</b>	<b>55,043</b>	<b>26,575</b>	<b>(7,180)</b>	<b>74,438</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 9.1 Reserves (cont.)

#### Nature and purpose of reserves

**Capital projects reserve** - has been established to quarantine specific purpose funding for the delivery of capital projects.

**MAV LGFV Fund** - has been established to provide for the \$15.542 million principal repayment required on the maturity of the interest-only Local Government Funding Vehicle in 2025-2026.

**PARC asset management sinking fund** - has been established by Council and represents funding allocated to set aside funds to contribute to the replacement of the Aquatic Facility in approximately 40 years – this reserve is not to fund renewal or maintenance expenditure on this facility.

**PARC asset management reserve** - has been established by Peninsula Leisure and is designated to meet the Company's obligations for defined classes of capital as set out in the schedule with the PARC Asset Management Plan (AMP).

**PARC strategic reserve** - has been established by Peninsula Leisure and is designated for capital investment expended over more than one financial year that falls outside the requirements of the AMP.

**Resource efficiency reserves** - have been established by Council to reinvest savings from energy costs in further works to minimise energy consumption.

**Statutory reserves** - have been established to record revenues received from developers that are to be applied specifically to undertaking future capital works for carparking, public open space and recreation, subdivision roadworks and community infrastructure.

**Strategic asset reserve** - Strategic asset reserve – has been established to assist in the delivery of community infrastructure highlighted in the Council Plan for 2017-2021 to reach a vision as the Lifestyle Capital of Victoria. Council has set 14 strategic priorities for the four years that will require significant funding to deliver a revitalised City, regional sporting facilities, further development of the Frankston Station precinct and re-development of the existing Frankston Arts Centre.

**Unexpended grant reserve** - has been established by Council to quarantine unexpended grant funding.

### 9.2 Reconciliation of cash flows from operating activities to surplus

	2019 \$'000	2018 \$'000
<b>Surplus for the year</b>	<b>15,700</b>	<b>30,727</b>
Depreciation/amortisation	32,549	28,730
Net (loss)/gain on disposal of property, infrastructure, intangibles, plant and equipment	2,201	(1,914)
Write-off of property, infrastructure, intangibles, plant and equipment	2,226	1,484
Works in progress unable to be capitalised (expensed)	3,656	-
Borrowing costs	1,576	1,869
Contributions - non-monetary assets	(2,778)	(3,607)
<b>Change in assets and liabilities:</b>		
Increase in receivables	(426)	(3,598)
Increase in other operating assets	(862)	(101)
Decrease/(increase) in inventory	28	(7)
Increase in payables	1,468	5,285
Increase in provisions	789	678
(Decrease)/increase in other liabilities	(5,742)	5,822
<b>Net Cash provided by operating activities</b>	<b>50,385</b>	<b>65,368</b>

# Notes to the Financial Statements

## For the year ended 30 June 2019

### 9.3 Superannuation

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

#### Accumulation

The Fund's accumulation categories, Vision MySuper and Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2019, this was 9.5 per cent as required under Superannuation Guarantee legislation).

#### Defined benefit

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

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017-2018).

As at 30 June 2018, an interim actuarial investigation was completed. The Vested Benefit Index (VBI) of the Defined Benefit category of which Council is a contributing employer was 106.0 per cent. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns: 6.0 per cent pa

Salary information: 3.5 per cent pa

Price inflation (CPI): 2.0 per cent pa

Vision Super has advised that the estimated VBI at 30 June 2019 was 107.1 per cent. The VBI is to be used as the primary funding indicator. Because the VBI was above 100 per cent, the 30 June 2018 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.

#### 2018 interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2018 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$131.900 million (2017: \$69.800 million)

- A total service liability surplus of \$218.300 million (2017: 193.500 million)

- A discounted accrued benefits surplus of \$249.100 million (2017 \$228.800 million)

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018. Council was notified of the 30 June 2018 VBI during August 2018.

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

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2019. It is anticipated that this actuarial investigation will be completed by October 2019.



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