

Frankston City Council Annual Report 2019 – 2020



Lifestyle Capital of Victoria





Photo: Rainbows, colourful artworks and positive messages have sprung up across Frankston City as the community brightens up their neighbourhoods during COVID-19.

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: Sunset photo of the Frankston City landscape by Steve Brown

Report of Operations: Table of Contents

Contents

Report of Operations: Table of Contents	3
Introduction	4
Snapshot	4
Fast facts	6
Council's COVID-19 support for the community.....	8
Economic Scorecard	12
Highlights of the year.....	12
Challenges and future outlook	14
The year in review	15
Mayor and CEO message	15
Financial summary.....	18
Description of operations	20
City profile.....	26
Our Council	27
Council offices.....	27
Our Councillors	28
Our people	30
Organisational structure.....	31
Council workforce.....	32
Equal Employment Opportunity.....	34
Other employment matters	35
Our performance	41
Planning and Accountability Framework.....	41
Council Plan	42
Performance	42
Governance, management and other information	86
Governance.....	86
Management	93
Governance and Management Checklist	95
Statutory information.....	99
Glossary A-Z	102
Appendix 1: Performance Statement	
Appendix 2: Consolidated Financial Statements	

Introduction

Frankston City Council is committed to transparent reporting and accountability to the community. The Report of Operations 2019-2020 is the primary means of advising the Frankston City community about Council’s operations, achievements, challenges, strategic direction 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



Photo: Frankston City landscape

About Frankston

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 approximately 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.



Frankston City demographic profile

(*Source ABS Data - Census 2016)

- Frankston City has an estimated resident population of 142,643, forecast to grow to 163,610 by 2041 (.id forecast)
- There are 56,873 dwellings in the Frankston area*
- 38.5 per cent of people are in the process of buying their own home (paying off a mortgage), 25.1 per cent own their own homes and 27.3 per cent are renting*
- Healthcare 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) (REMPLAN data incorporating ABS and June 2016 Gross State Product)
- The unemployment rate was 6.1 per cent for the March 2020 quarter (latest figures), compared to the Greater Melbourne rate of 5.2 per cent (Department of Education, Skills and Employment, Small Area Labour Markets (SALM))
- The median weekly household income is \$1,331*
- 16,808 people regularly volunteer with an organisation or group*
- 23.6 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 Greek 0.9 per cent, Mandarin 0.8 per cent, Italian 0.6 per cent, Filipino/Tagalog 0.6 per cent, Malayalam 0.5 per cent and Spanish 0.5 per cent*
- 71.5 per cent of residents were born in Australia, with others born in the United Kingdom 7.0 per cent, New Zealand 2.3 per cent, India 1.3 per cent, Philippines 0.8 per cent and China 0.7 per cent*

Council manages the following facilities and community assets:

- 444 reserves
- 186 sports grounds
- 994km of pathways
- 705km of local roads
- 110 bridge and pedestrian structures
- 947km of stormwater drains
- 40,784 stormwater management pits
- 336 buildings, including community, family and youth centres, leisure facilities, Civic Centre, aged service buildings, public toilets, Frankston Arts Centre and libraries
- 164 playgrounds
- 162 off street car parks
- 145 hectares of Wetlands

Fast facts

During 2019-2020 in Frankston City, there were:

Community services



1,068 four year olds and
416 three year olds enrolled
in kindergarten



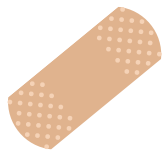
71 active school crossings
manned by **82**
School Crossing Supervisors



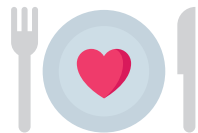
15,511 visits to Maternal
and Child Health (MCH)
centres and **1,814** home
visits to first time parents



748 first time parents were
offered to attend a New Parent
Group with **1,213** group
sessions held



3,083 infants and
4,153 secondary students
attended immunisation sessions



42,183
Meals on Wheels
meals provided



32,931 attended
Youth Services activities,
events and Youth
Hangout programs



4,090 passengers on
community transport buses

Environment



4,794,303 bins emptied
(residential, commercial and public place bins)



Approximately **423** cubic metres of litter
removed from Frankston and Seaford Foreshore



4,841 subscriptions to Council's
EnviroNews and Halve Our Waste e-Newsletters



24 local clean-up sites were
registered by volunteers for
Clean Up Australia Day and
related events in March 2020
Over **51** bags of litter were
collected by community
volunteers.



5,885kg (5.885 tonnes)
of household chemical products
were disposed of by participants
at the free Detox Your Home
event in February 2020



6,291 Food waste Caddies
and liners distributed

Customer and visitor experience



279,477 visits to Frankston City libraries



138,573 Frankston Arts Centre attendances



53,856 pieces of correspondence received



6,607 chats with customers since the introduction of Live Chat via the website in March 2020



104,759 calls answered by Council's Customer Service officers



An estimated **140,136** people participated in local tourism, festivals and events



161,9977 visits to the Frankston City Libraries website



620,994 library collection items (books, DVD's, e-books etc) were borrowed



63,980 people attended **1,035** library programs and events



288,317 Frankston Arts Centre Website Visitors
18,839 Frankston Arts Centre Social Media Followers



14,700 digital attendances to livestream events from Frankston Arts Centre

Maintenance, works and safety



17,369km roads swept



1,462 Food Act inspections



4,181m² of footpath repaired and replaced



4,536 dog waste bin collections



3952 Storm Water Pits cleaned during programmed Zone works



1,380 fire hazard inspections undertaken



\$2.4 million heavy plant, minor equipment and fleet vehicle replacements



20,543 pets registered:
15,148 dogs, 5,395 cats



248 Public Health and Wellbeing Act inspections



4,073 Animal Management requests responded to by Council officers

Council's COVID-19 Relief and Recovery package highlights

This is an example of the information shared with our community during the COVID-19 pandemic, published in the May-June 2020 edition of Frankston City News.



Supporting individuals

We understand that many residents are experiencing financial hardship as a result of COVID-19. Council is committed to supporting residents under additional financial strain to make it through this difficult time. Council's support includes, but is not limited to:

- A total of **\$1.2 million** to provide rate relief to owner-occupiers, in the form of a \$200 rate waiver for eligible residents. Council is also suspending penalty interest and legal action to recover outstanding rates until at least the end of September 2020
- **\$50,000** to support cleaning of the city's community shower service
- **\$30,000** to deliver care packages to our city's elderly and isolated residents
- **\$30,000** towards helping students to purchase study materials

- **\$270,000** worth of staff redeployment support to assist with increased community needs
- **\$300,000** to Community Support Frankston to purchase food and equipment from local suppliers



Connecting communities

Many Council services form a critical part of our community: keeping people connected, informed and supported. With many of these services temporarily closed or otherwise impacted, we are providing the funds to ensure we continue our tradition of community support. Council's support includes but is not limited to:

- Repurposing and expanding our community grants pool to **\$500,000**
- **\$150,000** waiver of tenancy and ground allocation fees for local sporting clubs until

at least September 2020

- **\$75,000** invested in our online customer service channels, to ensure our community can easily and safely reach us
- Continuing the support of critical library services, with online borrowing and an expanded collection of digital resources including an online tutor
- **\$20,000** for the creation of an arts collective encouraging artists, writers and film makers to create a record of these times
- **\$50,000** to develop a creative industries and arts grant program



Supporting our economy and employment

Rebuilding a strong local economy will be vital to Frankston City's ongoing recovery, ultimately having a positive knock on effect to individual and community

recovery. Council's support includes, but is not limited to:

- An additional **\$270,000** pool of 'fast grants' for business directly impacted by COVID-19, increasing the total Council Business Grant Program pool to **\$450,000** in 2020–2021
- More than **\$50,000** in outreach support, information and tools for local businesses
- Council has moved forward our supplier payment dates, to help businesses with their cash flow
- **\$40,000** to develop loyalty programs targeting local business and buy-local marketing campaigns
- Up to two hours free parking in Council-owned and managed city centre off-street car parks (commencing 1 July 2020)
- Waiving around **\$160,000** worth of business permit fees such as *Food Act* registration and kerbside trading fees
- **\$40,000** for loyalty programs to encourage people to visit local businesses

For more information on Council's Relief and Recovery Package, visit: frankston.vic.gov.au/Coronavirus

Staying connected with our community through COVID-19

At every opportunity throughout the global COVID-19 pandemic Councillors and officers have connected with residents, business owners and community groups to establish new and better ways to support them.

Council acted quickly and empathetically to adapt the delivery of its services to provide the best possible care to residents and businesses as they move forward in their recovery. As well as changing how programs are delivered, Council introduced new services such as the Community Recovery Call Centre.

Since it opened in April, the Community Recovery Call Centre has fielded around 2,000 calls to and from people across the city, providing a single point of contact for COVID-19 information and support.

An important role of the centre is to reach out to residents who could become vulnerable to the social impacts of COVID-19. As well as directly contacting community members, Council has enabled residents to help each other throughout the pandemic.

In the spirit of connecting neighbours and promoting kindness, Council launched the 'Hi Neighbour' campaign when social distancing regulations were first introduced.



Photo: Local resident Jaqui O'Leary with a 'Hi Neighbour' card.

Hi Neighbour connection cards give members of the community an opportunity to help their neighbours

by offering to collect and deliver their groceries, walk their dog, run urgent errands, share supplies or simply phone for a chat. The campaign complements Council's Family Health Support Services, including Meals on Wheels, which was extended to meet growing resident demand for the service as a result of the pandemic. This includes vital hot meals delivered to Community Support Frankston, to feed and support our community's most vulnerable.

Between March and June, the Meals on Wheels program delivered 19,193 meals, 117 per cent more than during the same period last year.

The community appreciated the efforts of Council's Arts and Culture Team. As well as modifying their services to deliver online shows and programs for the community to enjoy, Council has introduced a number of grants and initiatives to support its talented artists at a time when in-person events are not possible.

Council ran supported playgroups online and families have tuned in for more than 78,000 minutes of Storytime Live on Facebook since our library branches closed.

Other activities include supporting Victoria Police by educating the community about social distancing, working alongside Peninsula Health to facilitate their walk-in COVID-19 testing locations and participating in the Working for Victoria program which has ensured public areas are being sanitised more regularly.

For more information about how Council is supporting our diverse communities visit: [frankston.vic.gov.au/FTLOF](https://www.frankston.vic.gov.au/FTLOF) or phone: **1300 322 322** and ask to be put through to the Community Recovery Call Centre or Council's Business Concierge.

Frankston City Economic Scorecard



Prior to COVID-19 Pandemic Frankston City boasted **44,934** local jobs, **29,275** local businesses (including 13,962 registered for GST), an economy worth more than **\$13.28 Billion**.



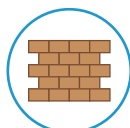
In March 2020 Australia started feeling the effects of the COVID-19 Pandemic, with social distancing restrictions significantly affecting the hospitality and retail sectors, with many sectors also impacted by school closures and self-isolation requirements. With the advent of COVID-19, in June 2020 total employment was estimated at 41,848 — a decline of 6.9%. Construction experienced the greatest impact, with an estimated 500 jobs lost (Source REMPLAN).



Frankston City's **\$3.8 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.



The largest redevelopment of a suburban hospital in Victoria's history has commenced at Frankston Hospital with the **\$562 Million** development creating approximately **1,000** jobs and **\$1.2 billion** in output.



The **\$160 Million** redevelopment of Karingal Hub Shopping Centre has commenced, with the centre receiving a major overhaul over the next two years. Creating 220 construction jobs the redevelopment will also create 300 full-time and part-time jobs.

The City generates in excess of **\$13.28 Billion** of output per year



Estimated resident population 2019
142,643



Gross Regional Product
\$6.912 Billion (1.9% of Greater Melbourne and 1.5% of Victoria)

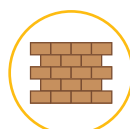


City Centre business occupancy rate
74.7% (79.1% in 2019)



Total number of registered businesses
29,275

Top 6 Industries Output value **\$8.85 Billion**



Construction
\$2.24 Billion



Health Care and Social Assistance
\$1.21 Billion



Manufacturing
\$2.25 Billion



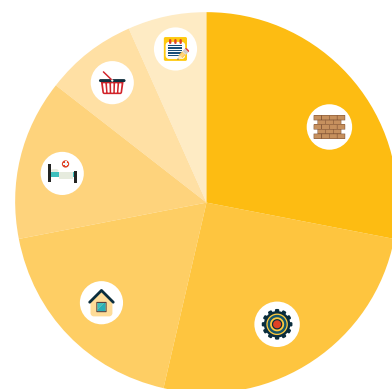
Retail Trade
\$693 Million



Rental, Hiring and Real Estate Services
\$1.62 Billion



Electricity, Gas, Water and Waste Services
\$637 Million



Total number of jobs 44,934



Frankston City has **0.32** jobs per resident (up from 0.31 in 2019)



20,690 (48.3%) of individuals working in Frankston City also reside in the City



27,943 (65.2%) of individuals working in Frankston City reside in either Frankston City or Mornington Peninsula Shire



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



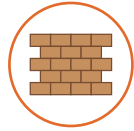
4,195 (9.3%)
Education & Training



5,894 (13.1%)
Retail Trade



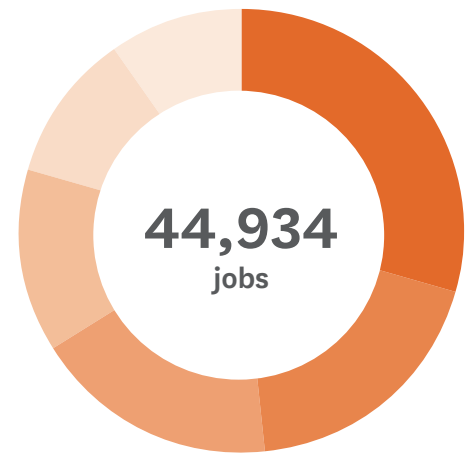
3,318 (7.4%)
Manufacturing



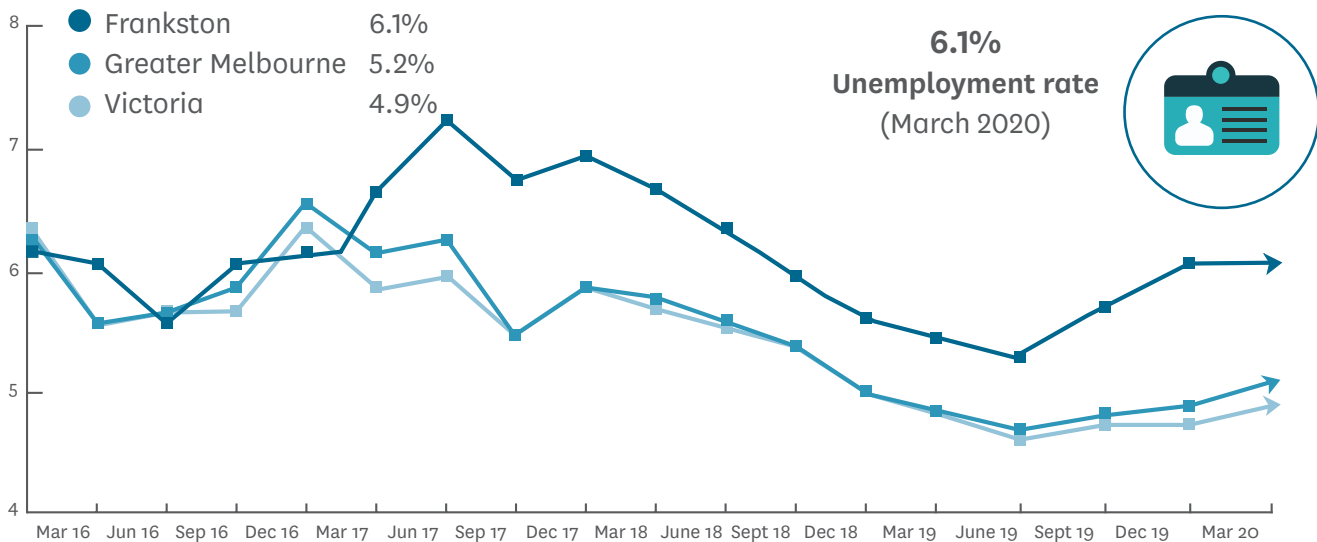
5,483 (12.2%)
Construction



2,991 (6.7%)
Accommodation & Food Services



Unemployment Rate



Please note that while this report is produced on a quarterly basis, not all the information presented is updated quarterly. For example, Census data is only made available every five years, while unemployment figures are released on a quarterly basis.

Tourism



\$348 Million is the value of the tourism sector



1,989 jobs in tourism sector



1.069 million people visit Frankston City (annually)

Highlights of the year

Long-term community outcome one: A Planned City

We successfully introduced a **Kerbside Food Waste Collection Service**, with 6,291 food waste caddies distributed across Frankston City. Food waste makes up approx. 40% of all kerbside household waste and using this service diverts food waste from landfill to create nourishing compost for Victorian farmers. In addition, it results in a significant reduction in greenhouse gas emissions through returning the carbon to the soil.

We increased our funding contribution for the **Jubilee Park Indoor Stadium** project to \$20.34 million, while a \$4.2 million upgrade to the **Frankston East Tennis Club** has been finalised and fast-tracked for delivery.

Our annual **hard waste collection** was successfully delivered during COVID-19. Contractors visited 58,815 homes across the City and collected 5,127 tonnes of waste and recycled material during the eight week period. An 80 per cent increase in green waste and 52 per cent increase in e-waste was recorded.

We joined 13 other Victorian councils and a State Government Authority in signing a new deal with Alinta Energy and Procurement Australia. From 1 July 2020 **renewable energy** created by a Victorian wind farm has powered key Council buildings. The new supply of renewable energy is expected to reduce greenhouse gas emissions by 2,309 tonnes each year.

Council's **greenhouse gas emissions decreased** by 2 per cent, from 16,202 tonnes in 2018-19 to 15,868 tonnes in 2019-2020.

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

Long-term community outcome two: A Liveable city

43 per cent (117.4 million litres) of our water use was sourced from **recycled water** in 2019-2020, utilising wastewater for the irrigation of local reserves, thus reducing Council's reliance on drinking water supplies.

As a result of COVID-19 our Arts and Culture team recorded **14,700 digital attendances** to their livestream events from Frankston Arts Centre. The team continued to engage with the community online, with **288,317 Frankston Arts Centre Website Visitors** and **18,839 Frankston Arts Centre Social Media Followers**.

Our Maternal and Child Health (MCH) service celebrated its **first anniversary at Terry White Chemmart** in Frankston this July, with many parents utilising this convenient and free service.

Council **discontinued use of the herbicide glyphosate** at playgrounds, preschools and maternal child health centres on January 1 2020, with a wider ban coming into force on 1 July 2020.

The city hosted its inaugural **Burger Off competition**, encouraging locals and visitors to experience the City's many restaurants and cafes. A total of 31 businesses participated in Burger Off, collectively selling more than 3,000 competition burgers, with a vegan burger from Nature Bar and Café crowned the winner.

Frankston City's street art, **Big Picture Fest** and its **Street Art Tours** were announced as finalist in the Australian Street Art Awards, and a total of 9 new artworks were introduced to the City.

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

Long-term community outcome three: A Well Governed City

We continue to actively engage with key **stakeholders and local Members of Parliament** in order to ensure the delivery of local projects that improve the economic, social and environmental wellbeing of the Frankston City community.

Council is committed to the ongoing revitalisation of Frankston's city centre and, through the development of a **South East Melbourne City Deal**, has identified a number of strategic initiatives designed to future-proof the prosperity of the local community and broader south east Melbourne and Mornington Peninsula regions..

In January 2020 Council adopted the **Healthy Choices Policy**, which will see more healthy food and drink options available at Council-run venues and services. Council will gradually introduce healthier options in line with the Victorian Government's 'traffic light' classification system.

On 18 November 2019, Council declared a **climate emergency**, calling for urgent action to reverse global warming. This follows on from Council's work over the past two decades to avoid and reduce greenhouse gas emission including Council's Towards Zero Emissions Plan and Council's Climate Change Impacts and Adaptation Plan.

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

Long-term community outcome four: A Well Managed City

Council established an independent working group comprising key local stakeholders to investigate **car parking supply and pricing** in Frankston's city centre and provide advice to Council.

In order to adapt to changing restrictions resulting from the pandemic, **Live Chat was introduced via Council's website** in March 2020. This allowed Council to continue to deliver a high level of customer service, whilst keeping staff and the community safe. Since Live Chat was introduced officers have completed over 6,500 virtual chats, resulting in an average satisfaction rating of 4.9/5.

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

- Road Resurfacing and Renewal Works (\$4,513,710) Langwarrin Netball Court Renewal Works (\$1,280,095)
- Frankston Park Oval, Broadcast Level Sportsfield Lighting (\$2,861,001)
- Carrum Downs Oval, Synthetic Sportsfield and Lighting project (\$2,859,263)
- Playground Renewal Program (\$1,335,500)
- 4,181 m² of **footpaths** were repaired or replaced across the community.

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

Challenges and future outlook

Challenges

The spread of COVID-19 is causing considerable anxiety and volatility in the investment markets around the world. There is no doubt that the 2020-2021 financial year will pose significant challenges.

While the State Government's rate cap directly limits Council's rate revenue (of which Council relies upon for 69 per cent of total revenue), there are a number of other Victorian and Australian Government decisions placing the Council financial position under duress. Frankston City Council complied with the 2.00 per cent rate cap, however Council has no control over State levies which continue to rise at an alarming rate.

The Landfill Levy has increased from \$28 per tonne in 2014-2015 to an estimated \$66 per tonne in 2019-2020. It will continue to rise to \$105.9 per tonne in 2021-2022 and \$126 per tonne by 2022-2023. Council has been advised that the 2019-2020 residential Fire Services Levy increased by 1.8 per cent.

Across Australia, governments, businesses and communities are grappling with how to waste less and recycle more. The Recycling Industry continues to be challenged by the contamination standards required by the international markets using recycled products. Council continues to raise community awareness around recycling to reduce contamination in the recycling stream.

Future outlook

In response to the COVID-19 pandemic Council is committed to achieving efficiencies in expenditures to reduce operational spending. The organisation has introduced a business innovation and customer experience focus that will introduce financial efficiencies in the future.

We have a \$59.940 million Capital Works program planned for the coming financial year, which complements Council's \$6.434 million Relief and Recovery Package, and will further bolster our local economy through the creation of jobs. There will also be a significant \$24.88 million investment into renewal and replacement of our existing infrastructure, to safeguard future use.

Our precious open spaces, including parks and streetscapes will continue to flourish, with \$7.05 million committed to their preservation and enhancement.

Centenary Park Tennis Centre has transformed to accommodate the merger of Frankston East Tennis Club and Frankston Tennis Club ahead of the Frankston Hospital expansion, thanks to a \$2.8 million funding commitment by Council. Monterey Reserve Soccer Pavilion will also be upgraded, with an allocation of \$1.43 million.

We have committed \$1.25 million to the conversion of 6,996 street lights on Council roads to a more effective and energy efficient LED technology.

Clyde Street Mall will undergo extensive works with \$1.18 million dedicated to its improvement, which includes the relocation of our city's Hall of Fame, and as part of our commitment towards zero emissions, we will continue replacing our street lighting with LED technology, at a cost of \$1.13 million.

Our community will experience improved future customer service, with a \$461,000 investment into the implementation of an organisation-wide digital strategy. In response to the COVID-19 pandemic there has also been a significant commitment in technology to ensure services continue (and expand in some cases) such as laptops to enable officers to work from home, online services and live chat and chat bots.

The year in review

Mayor and CEO message

It's a pleasure to present Council's 2019–2020 Annual Report to the Frankston City community, which outlines the organisation's successes, challenges and the strategic direction taken over the past 12 months.

This is the final report for the current Council, and we are proud of what we have achieved over the past four years in relation to policy, infrastructure, future planning and environmental preservation. Before we continue, we would like to acknowledge the traditional owners of the land now known by its European name, Frankston, and pay our respects to their elders past, present and emerging.

We would also like to thank Council officers and the Executive team for their hard work and genuine desire to achieve the best community outcomes. We know they will continue to support the incoming Council, as they have the current.

As you can imagine, COVID-19 has had a tremendous impact on how we have been able to deliver services to our community this year, however it has also presented opportunities to innovate and transform.

Since the pandemic's onset, we have expanded our online customer service touchpoints, digitised many application forms, including foreshore parking permits and planning applications, and mobilised our call centre staff to allow them to operate remotely.

While facilities such as libraries and community centres were forced to close temporarily, we have continued to connect residents with these services through online platforms, including our websites and social media.

Youth workers have also adapted the way they provide support to our city's young people through the use of online meeting apps and the Frankston Arts Centre continued to service patrons through live streaming events.

Council is acutely aware of the impact the virus has had on our community, including our business community, both emotionally and financially — and we realise this distress will not dissipate overnight.

We have remained committed to supporting residents, community groups and business owners to recover from COVID-19 and we reaffirmed our commitment through the unanimous endorsement of a \$6.434 million COVID-19 Relief and Recovery Package.

This considered package contains 53 initiatives aimed at providing tailored local support in the short, medium and long term, including the provision of \$1.2 million in rate relief for owner-occupiers who can demonstrate genuine hardship as a result of the virus.

An additional \$300,000 was provided to Community Support Frankston to ensure they had the funds required to respond to the increase in service demand, complemented by \$270,000 in staff redeployment to assist its delivery. This vital funding has ensured our vulnerable residents remain supported throughout the pandemic.

We have also made close to \$1 million in grants available to businesses, community organisations, artists, students and individuals as part of our For the Love of Frankston campaign, and we will carry on identifying further ways to empower and help residents remain resilient through this difficult time.

Despite COVID-19, we have experienced many highlights over the past 12 months. One we are very proud of is Council's unanimous decision to declare a Climate Emergency in November 2019.

As part of that declaration, Council made a commitment to review and update our Climate Change Impact and Adaption Plan, which will provide us with a clear roadmap of how we can continue to prioritise initiatives, infrastructure and projects that positively impact our planet.

In October last year, we introduced a Kerbside Food Waste Collection Service, allowing households to dispose of food scraps in their garden waste bins. The scheme has been well received with over 6,000 now participating in the program.

We have also delivered a number of significant renewal and upgrade projects, including the redeveloped Sandfield Reserve Skate Park and Langwarrin netball courts, alongside the introduction of broadcast quality sports lighting at Frankston Park Oval and the delivery of a synthetic sports oval and lighting upgrade at Carrum Downs Recreation Reserve.

A \$4.2 million redevelopment of Centenary Park Tennis Club is also underway, as is the \$35 million development of the Jubilee Park Indoor Stadium, to which Council contributed \$24.54 million (combined). Once completed, both these projects will significantly increase sports participation opportunities for generations to come, including for women and girls.

We have no doubt the new Council will continue to manage its financial position responsibly and in the best interests of the community, as the current Council has done, and are looking forward to seeing Frankston City continue on its journey to becoming the Lifestyle Capital of Victoria.



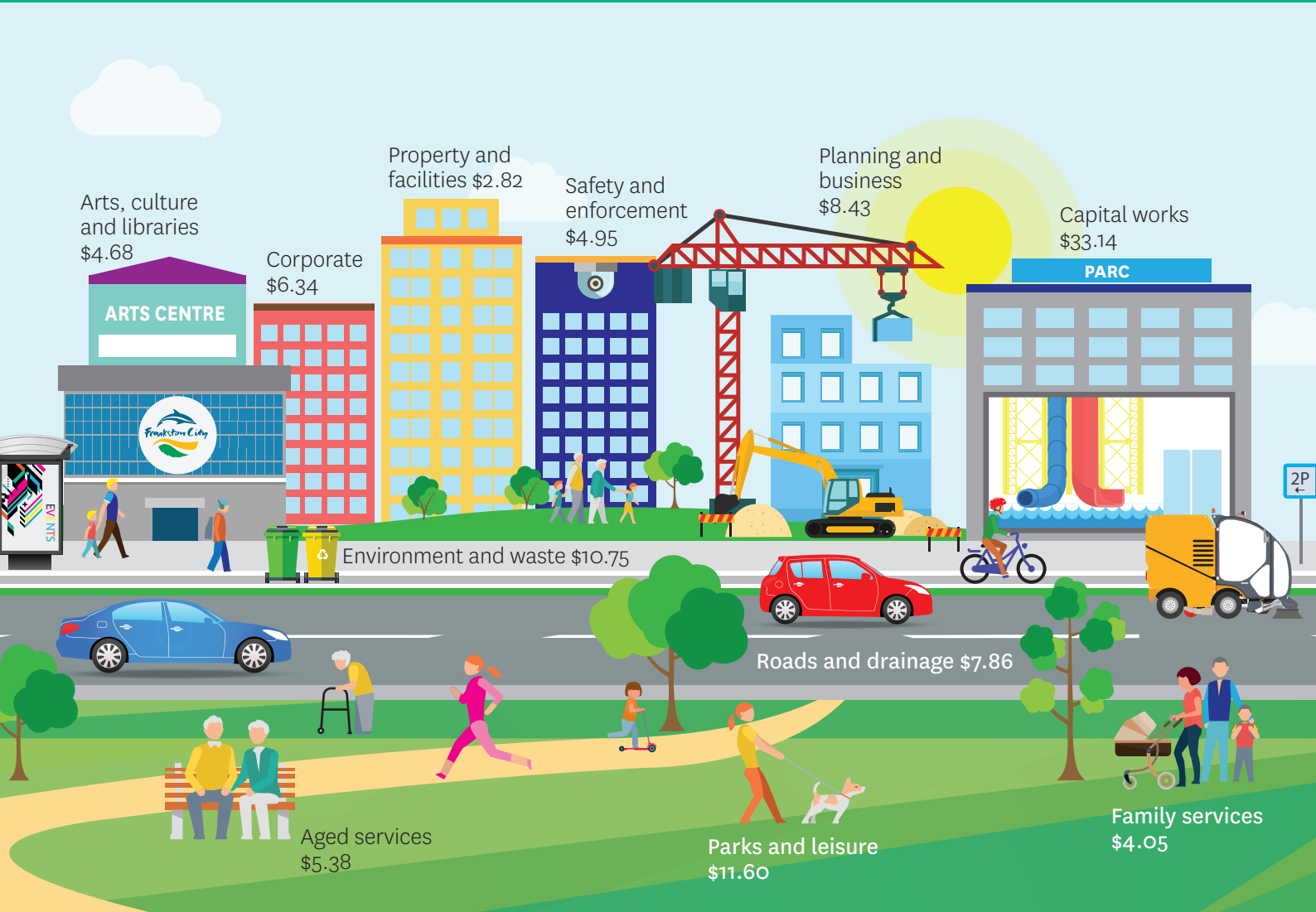
Cr Sandra Mayer
Frankston City Mayor
2019-2020



Phil Cantillon
Chief Executive Officer

How rates are allocated

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



TOTAL BUDGET AVAILABLE **\$238.54** MILLION

Financial summary

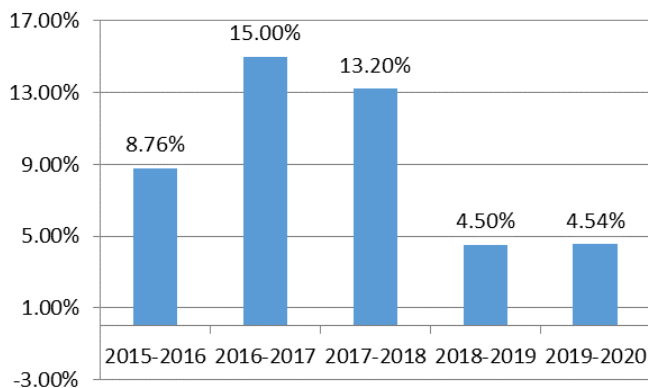
Council’s financial position remains sound. A summary of Council’s performance is outlined below and detailed information is included in the Financial Statements and Performance Statement.

Operating position

Despite the financial impacts from the emerging COVID-19 pandemic Council was still able to achieve a surplus of \$19.642 million in 2019-2020. This surplus compares favourably to the surplus of \$15.700 million in 2018-2019. Revenue was impacted by the closure of facilities such as the Arts Centre and PARC however this was offset by an increase in capital works funding.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$8.343 million or 4.45 per cent when compared to adjusted underlying revenue. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$1.71 billion of community assets under Council’s control. Figure 1 below shows the adjusted underlying result ratio since 2015-2016.

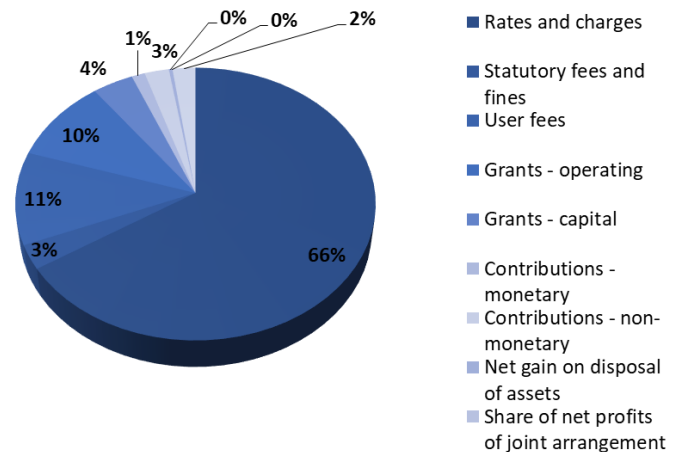
Figure 1: Adjusted underlying result ratio



Operating Income 2019-2020

The total operating income for the year was \$194.996 million, derived from a number of sources as shown in figure 2 below.

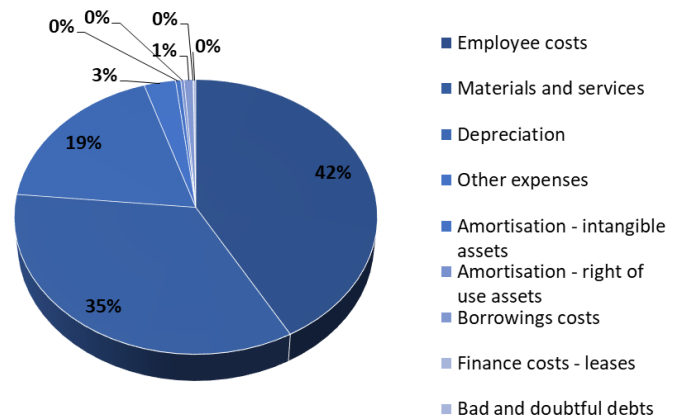
Figure 2: Sources of operating income



Operating Expenditure 2019-2020

The total operating expenditure for the year was \$175.354 million comprised of the following main categories (see figure 3 below).

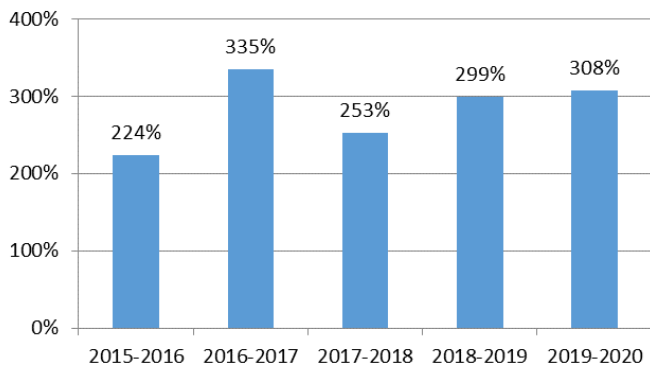
Figure 3: Categories of operating expenditure



Liquidity

Cash has increased by \$5.705 million from 2019-2020 mainly due to an increase in capital works funding. 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 308 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

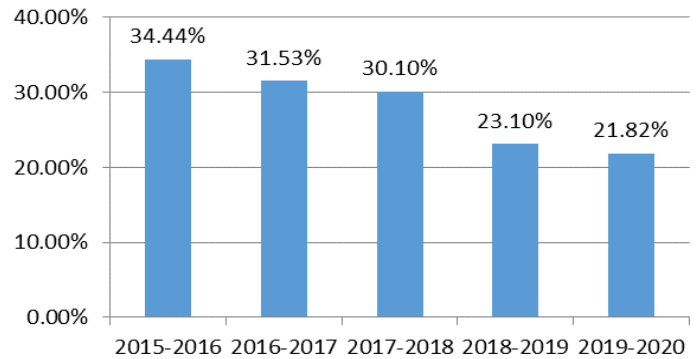


Obligations

Council aims to maintain its infrastructure assets while also continuing to deliver services needed by the community. Council invested \$23.003 million in asset renewal works during 2019-2020 funded from operational budgets.

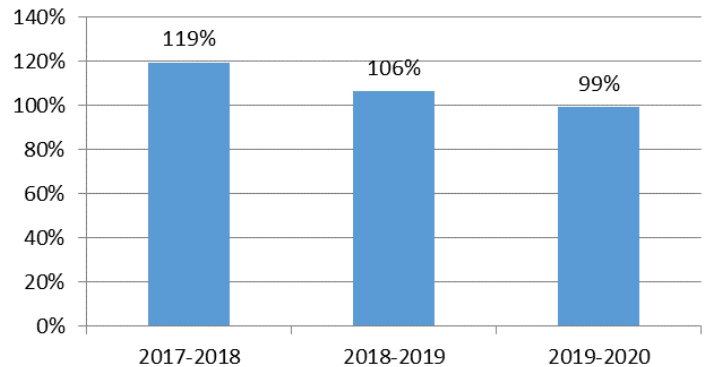
At the end of 2019-2020 Council’s debt ratio – which is measured by comparing interest bearing loans and borrowings to rate revenue – was 21.8 per cent, which was within the target range of 20 to 60 per cent. This is a slight decrease on 2018-2019 (see figure 5).

Figure 5: Debt ratio



Council’s asset renewal and upgrade ratio – measured by comparing asset renewal and upgrade expenditure to depreciation – was 99.13 per cent which falls inside of the target range of 90 to 110 per cent.

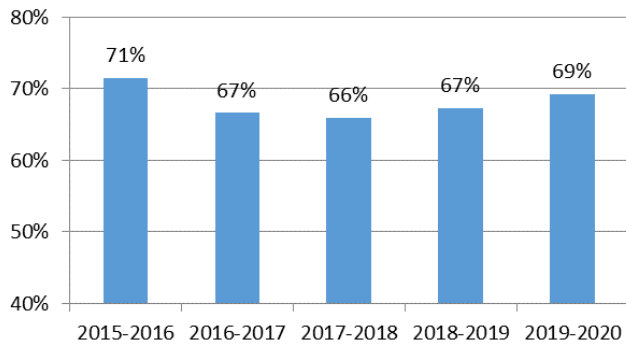
Figure 6: Asset renewal and upgrade ratio



Stability and efficiency

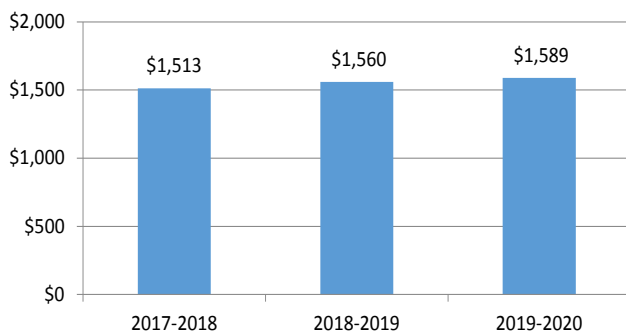
Council receives revenue from a wide range of sources including rates, user fees, fines, grants and contributions. Despite this, Council's rates concentration – which compares rate revenue to adjusted underlying revenue – was 69 per cent for 2019-2020. This is toward the higher end of the target range of 40 to 80 per cent. The increase from 2018-2019 was two per cent (see figure 7 below).

Figure 7: Rates concentration ratio



Council has continued to focus on broadening its revenue base and for 2019-2020 raised its rate revenue by the rate cap of 2.5 per cent. This resulted in an average rate per property assessment of \$1,589 which compares favourably to similar councils in the outer metropolitan area. Figure 8 below shows the average rate per assessment over the last three years.

Figure 8: Average rate per assessment



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.

Capital Projects

Capital Projects delivered in 2019-2020 include:

Ballam Park South Pavilion

The project includes demolishing the existing soccer pavilion, and construction of a new soccer pavilion and associated amenities. The new pavilion houses Peninsula Strikers Junior Football Club, one of the largest Junior Club with over 400 players.

Features include:

- 8 female friendly change rooms
- large multipurpose function space
- office/meeting room
- kitchen/kiosk
- large external viewing terrace
- public toilets
- Existing car parks upgrade

Construction was completed in February 2020. Total project cost: \$4,780,000.

Langwarrin Park Kindergarten Refurbishment

The older section of the kindergarten received full refurbishment and the community room was expanded to provide a multi-purpose area allowing the MCH to run group classes.

Features include:

- Expanded the parent toilet and enhanced baby change facilities
- Pram parking and bicycle racks
- New joinery, kitchen equipment, floor and wall finishes
- A relocated the locker room and larger foyer space
- Additional external storage
- Extended covered walkway

Construction was completed in May 2020. Total project cost: \$520,000.

FAC Box Office Refurbishment

The Box Office was given a full refurbishment including relocation of the Box Office, box office administration, and staff room resulting in the Box Office moving closer

Features include:

- New furniture and joinery
- New finishes
- Upgraded services and enhanced security

Common walls with the adjoining theatre were given upgraded acoustic treatment to minimise any noise. The Box Office is now more prominent and visible to patrons entering the foyer and includes an accessible service point built in.

Construction was completed in May 2020. Total project cost: \$400,000.

Overport Park Sports Pavilion Redevelopment

The existing Overport Park Sports Pavilion was passed its usable life. A new pavilion now provides modern facilities that meet the Clubs requirements and are built to current sports standards. Local community now have a multi-purpose sports facility including a new carpark. The pavilion and its facilities will help to support the existing club members and bring more female participants.

Features include:

- Large social room overlooking two existing ovals on the north and south of the pavilion
- 4 change rooms can be combined.
- Female friendly amenities.
- Large kitchen with cool room
- First aid rooms
- Empires room can be combined.
- Office and meeting room.

Construction completed in February 2020. Total project cost: \$4,200,000 including \$100,000 in Victorian Government funding and \$100,000 in Club contributions.

Major capital works

Major Projects delivered in 2019-2020 include:

Carrum Downs Recreation Reserve: Synthetic Sportsfield and Lighting

The project includes the reconstruction of Oval 3 with a synthetic grass surface, configured to enable playing either competition level Soccer or AFL games. The field also has a synthetic cricket pitch enabling cricket matches to be played in summer. The playing surface has achieved accreditation from both FIFA and AFL/Cricket Sporting Bodies.

Features include:

- Four new 28 metre high light towers with LED light fittings across four light towers to illuminate the Oval to 200 lux
- A new electronic scoreboard with remote computer accessibility
- A new concrete paved path around the full perimeter of the reconfigured Oval 3

Construction was completed in mid-2020. Total project cost: \$2,859,263, with \$500,000 Victorian Government funding and Council contribution of \$2,359,263.

Frankston Foreshore: Elevated Rope Bridge

The installation of the Elevated Rope Bridge at the Frankston Foreshore Playground has meant that children playing on the elevated structures have a safer play environment, with improved connectivity between structures.

Features include:

- A circular, open rope tunnel suspended by cables and steel hoops (mimicking the Kananook Creek pedestrian bridge) joining two elevated platforms.

Construction Works began in May 2020 and were completed within a week. Total project cost: \$145,000.



Photo: Carrum Downs Recreation Reserve

Frankston Park Oval: Sportsfield Lighting

The project included upgrading existing sports lighting to broadcast levels suitable for telecasting AFLW and VFL games. This project facilitates opportunities for Frankston Football Club to host televised night matches.

Features include:

- Erection of four new 48 metre high light towers LED light fittings installed across four light towers including the installation of three LED light fittings on the grandstand and five light fittings on the function centre building to illuminate the Oval to 1000 lux
- Removal and disposal of existing light towers
- A new substation for increased electricity requirements. The location of the proposed new substation being on the High Street frontage of the Reserve
- Sports lighting also operates at various lower lux levels including 500 lux design (professional match level) and 100 - 300 lux for training sessions

Construction began in early 2020, and is expected to be delivered by the end of 2020. Total project cost: \$2,861,001 comprised of \$850,000 in Australian Government Funding, \$650,000 in

Victorian Government funding and \$1,361,001 funded by Council.

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 and abilities from their local communities as well as children attending adjacent neighbourhood childcare centres. Locations include Paras Reserve, Polaris Reserve and Weatherston Reserve.

Features include:

- Construction of footpaths, shelter, BBQs, picnic tables, drinking fountains and native landscaping
- Installation of play equipment including swings, slides, spring rockers and nature play elements

Construction at Paras Reserve was completed in May 2020. Construction at Polaris Reserve was completed in December 2019. Construction at Weatherston Reserve began in March 2020 and is expected to be completed by mid-August 2020. Total budget for the Playground Renewal Program: \$1,335,500 funded by Council.

Sandfield Reserve Skate Park Upgrade

Works have recently been completed to upgrade the existing skate park at Sandfield Reserve, Carrum Downs providing an exciting and challenging skate experience for park users of all ages and skill levels.

Features include:

- moguls
- Volcanos
- Banks
- Quarter pipes

Works began in late 2019 and were completed by mid-2020. Total project cost: \$267,000, primarily funded by a Victorian Government 'Pick My Project' grant of \$200,000 obtained by Carrum Downs

Secondary College Students, with a Council contribution of \$67,000.

Lawton Reserve Car Park Construction

The project involved expanding an existing 33 space car park with 200 additional spaces to service the reserve's sporting club and local community.

Features include:

- Converting the car park from unsealed gravel
- Providing accessible car parking for the existing soccer facilities
- Installing LED car park lighting to the sealed car park area and public toilet facilities
- Installing drainage and a linking path connecting new car park to soccer facilities
- Constructing a further overflow gravel car park with 23 car spaces

Construction of the new car park and associated works began in January 2020 and was completed in June 2020. Total project cost: \$800,000 funded by Council.

Langwarrin Netball Renewal Works

The four existing netball courts at the Langwarrin Netball Facility were in very poor condition and needed to be redeveloped based on a Condition Audit Report and to comply with current netball standards

Features include:

- Redevelopment of four new courts
- Construction of a concrete warm up court
- New lighting facilities, fencing, drainage and shelters

Construction works began in March 2019 and were completed in December 2019. Total project cost: \$1,280,095, including funding of \$25,000 from Langwarrin Netball Club and \$25,000 Federal Government funding and \$1,230,095 funded by Council.



Photo: A member of our Operations Team helps keep the streets clean and tidy during COVID-19 restrictions.

Major changes

Chief Executive Officer

Following the resignation of former Chief Executive Officer, Dennis Hovenden, a rigorous recruitment process was undertaken, leading to the appointment of Phil Cantillon to the position of Chief Executive Officer (CEO) in September 2019.

Building Our Future

In December 2019 staff consultation was carried out to seek feedback on a proposed new organisation structure which realigned some functions and teams across the organisation. The changes which included the creation of a new Business Innovation and Culture directorate, and the role of Chief Financial Officer. The Building Our Future restructure was adopted in February 2020.

State of Emergency declared

On 16 March 2020 Premier, the Hon. Daniel Andrews MP declared that Victoria entered a State of Emergency as a result of the COVID-19 pandemic. Council activated its Municipal Emergency Management Coordination Group following the announcement, to ensure a coordinated approach across Council and so that decisions could be made quickly and decisively, while strategically taking into consideration the needs of the organisation as a whole. The State of Emergency and varying levels of restrictions which followed caused significant changes to Council services which needed to be agile and flexible, particularly in response to the temporary closure of some facilities. A majority of the office-based workforce was required to work from home, and additional safety measures and equipment was needed for staff who were able to continue working on the front line.

One of the largest changes was to the technology requirements of the organisation, with additional equipment such as laptops needed for a large portion of the workforce, as well as access to new programs such as Zoom to enabled continued connectivity between teams. This process was sped up exponentially with most staff able to work

remotely within weeks of the announcement. Council also acted swiftly to introduce special leave arrangements for staff who were impacted by the pandemic through either illness, requirements to self-isolate or lack of child care due to wide sweeping school and child care closures. At the conclusion of the financial year Council was able to continue to provide meaningful work for those staff whose substantive roles were impacted by the restrictions imposed.

Major achievements

Bushfire assistance

In early 2020 Australia saw some of the worst bushfires to affect the country, with smoke from bushfires burning in East Gippsland and North East Victoria impacting visibility in Frankston City and its suburbs. While there was devastation across parts of the state, the event brought out the best in the community, pulling together to support those in need. Council offered resources and staff to assist recovering communities, held crochet and knit-a-thons at Frankston Library and donated wildlife nesting boxes to Landcare to encourage the return and future breeding of wildlife. Generous members of the community expressed their desire to help those in need. Council enabled Bushfire Appeal fund donations via collection tins at customer service centres, major events and libraries, staff also held a number of fundraising initiatives to support the bushfire recovery efforts.

Community engagement

Trial community engagement 'pop-ups' were held in October 2019 at Karingal Hub and Pet's Day Out. The feedback received from residents will help improve services and identify Council priorities. Almost 1,000 community members joined in activities such as taking a photo as the Mayor and ideation boards. We tested various approaches which fed into the Interim Community Engagement Policy. Council is committed to improve and expand how we engage with our community in line with the new Local Government Act 2020.



Photo: Council staff and residents come together in November 2019, acknowledging the declaration of a Climate Change Emergency.

City profile

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 regionally significant venues and attractions such as the Frankston Arts Centre and the McClelland Sculpture Park + Gallery.

The city is experiencing a rapid change in perception and landscape. Major Victorian and Australian Government investment in the form of the Frankston Station redevelopment, Station Street Mall improvements, Level Crossing Removal works 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 Institute Frankston Campus, 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.

The Karingal Hub shopping centre redevelopment is also now underway, with a \$160 million expansion transforming the centre into a leading shopping destination on the Mornington Peninsula.

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
Email: 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: discoverfrankston.com
Hours: Monday to Sunday 10am-4pm



Photo: Customer Relations staff outside the Civic Centre.

Libraries

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
Seaford Community Centre
1/6R Broughton Street, Seaford
Phone: 03 9784 1048
Hours: Monday to Friday 9am-5pm
Saturday 9am-11.45am

Please Note: At the time of publication COVID-19 restrictions were in place and Council facilities were closed. For the most up to date information on opening times for Council facilities and the services currently available please visit: frankston.vic.gov.au

Councillors 2016–2020

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



Cr Brian Cunial

Phone: 0400 236 977

Email: crcunial@frankston.vic.gov.au

Elected to Council: 2016, 2012 and 2008



Cr Quinn McCormack

Phone: 0419 446 930

Email: crmcormack@frankston.vic.gov.au

Elected to Council: 2016



Cr Steve Toms

Phone: 0418 953 576

Email: crtoms@frankston.vic.gov.au

Elected to Council: 2016

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



Cr Sandra Mayer — Mayor 2019–2020

Phone: 0400 236 107

Email: crmayer@frankston.vic.gov.au

Elected to Council: 2016, 2012 and 2008



Cr Colin Hampton — Deputy Mayor 2019–2020

Phone: 0400 236 109

Email: crhampton@frankston.vic.gov.au

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



Cr Michael O'Reilly

Phone: 0418 721 679

Email: coreilly@frankston.vic.gov.au

Elected to Council: 2016 and 2012

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



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

Elected to Council: 2016 and 2008






Cr Lillian O'Connor

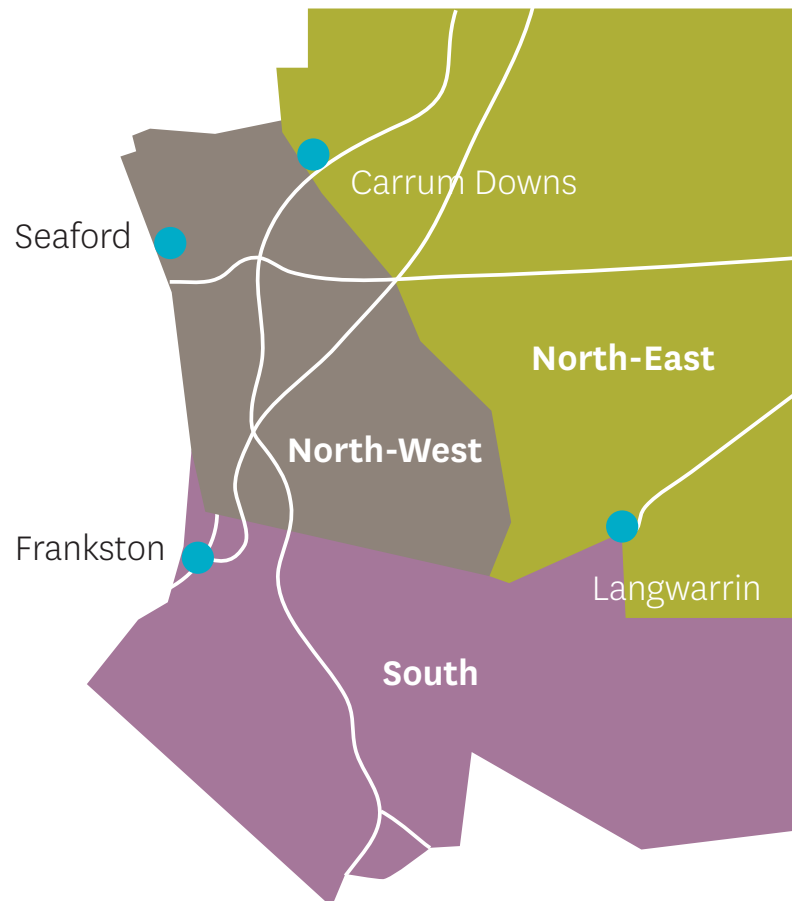
Phone: 0419 298 838

Email: 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 Infrastructure and Operations, Director Communities, Chief Financial Officer and Director Business Innovation and Culture form the Executive Management Team (EMT) and lead the organisation.

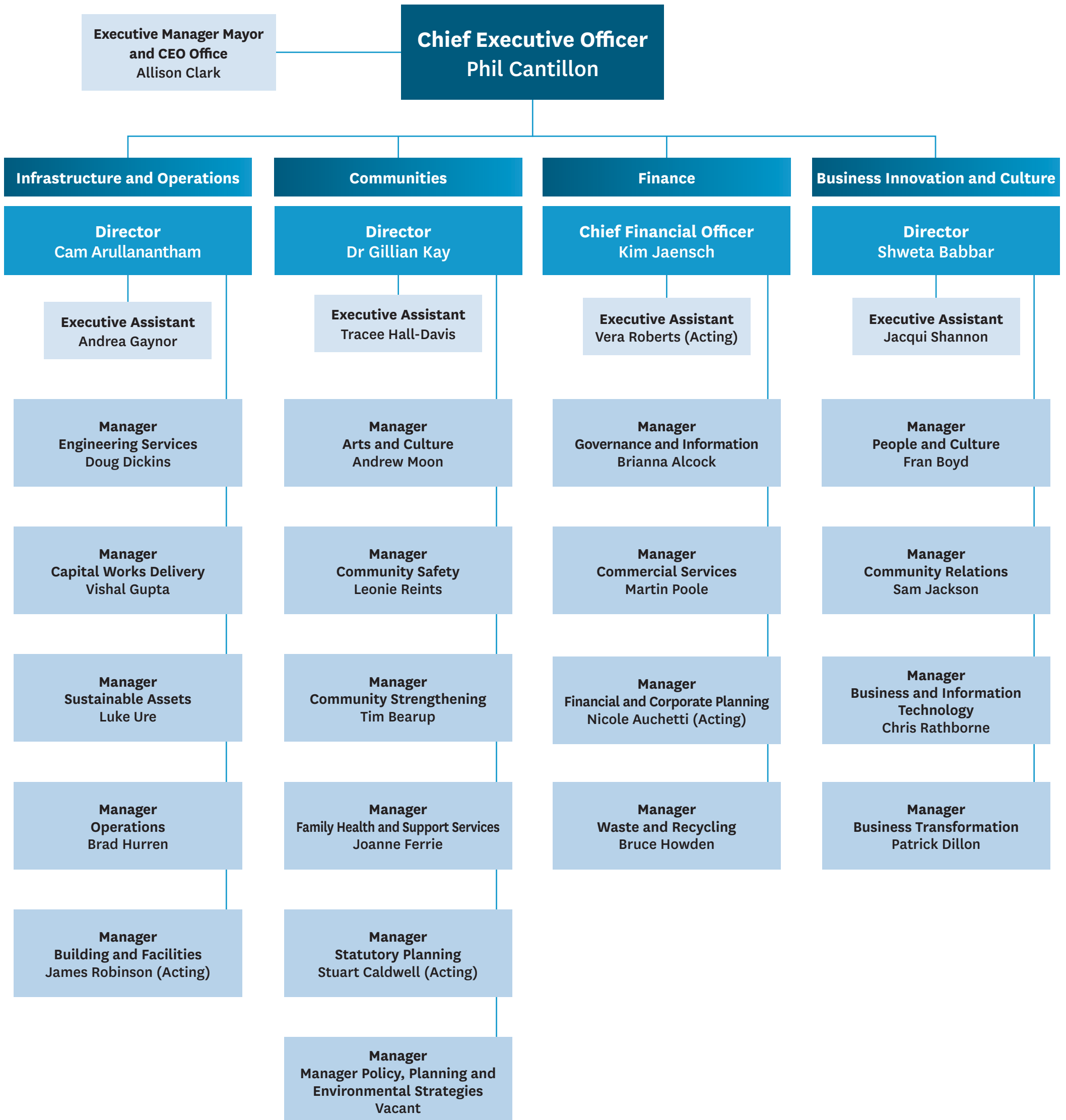
Details of the CEO and senior officers reporting directly to the CEO at 30 June 2020 are set out below.



Organisational Structure



June 2020



Council workforce

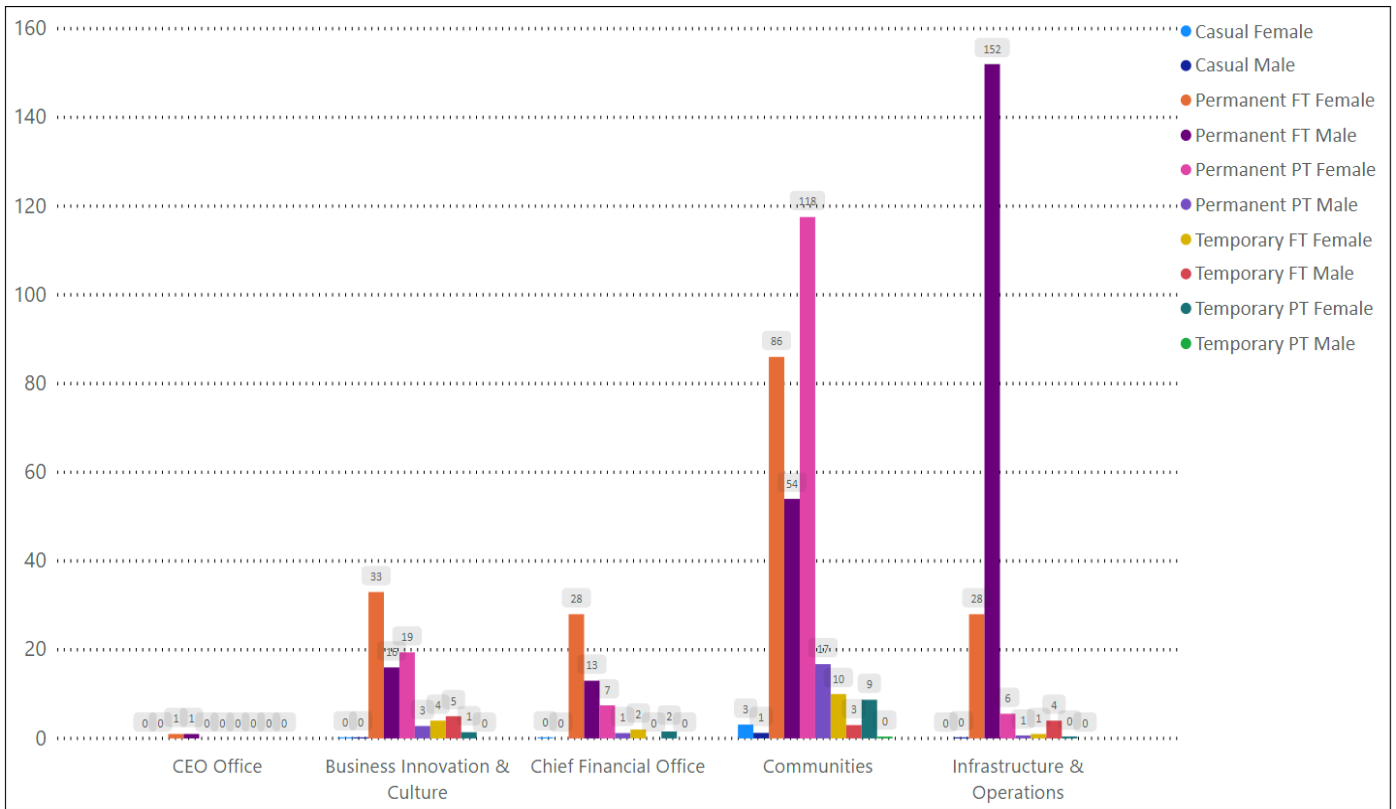
As at 30 June 2019, Frankston City Council employed 968 employees comprising full-time, part-time, temporary and casual employees. In 2019–2020, the turnover of permanent employees was 9.38 per cent, which is 2.41 per cent lower than the 2018-2019 figure of 11.79 per cent and 3.86 per cent lower than the 2017-2018 figure of 13.24 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 1.

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

Employee Type and Gender	CEO Office	Business Innovation & Culture	Chief Financial Office	Communities	Infrastructure & Operations	Total
Casual Female	0	0.24	0.03	3.11	0.00	3.38
Casual Male	0	0.05	0.00	1.24	0.11	1.40
Permanent Full Time Female	1	33.00	28.00	86.00	28.00	176.00
Permanent Full Time Male	1	16.00	13.00	54.00	152.00	236.00
Permanent Part Time Female	0	19.40	7.45	117.53	5.55	149.93
Permanent Part Time Male	0	2.80	1.20	16.74	0.67	21.41
Temporary Full Time Female	0	4.00	2.00	10.00	1.00	17.00
Temporary Full Time Male	0	5.00	0.00	3.00	4.00	12.00
Temporary Part Time Female	0	1.40	1.56	8.71	0.44	12.11
Temporary Part Time Male	0	0.00	0.00	0.41	0.00	0.41
Total	2	81.89	53.24	300.74	191.77	629.64

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

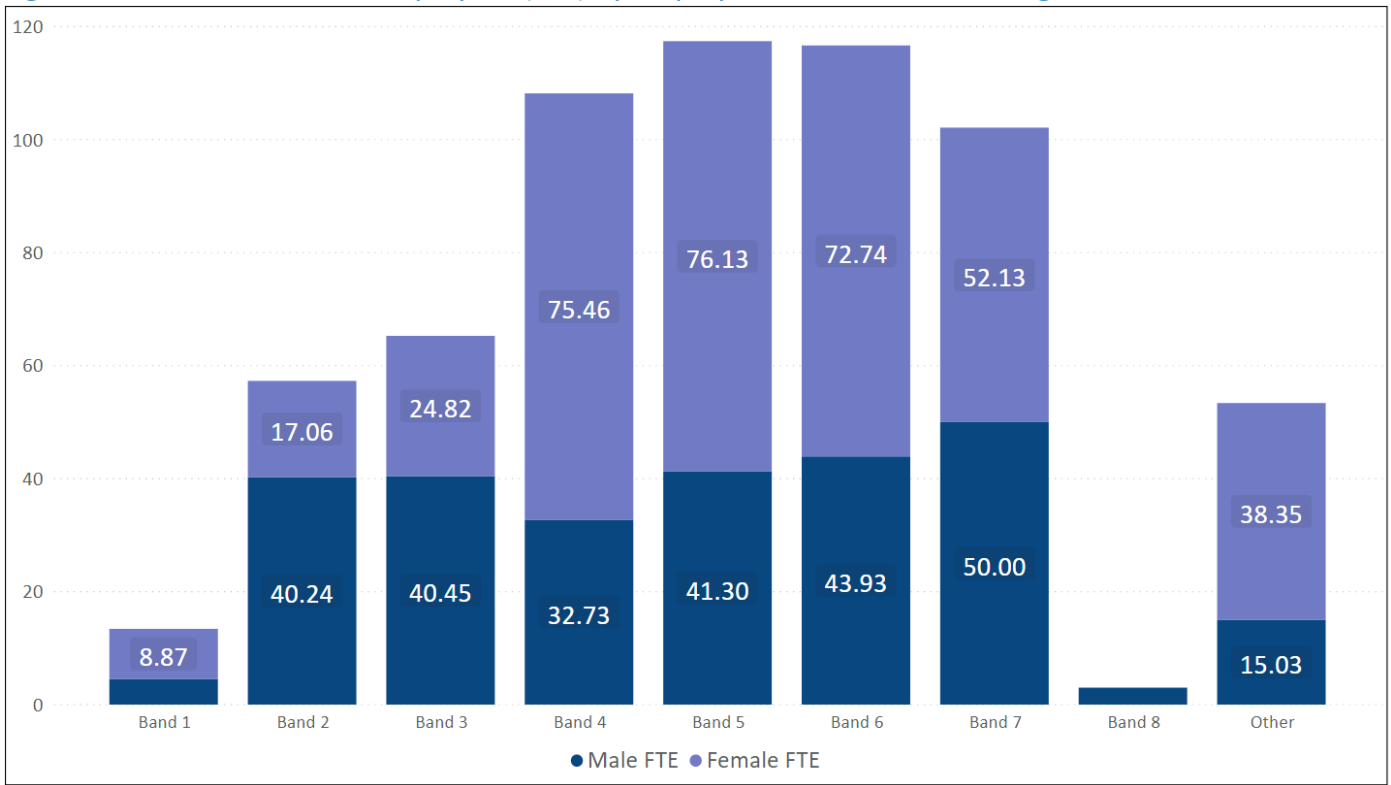


A summary of the number of FTE employees categorised by employment classification and gender is set out below in Table 2 and Figure 2.

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

Employee Classification	Female FTE	Male FTE	Total FTE
Band 1	8.87	4.54	13.41
Band 2	17.06	40.24	57.30
Band 3	24.82	40.45	65.27
Band 4	75.46	32.73	108.19
Band 5	76.13	41.30	117.43
Band 6	72.74	43.93	116.67
Band 7	52.13	50.00	102.13
Band 8	0.00	3.00	3.00
Other	38.35	15.03	53.38
Total	365.56	271.22	636.78

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



* Other classifications – includes junior employees, trainees, 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 – taking a zero tolerance approach. 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.

In 2019 Council updated and implemented the Appropriate Workplace Behaviours procedure following review by the Staff Consultative committee and endorsed by the Executive Management Team. The Staff Code of Conduct was also updated to ensure they reflect contemporary requirements and statutory obligations.

Other employment matters

People and Culture Strategy

The People and Culture team developed a new strategy which sets the blueprint for people management over the next two years.

Our People Strategy focusses on our employees and the services and support they need to be their best and do their best, every day.

Our People Strategy targets critically important initiatives to improve our people's ability to deliver our services over the next two years and to help make our workplace safer, more engaged, happy and productive.

Some of these initiatives include:

- Implementation of a new integrated Payroll and Human Capital System
- Uplifting recruitment panel capability
- Developing a comprehensive OHS Plan
- Refreshing all OHS policies and procedures
- Conducting a gender equity audit and develop a Gender Equity Action Plan
- Further strengthen performance and recognition processes and practice
- Further embed the Leadership Capability Framework



Enterprise Agreement

Council finalised negotiations for a new Enterprise Agreement in September 2019 with the Agreement being ratified by the Fair Work Commission on 29 October 2019



Photo: Staff listen to Samuel Johnson speak about his amazing experiences as part of the Love Your Sister campaign.

Learning and Development

October 2019 saw the launch of Frankston City Council's first ever online Learning Management System – MyLearning. This system enables all learning to be reported and tracked across the organisation and staff now have visibility of their own learning. An extensive training catalogue has been developed for staff to participate in online learning modules within the system and to apply for face to face training. Staff have welcomed this platform because they can now complete their learning, anywhere and at any time.

Some of the training that staff have completed over the last 12 months has included:

- Project Management (Applied and Fundamental)
- Community Engagement (Refresher and Fundamentals)
- First Aid,
- Conflict Resolution
- Resilience
- Presentation Skills
- Microsoft Application skills
- Time Management
- Recruitment
- Supervisory Essentials

A total of 745 staff have participated in training during the last 12 months, totalling 4,230 recorded training hours.

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 is also important. A new engaging online orientation module was created in October 2019 that all new staff are required to complete.

Compliance training roll out

The Learning and Organisational Development team has completed the compliance course roll out, requiring all staff to complete each online learning module as part of the compliance suite.

The compliance courses included:

- Creating a Child Safe Organisation
- Occupational Health and Safety
- Workplace Behaviours – (Bullying and Harassment and Discrimination)
- Fraud Awareness
- Cyber Security
- Privacy Awareness

Compliance rates were extremely high ranging from 88 per cent to 99 per cent compliant which is a great outcome. Staff must complete this training within their first week of employment. This is followed up by a second day of induction, which includes a site tour for permanent employees. These sessions are held on a quarterly basis.

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.

Your Voice Your Workplace Staff Engagement Survey 2020

A new survey provider, Best Practice Australia (BPA) was appointed to administer the survey, which was launched to staff on 25 May 2020 and open for a two week period. The focus of the survey was local engagement and culture, and the results will be presented to staff early in August. The survey questions were based on seven key drivers of culture:

- Engaging our people
- Identity and Direction
- Values
- Risk at work
- Leadership landscape
- Organisational change
- Customer/client engagement

All Departments will develop Culture Improvement Plans with their teams, which will be reported on and tracked over time.

International Women's Day Celebrations

Staff celebrated International Women's Day this year in an event held in the Council Chambers, where guest speaker Sally Curtain, CEO Bendigo Kangan Tafe speaking about her career achievements and the experiences which led to her success, including having good mentors and the importance of supporting other women. Sally's speech was highly engaging and enjoyed by all that attended.

Occupational Health and Safety (OH&S)

The OHS Team continues to make progress in supporting our people's safety and wellbeing. Our Health and Safety Policy and the associated procedures ensure we provide an environment that enables our employees to perform at their best.

This year we have increased our focus on employee wellbeing, encompassing the areas of mental, physical and social wellbeing.

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

- A new Employee Assistance Programs provider – SMG Health
- Monthly webinars on topical subjects from SMG
- A 'My Wellbeing' page on staff intranet providing one place for all wellbeing resources
- Better outcomes in workplace ergonomics through working collaboratively with external providers

The positive result for safety in the recent Staff Engagement Survey indicates we are on the right path towards achieving an environment where staff feel safe at work, and where they can raise safety concerns and be heard.

Injury management

To ensure a successful return to work for injured employees we must maintain an effective injury management program. Our 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. By taking a collaborative approach to working with the injured worker, their manager and any workplace rehabilitation providers, medical or other health professionals as well as our insurer, we aim to achieve positive and healthy outcomes for both our employees and for Council. We will continue to focus on our relationship building and communications with injured employees

Where to next for Health and Safety?

We are committed to providing a safe and healthy working environment for employees, contractors, visitors and members of the public who use our facilities and services.

Council's OHS Team will continue to champion change to improve the services we deliver and to ensure compliance with our policy and procedures. We will be implementing the new Enterprise Agreement, building organisational capabilities including leadership development, statutory responsibilities and compliance

The team will continue to source and offer a range of events, programs and benefits as part of our ongoing My Wellbeing program including:

- Ergonomic reviews
- Fitness challenges
- Flu vaccinations
- Wellbeing newsletters
- R U Okay? Day awareness programs
- Skin health checks

We want to continue to provide a collaborative and supportive environment which enables improved employee health and wellness.

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 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
- Procuring a new Payroll, Rostering and Time and Attendance systems
- Better communication with injured employees to improve and facilitate return to work arrangements
- Continuing to implement the new “My Learning” portal/Learning management system
- Implementing the new Leadership Capability Framework and incorporate into the “My Learning” portal
- Improving Human Resources reporting



Photo: Staff redeployed to help with our Meals on Wheels service during the COVID-19 pandemic.

Our performance

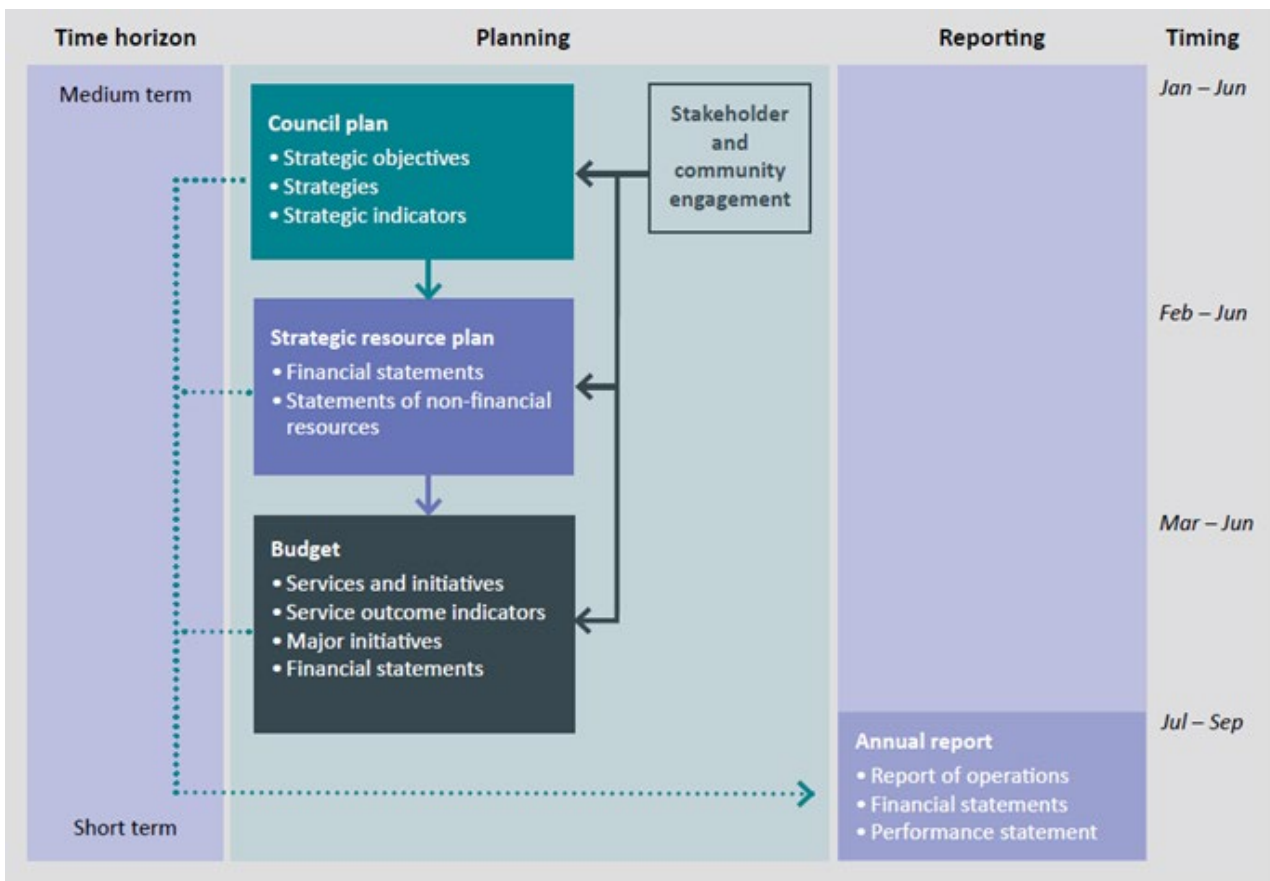
Planning and Accountability Framework

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 1 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 1: 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 2019-2020 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.

Strategic Indicators

Table 1

Strategic Indicator	Target	2018-2019	2019-2020	Progress comments
New dwellings in Frankston Metropolitan Activities Centre (FMAC)	≥1000 by 2021	6	1	The annual total for 2019-20, saw one commercial dwelling constructed within the FMAC area.
Council's greenhouse gas emissions	Establish a baseline by 30 June 2018	16,203 tonnes	15,868 tonnes	Council's greenhouse gas emissions decreased by 2% from the previous year. This decrease is mainly due to a reduction in Council's electricity, gas and fuel usage from energy efficiency improvements and solar power, as well as closures and reduced occupancy of some Council facilities due to the impact of COVID-19.
Kerbside collection waste diverted from landfill	> 54% in 2019-20	54%	56%	An increase in kerbside garden waste service uptake and initiatives such as the introduction of the Kerbside Food Collection Service in October 2019 and the annual Garage Sale Trail, has resulted in an increased diversion of waste from landfill.
Adopt a Green Wedge Management Plan	Plan adopted by 30 June 2018	In progress	Completed	In 2019-20, the Green Wedge Management Plan has been adopted by Council.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2019-20 Budget.

Council Plan Major Initiatives

Table 2

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2019-2020 Year Three	Progress comments
Work with the Victorian Government to develop a business case for a catalyst development as a further stage of the Frankston Station Precinct Redevelopment	In conjunction with Australian and Victorian Governments, complete a business case for the catalyst development	A report was submitted to the Ordinary Meeting of Council June 2020 outlining the themes and direction of the work to date along with potential projects which can be considered by Council and the Revitalisation Committee appointed by State Government.
Deliver a long-term car parking solution for the Peninsula Aquatic Recreation Centre (PARC)	Work with the Victorian Government, Chisholm TAFE and Peninsula Leisure Pty Ltd to leverage the Victorian Government election commitment to deliver a car parking solution for public transport users and for the benefit of students and PARC visitors.	Council has instigated the FMAC Parking Committee which comprises community stakeholders and Council representatives. The committee has discussed issues with parking in Frankston and an option paper was presented and discussed. Into the future short term and medium term actions will be considered for implementation.

The following statement reviews the progress of Council in relation to initiatives identified in the 2019-20 Budget.

Council Plan Initiatives

Table 3

Four Year Priorities Council Plan 2017–2021	Initiatives 2019-2020 Year Three	Progress comments
<p>Advocate to Government for:</p> <ul style="list-style-type: none"> - Electrification to Baxter - Funding for Regional Sporting Facilities, including: <ul style="list-style-type: none"> - Belvedere Reserve - Jubilee Park Netball Stadium - Centenary Park Regional Tennis facility - National Broadband Network (NBN) Rollout 	<p>Build on Council’s successful advocacy campaign for the recent Victorian and Australian elections and ensure delivery of commitments, including;</p> <ul style="list-style-type: none"> • Jubilee Park Netball stadium • Centenary Park Regional Tennis Facility • RF Miles Reserve 	<p>Project scoping and community consultation has been a key focus for the Jubilee Park Indoor Stadium in the lead up to the town planning process commencing. Detailed communication plans have been developed for the Jubilee Park Indoor Stadium, RF Miles Recreation Reserve redevelopment and the Centenary Park tennis facility upgrades, to ensure the community and key stakeholders are informed and involved where appropriate.</p> <p>Council has continued lobbying both the Victorian and Australian Governments for the electrification of the rail line from Frankston, as well as for the investment in vital transport infrastructure upgrades such as commuter car parking, bus service reviews and road upgrades.</p>
	<p>Work with key stakeholders to confirm the future use of the Belvedere Reserve facilities (Linen House)</p>	<p>During 2019-20, work has not been completed due to Council's desire to identify the best community benefit and negotiation with St Kilda Football Club. Further negotiation with St Kilda Football Club and the Belvedere Community Centre is planned to be completed subject to Council approval in the first half of the next financial year.</p>

Four Year Priorities Council Plan 2017–2021	Initiatives 2019-2020 Year Three	Progress comments
Develop a Coast Guard facility and Boat Refuge	Complete environmental studies and community consultation and engagement for the development of the Coast Guard facility and boat refuge	<p>Council has undertaken extensive research, investigations and consultation with community members and relevant authorities into the possibility of a safe boat refuge within Frankston City.</p> <p>A detailed report outlining key findings from these investigations was tabled at the 14 October 2019 Ordinary Council Meeting whereby Council allocated \$400,000 in its 2020-21 budget to undertake the Coast Guard fit out on the first floor of the Frankston Yacht Club building which will permanently house the Frankston Volunteer Coast Guard.</p> <p>In collaboration with the Coast Guard, Council are finalising the design of the space located on the first floor of the Yacht Club building. Works are proposed to be undertaken during 2020-21. A location along the foreshore is currently being investigated and will be consulted with the community to determine the preferred location of a storage shed for the Coast Guards secondary rescue vessel.</p>
Redevelop the existing Arts Centre and Civic Centre precinct	Explore options to enhance and revitalise the Arts Centre precinct, including expanded facilities and possibly hotel accommodation	During 2019-20 the refurbishment of the Frankston Arts Centre was completed. The broader arts precinct is part of the Frankston Municipal Activity Centre, which is subject to further consideration in 2020-21 by the Revitalisation Committee. The scope of these plans are likely to be clearer by December 2020.
Undertake a feasibility study to relocate Council’s Operations Centre and allow for an exemplar urban renewal project	Complete a feasibility study for the relocation of Council’s Operation Centre and present options for Council’s consideration	Council conducted investigative studies, which was presented to Councillors in June 2020. Councillors requested investigative work related to the re-configuring and accommodating the Operation Centre at existing site be continued, whilst also exploring provision of social housing on any residual land resulting from reconfiguration.

Four Year Priorities Council Plan 2017–2021	Initiatives 2019-2020 Year Three	Progress comments
Ensure community infrastructure and services match community need	Develop a framework to ensure community aspirations are embedded in the Long Term Infrastructure Plan (LTIP)	A Project Management Framework has been developed and has been endorsed by Council in this financial year. To enhance the project management framework, process mapping activities will be undertaken in 2020-21.
Attract investment for new industry	Review land zonings to encourage the renewal of industrial areas to attract investment and new employment opportunities	During 2019-20, Council undertook an Industrial Land Use Strategy review, which will be released for public consultation during Quarter one in 2020-21. The review recommendations are subject to Council's approval during 2020-21.
Attract high density residential apartments and commercial office accommodation	Develop initiatives to attract key worker accommodation and affordable housing as part of proposed developments	During 2019-20, Council reviewed a number of publicly owned sites in Frankston to determine their suitability and potential to be developed for affordable housing and key worker accommodation. Subject to feasibility and planning controls, further work will continue in 2020-21 to seek partnership/funding from other levels of government.
Ensure built form, displays architectural excellence, and embodies creative urban design	Undertake a review of the Neighbourhood Character Design Guidelines.	Council commenced an update of the Neighbourhood Character Policy and Guidelines in 2019-20 to improve the legibility and effectiveness of existing Neighbourhood Character Policy and Guidelines. Due to the pending release of State Government guidelines on the development and application of the relevant policies this work will need to continue in 2020-21.

Four Year Priorities Council Plan 2017–2021	Initiatives 2019-2020 Year Three	Progress comments
Ensure built form, displays architectural excellence, and embodies creative urban design (continued)	Introduce an environmentally sustainable development (ESD) tool for assessing planning permit applications	During 2019-20 Council resolved to pursue an Environmentally Sustainable Development (ESD) tool for assessing planning permit applications. Council will prepare an amendment to the Frankston Planning Scheme to provide a statutory power to undertake the assessments.
Improve public car parking options	Work with the Victorian Government to deliver the commitment for 500 car spaces at Frankston station and identify complementary opportunities in the surrounding precinct	The State and Federal Governments commenced investigation into the development proposals. Council officers have been liaising with the project team to ensure that the project will deliver the objectives and benefits required by the community and have provided feedback to the project team. The project team were advised that Council will consider options and provide the project team with further feedback and a preferred option. This project will continue into the next financial year.
Protect the natural and coastal environment whilst maximising the use and enjoyment of the foreshore	Continue to work with the Victorian Government to find a long term solution to address siltation at the mouth of Kananook Creek	Council investigated options to reduce sedimentation and concluded that a trial dredge of an alternate methodology would be conducted. Designs for the trial dredge are now being developed. A Governance group will now be established with the community and Council representatives.
	Identify further improvements to Council's policies and planning provisions for the protection of indigenous and native vegetation	During 2019-20, Council embarked on two important pieces of policy work, the Urban Forest Action Plan and the Native Vegetation Off-Sets program, which will further improve Council's preservation of indigenous and native vegetation.

Four Year Priorities Council Plan 2017–2021	Initiatives 2019-2020 Year Three	Progress comments
<p>Reduce Council's energy use and greenhouse emissions and progress towards carbon neutrality</p>	<p>Implement year one actions of the Towards Zero Emissions Plan including:</p> <ul style="list-style-type: none"> • Reviewing the business case and finalise Council's options for upgrading street lighting on minor roads to LED technology • Embedding improved ESD standards in Council's Capital Works Program 	<p>Contracts for the supply and installation of energy efficient LED street lighting have been awarded. The tender for the light supplier resulted in various light options being assessed and the business case reviewed.</p> <p>Council's Environmentally Sustainable Design (ESD) Standards for Council Buildings Policy was adopted by Council in February 2020, providing a framework for all of Council's building and facilities projects.</p>
<p>Establish the Frankston Regional Recycling and Recovery Centre (FRRRC) as the south east's regional solution for resource recovery</p>	<p>Work with the Metropolitan Waste and Resource Recovery Group (MWRRG) and regional councils on an advanced waste processing solution</p>	<p>Procurement for the establishment of an alternative waste solution for landfill in the South East Melbourne region is currently underway following the release of the Victorian Circular Economy policy. Stage 1 (Expression of interest) has been completed and stage 2 (solution development) will commence in early 2020-21.</p>
<p>Protect the values of the Green Wedge and Implement a management plan</p>	<p>Implement actions, as adopted by Council, from the Green Wedge Management Plan</p>	<p>During 2019-20, Council adopted the Green Wedge Management Plan through an extensive process of community engagement and consideration. Following a Planning Panel review in early 2020-21 Council will have the opportunity of requesting Ministerial approval to adopt the plan into the Frankston Planning Scheme.</p>

The following statement provides information about the services funded in the 2019-20 Budget and the persons or sections of the community who are provided the service.

Services

Table 4

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.	3,328 <u>(296)</u> 3,032
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.	1,128 <u>(0)</u> 1,128
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.	4,749 <u>(1,316)</u> 3,433
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.	2,401 <u>(94)</u> 2,307

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

Local Government Performance Reporting Framework

Table 5

Service/Indicator/Measure	Results				Material Variations
	2016–2017	2017–2018	2018–2019	2019-2020	
Roads					
Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	100	93	106	109	Council received 733 sealed local road related customer requests in 2019-20. This is a slight increase from last year's 708 requests and still falls within the expected range.
Condition Sealed local roads below the intervention level [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	95%	92%	99%	99%	The performance of this indicator is a result of updated road condition data and various road renewal works undertaken in this financial year.
Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square meters of sealed local roads reconstructed]	\$91	N/A	\$109	\$59	The cost is significantly lower this year compared to previous years. There were 5 projects completed in 2018-19 as opposed to 2 projects in 2019-20. Of those 5 projects, some required more

Results					
Service/Indicator/Measure	2016–2017	2017–2018	2018–2019	2019-2020	Material Variations
					expensive works in terms of labour and material, than that done in 2019-20.
Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$23	\$22	\$21	\$25	Approximately 17.8km of Council's road network has been resealed in this Financial year and the cost of works is well within the expected range.
Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	59	64	66	60	Council's commitment to road maintenance and renewal has been consistent over the years including this year. The decrease in satisfaction levels cannot be determined, however Council will investigate future improvements in this area.
Statutory Planning					
Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	93 days	105 days	84 days	60 days	The median time taken to determine applications reduced materially during financial year 2019-20 as a result of on-going improvements to Council's work processes and systems.
Service standard Planning applications decided within 60 days	56%	34%	48%	70%	The number of applications which Council determined within 60 statutory days improved significantly on prior years, due to on-going

Service/Indicator/Measure	Results				Material Variations
	2016–2017	2017–2018	2018–2019	2019-2020	
[Number of planning application decisions made within 60 days / Number of planning application decisions made] x100					improvements to Council’s work processes and systems.
Service cost Cost of statutory planning service [Direct cost of statutory planning service / Number of planning applications received]	\$1,867	\$2,264	\$1,966	\$ 2,618	The average cost to process each application was increased due to reductions in the volume of large fee applications, increased VCAT representation costs, and a general reduction in application volumes as the COVID-19 pandemic developed.
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council’s decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	41%	44%	32%	50%	The number of Council decisions upheld by the VCAT improved materially on prior years due to on-going improvements in Council’s work processes and systems.
Waste Collection					
Satisfaction Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	114	118	117	143	The result is higher than in the last financial year due to a higher demand in new service requests during the introduction of COVID-19 restrictions. Residents now have the ability to access this service online.

Results					
Service/Indicator/Measure	2016–2017	2017–2018	2018–2019	2019-2020	Material Variations
Service standard Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1	2	2	2	An increased number of new services and a higher level of reported missed bins, has slightly increased the final figure. Increase online capability and residents at home, has contributed to the increase.
Service cost Cost of kerbside garbage collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$92	\$94	\$97	\$99	The increase in service cost is due to higher landfill disposal costs, however, overall tonnages were maintained compared to the previous year with the introduction of the food and garden waste collection service.
Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$17	\$30	\$56	\$63	The cost of recycling per household has increased from April 2020 due to tightening in the recycling market specifications and increased contamination disposal costs.
Waste Diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54%	53%	54%	56%	An increase in use of the kerbside food and garden waste collection service and community 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.

Strategic Indicators

Table 6

Strategic Indicators	Target	2018–2019	2019-2020	Comments
Jobs in Frankston City	>5000 <i>Jobs by 2021</i>	42,250 ¹	44,934	According to the Census data, in 2017-18 there were 33,947 jobs in Frankston City, an increase of 8,303 jobs occurred which brought the total number of jobs in 2018-19 to 42,250. In 2019-20, this increased by another 2,684, making the total number of jobs in Frankston City 44,934. Overall, Council exceeded its target to increase employment by 5,000 jobs by 2020-2021. (Since the advent of COVID-19 it is estimated that there has been a 6.9 per cent decrease in jobs, down to 41,848)
Degree courses on offer in Frankston City	<i>Establish a baseline by 30 June 2018</i>	19	19	Monash University currently offers 19 degree courses in Frankston.

¹ Incorrect data provided – 2,684 was the amount of jobs that increased from 2017-18 to 2018-19. The total number of jobs in 2018-19 was 42,250.

Strategic Indicators	Target	2018–2019	2019-2020	Comments
Five star accommodation	<i>Accommodation secured by 30 June 2021</i>	In progress	In progress	Currently Frankston does not have a five star accommodation provider. Work to attract investment continues.
Frankston Arts Centre, festivals and events attendance	<i>> 320,000 In attendance by 2020</i>	283,178	223,073	Due to the COVID-19 restrictions in place since mid-March, the Frankston Arts Centre remained closed and events such as <i>Party in the Park</i> and <i>The Big Picture Fest 'Block Party'</i> were cancelled, which has ultimately affected the attendance results for this financial year.
0-1 infants enrolled in maternal Child health (MCH) service	<i>> 2,000 enrolments</i>	1,795	1,816	The annual target of birth enrolments greater than 2000, was not achieved due to a lower birth rate within the municipality.
Service utilisation per funded hours through Home and Community Care (HACC) and Commonwealth Home and Support Programme (CHSP)	<i>> 94,913 hours</i>	82,551	78,093	Since January 2020, the hours of service have decreased with assessment referrals for client's aged under 65 continuing to remain low. This can be attributed to the impact of COVID-19 across this service with a shift in client need and safety concerns.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2019-20 Budget.

Council Plan Major Initiatives

Table 7

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2019–2020 Year Three	Progress comments
Develop a knowledge, creativity and skills-based economy that generates employment opportunities	Explore opportunities to enhance delivery of economic development programs and activities within the region	Council's program of economic development and support has been expanded to assist businesses in response to COVID-19. This has included launching fast grants for businesses, extension of the Business Concierge role and a range of communications to support, inform and connect businesses.
Adopt a Health and Wellbeing Plan 2017-2021	Implement year three actions of the adopted Health and Wellbeing Plan 2017-2021 including: <ul style="list-style-type: none"> • Development of a Frankston City Council gender equity statement • Development of Healthy Choices Policy and guidelines for council-owned sports and leisure facilities • Partner with the Aboriginal and Torres Strait Islander community to develop the Frankston City Reconciliation Action Plan 	During 2019-20, the Municipal Health and Wellbeing Plan 2017-2021 continued to be implemented with the adoption of the Healthy Choices Policy and guidelines for use at council-owned sports and leisure facilities. The Frankston City Reconciliation Action Plan will be adopted by September 2020.

The following statement reviews the progress of Council in relation to initiatives identified in the 2019-20 Budget.

Council Plan Initiatives

Table 8

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
Facilitate the development of industry informed education courses that meet employer industry needs	Advocate to the tertiary education sector to align qualifications to the needs of local and regional employer	Progress on the Frankston and Mornington Peninsula Education Precinct Action Plan, which improves linkages between employers and education providers, has been re-scheduled to commence in January 2021.
Attract industry and employment in the health and education fields	Leverage the Victorian Government’s proposed investment in Frankston Hospital to increase local employment opportunities in the health sector	During 2019-20 early engagement with key stakeholders highlighted principles and direction for an Action Plan enabling the preparation of a health and med-tech prospectus by August 2020 and an Action Plan for adoption by Council by February 2021.
Advocate for the development of five star hotel accommodation	In conjunction with the redevelopment of the Arts Centre Precinct, investigate options for private investment in a five star hotel	Council continues to proactively pursue opportunities for a five star hotel. While early stage concept plans were being developed by a private investor, progress on this may have been delayed by COVID-19.
Strengthen and promote Frankston City’s visitor economy	Showcase local food, beverage, culture and sports through the	During 2019-20, Council has continued to support, promote and sell packaged experiences for both residents and visitors. Through partnerships developed within the Tourism Event Attraction Program, event organisers are supported to

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
	development of packaged tourism offerings	collaborate with local businesses during these times of economic impact. In response to COVID-19, much of the priority has focused on increasing awareness of local experiences that support and promote local businesses, and align with social distancing restrictions.
Build on sculpture and eclectic street art culture	In partnership with the Frankston Arts Board, McClelland Gallery & Sculpture Park and Sculpture By the Sea to develop opportunities for a sculpture exhibition in the city	In 2019-20, the sculpture ' <i>Reflective Lullaby</i> ' was installed at the corner of Moorooduc Highway & Hastings Road for a four year period. <i>The Big Picture Fest</i> held in March saw nine new street art pieces and the final artists' design concepts for the Eel Race Road site were received and evaluated by an assessment panel, with the finalist sculpture is in the process of sign off. All other sculpture projects have been deferred due to the budget impacts associated with COVID-19.
Promote Frankston City's reputation as an arts, festivals and events destination	Broaden the promotion of events, festivals and events such as the Street Art Festival and the Gateway Sculpture Program	Due to COVID-19 restrictions the Frankston Library and the Frankston Arts Centre were closed to the public from mid-March 2020, with the Library reopening for limited attendances in mid-June. A number of Library and Arts Centre programs and events were moved to an online environment to support, maintain contact and continue to engage with our community. Council major events from October to March were well attended attracting in excess of 80,000 attendances, however the season was cut short by the COVID-19 pandemic with a number of events cancelled.
Engage and support Frankston City's local areas and diverse communities to optimise facility usage and enhance equitable access to services	Adopt lease, licence and seasonal tenancy policies to ensure equitable access to Council facilities	Council are completing the property policy and completing benchmarking of the seasonal tenancy document. This has not been completed due to the effects of COVID-19 has had on clubs with ever changing regulations in response to the pandemic.

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
Develop an education and library hub in Langwarrin	Submit to Council a feasibility study for the education and library hub in Langwarrin	Efforts during 2019-20 failed to identify a suitable and available site. Further opportunities to progress a feasibility study for a Langwarrin Child and Family Centre and Library will continue into the 2020-21 financial year.
Improve the presentation and cleanliness of Frankston City	Liaise with the Victorian Government and responsible authorities to improve the presentation of key gateway roads into Frankston such as Cranbourne-Frankston Road, Moorooduc Highway, Frankston Freeway, Nepean Highway and Ballarto Road	With strong support for improvements, Council has continued to work with key stakeholders and the community to improve the presentation of key gateway roads. Due to the effects of COVID-19, projects such as the Cranbourne Road and Nepean Highway tree planting have been deferred to a future year. The Fletcher Road overpass greening has received Vic Roads support and will be delivered by the end of 2020.
	Continue implementation of the adopted service standard for cleanliness and presentation of the city including shopping strips, removal of dumped rubbish and graffiti	Service standards have consistently been achieved throughout the year, with key performance indicators in excess of 95%. The achievement of these standards has been verified by regular positive feedback about the city's presentation from our community and stakeholders.
Advocate for the development of a health industry centre of excellence	Work with key health industry partners and the Victorian Government to develop the allied health pharmaceutical and bio medical industries	During 2019-20 key industry stakeholders and State Government representatives worked together to identify industry and job opportunities. This early engagement will enable a health med tech prospectus to be distributed in August 2020 and an Action Plan which will be submitted to Council for endorsement in February 2021.

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
Facilitate the delivery of a health services hub in the Health precinct	Advocate for the provision of alcohol and drug withdrawal / rehabilitation beds as part of the redevelopment of Frankston Hospital.	During 2019-20 the Regional Alcohol and other Drugs Frankston Mornington Peninsula committee (RADFMP), comprising representatives of Council, State Government and university research capability, continued scope and advocate for improved access to drug and alcohol treatment options, including no less than 10 clinical beds as part of the extension of the Frankston Hospital.
Enhance equitable access to sport and leisure opportunities	Identify and address functional requirements and service needs for sports and leisure facilities.	Council has inspected 45 out of 76 sports pavilions for functional requirements. Corresponding park infrastructure has also been assessed. An assessment tool has been created for each pavilion where audit information will be assessed. This will continue into the next financial year.
Adopt an approach to delivery of aged services within the state and federal service mode	Implement Council’s adopted position on the delivery of aged care services.	The delivery of Aged Care Services was impacted by the COVID-19 pandemic during 2019-20 but wherever possible flexible delivery and business continuity was prioritised for staff and client safety. The internal Quality Committee continues to review legislative information to ensure Council’s Aged Care Services demonstrate and represent the quality standards.

The following statement provides information about the services funded in the 2019-20 Budget and the persons or sections of the community who are provided the service.

Services

Table 9

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.	24,229 <u>(1,486)</u> 22,743
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.	2,151 <u>(160)</u> 1,991
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.	9,330 <u>(3,751)</u> 5,579
Aquatics	Provision of indoor and outdoor Aquatic Centres to improve health and wellbeing in the community.	9,955 <u>(9,840)</u> 115

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
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.	9,136 <u>(6,673)</u> 2,463
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.	5,811 <u>(706)</u> 5,105
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.	20,197 <u>(4,518)</u> 15,679
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.	14,894 <u>(9,296)</u> 5,598
	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.	

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
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.	7,045 <u>(10)</u> 7,035

Local Government Performance Reporting Framework

Table 10

Service/Indicator/Measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
Animal Management					
Timeliness Time taken to action animal requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	5 days	5 days	5 days	4 days	Consistent performance remains on track and highlights Council’s commitment to its customers. The restrictions as a result of the COVID-19 pandemic has reduced the ability of Council to respond to some animal matters.

Results					
Service/Indicator/Measure	2016–2017	2017–2018	2018-2019	2019-2020	Material Variations
Service standard Animals reclaimed [Number of animals reclaimed / Number of animals collected]	60%	52%	58%	42%	Consistent performance remains on track and highlights Council’s commitment to its customers. The restrictions as a result of the COVID-19 pandemic has reduced the ability of Council to respond to some animal matters.
Service standard – New Indicator Animals rehomed [Number of animals rehomed / Number of animals collected]	NA	NA	NA	10%	New indicator for this financial year, which demonstrates Councils commitment to rehoming animals. COVID-19 restrictions have impacted the performance of this measure, due to reduced working capability at the Lost Dogs Home and the financial strain on the community.
Service cost – Changed Indicator Cost of animal management service per population [Direct cost of the animal management service / Municipal Population]	NA	NA	NA	\$11	The cost remains within the set target. An increase in quarter four is noted due to extra demands and safety measures resulting from COVID-19 restrictions, as well as changes to the denominator from this financial year. Indicator is replacing previous 'Cost of animal management service' which was based on cost per number of registered animals.
Health and safety – Changed Indicator Animal management prosecutions [Number of successful animal management prosecutions/ Total number of animal management prosecutions]	NA	NA	NA	100%	The number of prosecutions undertaken for the year is driven by the number of offences reported to Council relating to animal management matters. All matters progressed to Court had a successful outcome. Indicator is replacing previous 'Animal management

Results

Service/Indicator/Measure	2016–2017	2017–2018	2018–2019	2019–2020	Material Variations
					prosecutions' which was a measure of number, not proportion.
Aquatic Facilities					
Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	1	1	1	In this financial year, Council inspected its two aquatic facilities in November 2019. The next inspections are not due until November 2020.
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	7	6	7	6	The actual result is 5.78 which is lower than expected. The COVID-19 pandemic resulted in closure of the facilities from 22 March 2020. This has significantly affected, what had been up to that point, a strong attendance growth year.
Service cost – <i>Changed Indicator</i> Cost of aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	NA	NA	NA	\$1.30	The effects of the COVID-19 pandemic resulted in no income for 3 months, while continuing ongoing facility costs.

Results					
Service/Indicator/Measure	2016–2017	2017–2018	2018-2019	2019-2020	Material Variations
Food Safety					
Timeliness Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	2 days	2 days	2 days	2 days	Consistent performance remains on track. This indicator is reported across a full calendar year. Overall results remain positive with all food complaints consistently actioned in less than two days.
Service standard Food safety assessments [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 an annual food safety assessment in accordance with the Food Act 1984] x100	101%	99%	100%	93%	This indicator is reported across a full calendar year. All assessments are on track to be completed for the 2020 calendar year.
Service cost Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$514	\$510	\$537	\$601	Due to the COVID-19 pandemic a number of food businesses have closed. Staff movements have also required additional resources in place. As such this has increased the overall cost of the food safety service.

Results

Service/Indicator/Measure	2016–2017	2017–2018	2018-2019	2019-2020	Material Variations
<p>Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100</p>	100%	95%	100%	100%	This measure is reported on a calendar year. All outstanding critical and major notifications are followed up in a timely manner.
Libraries					
<p>Utilisation Library collection usage [Number of library collection item loans / Number of library collection items]</p>	4 ²	4	5	3	The physical loans was tracking well until the library closed in March 2020 due to the COVID-19 restrictions. The Library re-opened with physical limitations and reduced hours in June, which saw a return to borrowing physical library items.

² Definition of loan changed, did not include use of Local History images on Flickr in 2016-2017 (161,558 views).

Results

Service/Indicator/Measure	2016–2017	2017–2018	2018-2019	2019-2020	Material Variations
Resource standard Standard of library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	64%	62%	69%	70%	Further work needs to be completed to ensure that the library collection remains current and responds to the community needs and requests. A Strategic Collection Development plan will be prepared following the results of the Library User Survey and the community will be encouraged to request items through the online requests module this year.
Participation Active library members [Number of active library members / Municipal population] x100	13%	12%	11%	11%	This result has been impacted by the COVID-19 restrictions which resulted in the closure of libraries to the public. These results are from July 2019 - March 2020 as the Library has been closed since March 2020 due to the restrictions.
Service cost – <i>Changed Indicator</i> Cost of library service [Direct cost of the library service / Municipal Population]	NA	NA	NA	\$27	This measure was amended in this financial year to reflect a different denominator. The service cost this year is at the lower range of the set target range.
Maternal and Child Health (MCH)					
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	102%	101%	102%	101%	The percentage of infants enrolled in the MCH service, is within the target range.

Results

Service/Indicator/Measure	2016–2017	2017–2018	2018–2019	2019–2020	Material Variations
Service cost Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	\$61	\$63	\$65	\$61	The cost of the MCH service per hour of service delivered has met the set target.
Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	70%	74%	75%	71%	Participation in the MCH service has slightly dropped since the last financial year. The drop can be attributed to the restrictions placed due to the COVID-19 pandemic which reduced accessibility to the traditional MCH service.
Participation in the MCH service by Aboriginal children [Number of aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	69%	76%	87%	77%	The percentage of Aboriginal children enrolled, who participate in the MCH service has met the set target range of 60% to 100% participation.
Participation in 4-week Key Age and Stage visit – <i>Changed Indicator</i> [Number of 4-week key age and stage visits / Number of birth notifications received] x100	NA	NA	NA	95%	New indicator for 2019-20 financial year. The percentage of infants enrolled in the MCH service, who have received their first MCH participation appointment is within the target range.

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.

Strategic Indicators

Table 11

Strategic Indicators	Target	2018-2019	2019-2020	Comments
Community satisfaction with Council decisions	> 59 <i>Index score by 2020</i>	55	54	Council's decision making has delivered priorities to the community over the last four years through advocacy, partnerships, funding commitments and community engagement.
Councillor attendance at Council meetings	> 85% <i>in attendance</i>	89%	71%	Councillor attendance varied due to illness, travel, suspension of a Councillor and COVID-19 restrictions. The Omnibus Act 2020 came into effect in May 2020, which enabled virtual attendance at Council Meetings.
Councillor advocacy priorities	<i>Advocacy priorities achieved by 30 June 2020</i>	60.5% in progress	60.5% in progress	Council has regularly engaged with local Members of Parliament and other key stakeholders in order to progress a number of key advocacy priorities including final plans for a revised regional tennis facility, investigations into a safe boat refuge options and other projects for potential inclusion in a South East Melbourne City Deal to further

Strategic Indicators	Target	2018-2019	2019-2020	Comments
				revitalise and connect Frankston's city centre with the region.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2019-20 Budget.

Council Plan Major Initiatives

Table 12

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2019–2020 Year Three	Progress comments
<p>The elected representatives will promote:</p> <ul style="list-style-type: none"> - Powerful advocacy - Meaningful engagement - Credible reputation 	<p>Continue to develop Council’s relationships with Australian and Victorian politicians and peak bodies.</p>	<p>Council continues to work extensively on building strong and positive relationships with Members of Parliament. Understanding these complex relationships has resulted in a protocol being developed to ensure an equitable, consistent and politically unbiased approach. Frankston City maintains representations on the South East Melbourne group of Council's in the development of a City Deal, which will be a partnership between all three tiers of government.</p>

Council Plan Initiatives

Table 13

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
<p>The elected representatives will provide:</p> <ul style="list-style-type: none"> - Clear and unified direction - Transparent decision makers - Good Governance 	<p>Continue to build on recent improvements to governance by implementing identified initiative</p> <hr/> <p>Respond to recommendations made by the Ombudsman, Victorian Auditor-General’s Office (VAGO) and Office of Local Government.</p>	<p>Council’s focus on strengthened governance ensured streamlined agendas, reduced notice of motions and informed decision making. The Accountability and Transparency Reform was completed and a Policy and Protocol Framework was adopted, which provided a foundation for key policies in the new Local Government Act 2020.</p> <hr/> <p>Requests made by the Victorian Ombudsman were responded to in a timely manner. Officers monitored VAGO Reports, Victorian Ombudsman and Local Government Victoria releases to ensure that Council’s systems and processes have effective controls.</p>
<p>The elected representatives will promote:</p> <ul style="list-style-type: none"> - Powerful advocacy - Meaningful engagement - Credible reputation 	<p>Ensure delivery of commitments made by the Australian and Victorian Governments.</p>	<p>Council continues to maintain open lines of communication with both Victorian and Australian Members of Parliament. This has enabled transparency and accountability from all stakeholders to ensure delivery on commitments.</p>

The following statements provide information in relation to the services funded in the 2019-20 Budget and the persons or sections of the community who are provided the service.

Services

Table 14

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Governance and Information	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.	578 (1) 577
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.	1,577 (0) 1,577

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

Local Government Performance Reporting Framework

Table 15

Service/Indicator/Measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
Governance					
<p>Transparency Council resolutions at meetings 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, 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</p>	17%	17%	28%	19%	Agendas and reports were streamlined to address the municipal monitor’s recommendations for good governance. Contractual matters contributed to 45% of decisions and Council decided to report these in open Council from July 2020.
<p>Consultation and engagement Satisfaction with community consultation and engagement</p>	51	53	54	57	Council have improved engagement through delivery of services focused on better customer

Service/Indicator/Measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
[Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]					experiences to achieve the best outcomes for the community.
Attendance Council attendance at Council meetings [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	94%	86%	89%	76%	Councillor attendance varied due to illness, travel, suspension of a Councillor and COVID-19 restrictions. The Omnibus Act 2020 came into effect in May 2020, which enabled virtual attendance at Council Meetings.
Service cost Cost of governance [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$43,334 ³	\$54,295	\$52,338	\$51,979	Councillors undertook training and development earlier in their term. Some costs were attributed to the municipal monitor, who was appointed by the Minister for Local Government until September 2019.

³ The 2016–2017 result is incorrect due to the exclusion of new councillors from the report. The correct result is \$44,130.

Results

Service/Indicator/Measure	2016–2017	2017–2018	2018-2019	2019-2020	Material Variations
<p>Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]</p>	54	52	55	54	Council’s decision making has delivered priorities to the community over the last four years through advocacy, partnerships, funding commitments and community engagement.

Long Term Community Outcome - Four: 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.

Strategic Indicators

Table 16

Strategic Indicator	Target	2018-2019	2019-2020	Comments
Community satisfaction with Council's customer service	>72 <i>Index score by 2020</i>	68	69	The Community Satisfaction score for Customer Service has steadily increased each year.
Asset renewal funding maintained	> 95%	105%	115%	Council meets its annual renewal funding requirements. The actual renewal expenditure on renewals in 2019-20 (as of 15/07/2020) is \$23.8M which exceeds the 2019-20 renewal requirement of \$20.8M. This equates to 115 per cent renewal funding ratio.
Adjusted Capital Works Program	>90%	92%	93%	At the end of the 4 th quarter, the Actual Expenditure versus the Adjusted Budget is 93 per cent.
Adjusted underlying surplus (or deficit)	> 11.7%	4.46%	4.00%	Figure reflects the long term impact of rate capping, the increase in waste disposal service costs, decrease government funding, increase in depreciation and amortisation and the impact of the Government restrictions related to the COVID-19 pandemic.

Strategic Indicator	Target	2018-2019	2019-2020	Comments
Employee engagement	<i>Establish a baseline by 30 June 2018</i>	N/A	47%	The 2020 Staff engagement survey rate was at 47%. It cannot be directly compared against the 2017-18 survey results of 53% as the way that survey tools measured engagement is significantly different. The Local Government benchmark for employee engagement is 41%. Council is in the middle of an organisational transformation, with the expectation of improved employee engagement in the future.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2019-20 Budget.

Council Plan Major Initiatives

Table 17

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2019–2020 Year Three	Progress comments
Identify service assets and service levels required to meet future community needs	Engage the community in the development of service and infrastructure plans	Council services have been defined and costed to enable setting of service standards and levels. Future community consultation will influence the framework which will inform the strategic direction of Council.
Optimise the community's ability to access services and information	Following its adoption by Council implement actions from the Digital Strategy to optimise	Over 60 per cent of the initiatives within the Digital Strategy have been delivered within the first two years. Ten transactions have been redeveloped to optimise customer online engagement and experience, resulting in over 60 per cent of transactions being converted to Council's digital channel. The effects of the COVID-

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2019–2020 Year Three	Progress comments
	customer online engagement and experience	19 pandemic have reprioritised upcoming projects such as the redevelopment of Council's core websites over the next two years. Council has taken this opportunity to develop plans to update the current Council website and implement a Live Chat and Chat Bot option which has seen a significant increase in customers contacting Council.

Council Plan Initiatives

Table 18

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
Implement a rolling service review program	Complete service reviews as identified through the service planning framework.	Council has developed 14 Service Plans for external services. The Service Review is planned to be completed in the next financial year.
Ensure a positive customer experience	Following its adoption by Council implement year one actions from the Customer Experience Strategy 2019-2023.	While the Strategy is still to be adopted, priority projects that have been resourced continue to be delivered, resulting in improved customer experience and expanded service delivery - with a particular focus on improved online service delivery in response to COVID-19.
Review and develop a four year Information Technology	Following its adoption by Council implement year one actions from	Council have delivered four of the year one initiatives from the Information Technology Strategy. The improvements set a solid technical baseline to progress

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
Strategy to guide Council's efficient use of technology	the Information Technology Strategy 2018-2022.	with technology and increase efficiencies around system implementation and data quality. Further improvements will be completed in the next financial year.
Embed a culture of Business Improvement to improve processes, applications and utilisation	In alignment with implementation of the Digital Strategy develop organisational capacity to review and improve business processes and applications	Multiple teams across the organisation have worked together to identify process improvement opportunities and build capability within. The impacts of COVID-19 have shifted the priorities to areas of high volume and high impact transactions within Council. The Rates, Compliance and Customer Service teams have begun improving their internal processes and application enhancements to support self-distancing requirements. Online permits, Live Chat, Chat Bot, Rates hardship and Rate relief are all example initiatives delivered this year.
Facilitate informed decision making through informed reporting and data management	Improve access to data and analytics to support improved decision making.	With the foundation now established, Microsoft Power BI software is now a frequently requested tool by departments to support quality reporting and data analytics, which can provide assistance with business planning and decision making. Council will continue to further progress with data analytics and quality improvements in the next financial year.
Continue to maintain a financially sustainable Council: - Advocate for operational grant funding from other tiers of Government to deliver services required by the community	Maintain Council's financial sustainability as measured by key financial indicators.	Council's Key Financial Indicators included in the Annual Financial Report confirm Council remains financially sustainability in the short to medium term. The challenges of the current COVID-19 pandemic and continuation of rate capping will place significant pressure of financial sustainability in the long term.
	Investigate alternative revenue sources to reduce Council's reliance on rate revenue.	Alternative revenue sources to reduce Council's reliance on rate revenue continue to be investigated. The Government restrictions relating to COVID-19 have limited Council's ability to generate revenue.

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
<ul style="list-style-type: none"> - Ensure funding decisions are based on Council's priorities - Seek alternative revenue sources - Ensure the operations of Frankston Regional Recycling and Recovery Centre (FRRRC) are financial sustainable 	<p>Develop a strategic business plan to guide the ongoing operation and financial sustainability of FRRRC.</p>	<p>An operational and financial review of FRRRC was completed in June 2020 with a number of improvement actions identified, which will be implemented in the next financial year. The FRRRC strategic business plan will now be incorporated in the Waste and Recycling Master Plan which, follow the release of the Victorian Recycling Plan, will be developed in the next financial year.</p>
<p>Undertake an ongoing review of council's assets to ensure they meet community needs</p>	<p>Continue to develop and review asset management plans to ensure Council's assets meet community needs.</p> <p>Investigate asset sales as a funding source for the delivery of the Long Term Infrastructure Plan (LTIP).</p>	<p>Council has completed its periodic review and update of the asset management plans scheduled for this financial year, with the Drainage and Roads Asset Management Plans adopted in December 2019 and January 2020 respectively.</p> <p>At the end of the 2019-20 financial year, Council has sourced an income of \$1.061M in asset sales.</p> <p>Council will continue to consider asset sales and asset rationalisation in accordance with its Asset Management Policy.</p>
<p>Create a sustainable workforce</p>	<p>Ensure a Workforce Plan is in place to create a sustainable workforce.</p>	<p>This action is scheduled for completion by the end of 2021</p>

Four Year Priorities Council Plan 2017–2021	Initiatives 2019–2020 Year Three	Progress comments
Enhance a high performing culture	Consider and address results from the Staff Engagement Survey.	All actions arising from the survey have been completed in this financial year
Position Frankston City Council as an employer of choice	Enhance the employee value proposition to improve the employee experience.	All actions arising from the 2018 employee engagement survey have been fully implemented. In 2020, staff took part in a new staff survey, which will continue to enhance the employee value proposition and experience.

The following statements provide information in relation to the services funded in the 2019-20 Budget and the persons or sections of the community who are provided the service.

Services

Table 19

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.	2,102 <u>(0)</u> 2,102
Financial and Corporate Planning	Ensures organisational financial sustainability through financial management, accounting services, rates and valuations. Manages corporate planning and performance reporting	3,867 <u>(851)</u> 3,016
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.	1,596 <u>(708)</u> 888
Business and Information Technology	Delivers and maintains technology, information systems and management to support Council in delivering services to the community.	4,753 <u>(48)</u> 4,705

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Business Transformation	Business Transformation is about using technology and understanding and designing processes that are more efficient, and changing the way that people think, work and adapt to deliver services that are truly customer-centric business.	706 (0) 706
People and Culture	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, deliver quality services and facilities to our community and meet all relevant statutory obligations and requirements.	2,220 <u>(12)</u> 2,208
Governance and Information	Provides support, advice and information to ensure good governance, in accordance with the law, to achieve the best outcomes for the community. The functions include governance, complaints handling, councillor and council meeting support, privacy and freedom of information, records and cemetery management.	1,843 <u>(34)</u> 1,809
Chief Financial Office	Manage the services and activities of the Chief Financial Office by providing advice and support to the CEO and Councillors on Governance and Financial matters.	1,000 <u>(65)</u> 935
Communities Management	Communities Management provides leadership, direction and general management of all departments within the Community Development division as well as community planning and social policy development.	707 <u>(26)</u> 681
Infrastructure and Operations Management	Infrastructure and Operations 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.	587 <u>(0)</u> 587

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 2020* (the Act) to provide leadership for the good governance of Frankston City and the local community.

Council must give effect to the following overarching governance principles:

- Council decisions made and actions taken are to be in accordance with the relevant law
- Priority to be given to achieving the best outcomes for the municipal community, including future generations
- Economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, are to be promoted
- Municipal community to be engaged in strategic planning and strategic decision making
- Innovation and continuous improvement to be pursued
- Collaboration with other Councils and Governments and statutory bodies to be sought
- Ongoing financial viability of Council to be ensured
- Regional, state and national plans and policies to be taken into account in strategic planning and decision making
- Transparency of Council decisions, actions and information to be ensured

Council is committed to supporting the overarching governance principles and will take into account the community engagement, public transparency,

strategic planning, financial management and service performance principles when responding 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 at Council Meetings.

Council's formal decision making processes are conducted through Council Meetings. 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 2019-2020 year Council held the following meetings:

- 17 Ordinary Council meetings
- 3 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 2019-2020, 34 Councillor Briefings were held.

Table 20 provides a summary of Councillor Attendance at Council meetings, Special Council Meetings and Councillor Briefings for 2019-2020.

Table 20: Councillor Attendance at meetings and briefings from July 2019 to June 2020

Councillor	Ordinary Meeting	Special Meeting	Councillor Briefing	Total
Cr Glenn Aitken	16	3	30	49
Cr Brian Cunial	10	2	9	21
Cr Michael O'Reilly	16	3	18	37
Cr Colin Hampton	15	3	26	44
Cr Sandra Mayer	17	3	32	52
Cr Kris Bolam	15	3	32	50
Cr Steve Toms*	12	1	20	33
Cr Quinn McCormack	17	3	27	47
Cr Lillian O'Connor	12	3	2	17
Total meetings held	17	3	34	54

*Cr Toms was on leave of absence for a total period of 4 months from 5 September 2019 until 5 January 2020.

Council reports

Open Council in 2019-2020

- 360 Council reports were prepared by Council officers for Council
- 2 items were raised as Urgent Business by Councillors
- 58 Notices of Motion were submitted by Councillors

Closed Council in 2019-2020

- 96 Closed Council reports were prepared by Council officers for Council
- 2 items were raised as Urgent Business by Councillors
- 1 Confidential Notices of Motion was submitted by Councillors

Questions

In 2019-2020, 49 people submitted questions with or without notice to Council.

Internal and External Committees

Council can establish Committees consisting of:

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

Council may also participate in other external Committees.

Tables 21 and 22 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
Advocacy Sub-Committee	Mayor (Cr Mayer) & Cr Bolam
Audit & Risk Committee	Mayor (Cr Mayer), Deputy Mayor (Cr Hampton) & Cr McCormack
Ballam Park Homestead Advisory Committee & Heritage Assets and Promotion Committee	Mayor (Cr Mayer) & Cr Aitken
Chief Executive Officer's Performance Review Sub-Committee	Mayor (Cr Mayer), Deputy Mayor (Cr Hampton), Cr McCormack & Cr Bolam
Community Grants Committee of Management	Mayor (Cr Mayer) & Cr Toms
Frankston Arts Board	Mayor (Cr Mayer) & Cr Bolam Sub: Cr Toms
Frankston Cemetery Trust	Mayor (Cr Mayer), Cr Bolam and Cr Cunial
Frankston City News Committee	Mayor, (Cr Mayer) & Cr Toms
Golf Liaison meetings	Deputy Mayor (Cr Hampton)
Kananook Creek Governance Group	Cr Aitken and Cr Toms
Major Community Events Grants	Cr Cunial
Major Projects Advisory Committee	All Councillors
Miscellaneous Grants Program Committee	Mayor (Cr Mayer) & Deputy Mayor (Cr Hampton)
Municipal Emergency Management Planning Committee	Cr McCormack
Soccer Liaison Committee	Deputy Mayor (Cr Hampton)

Table 22: Councillor Nominees for external committees

External committee	Councillor nominee/s
Association of Bayside Municipalities	Mayor (Cr Mayer) & Manager Planning & Environment
Australian Local Government Women's Association	Cr McCormack & Cr O'Connor
Frankston Charitable Fund Committee of Management	Mayor (Cr Mayer) & Cr Aitken
Frankston Revitalisation Board	Mayor (Cr Mayer)
Municipal Association of Victoria	Mayor (Cr Mayer) Sub: Deputy Mayor (Cr Hampton)
Metropolitan Local Government's Waste Forum	Cr O'Connor & Business Manager Recycling
National General Assembly 2019	Cr O'Connor & Cr Bolam
Peninsula Leisure Pty Ltd Board	Cr Bolam
South East Councils Climate Change Alliance (SECCCA)	Mayor (Cr Mayer) Alt: Cr Toms
South East Melbourne Mayoral Group	Mayor (Cr Mayer)
Western Port Biosphere Reserve Foundation Ltd – Councillor Liaison Committee	Cr McCormack
Youth Advisory Council	Cr O'Reilly & 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 documented procedure for disclosure of conflict of interests. 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 and stepping aside from the decision making process or from exercise of the public duty. A register is maintained to record all conflicts of interest made by Councillors. During 2019-2020, 2 conflicts of interest were declared at Council 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 2019 to 30 November 2019, 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 2019 to 30 June 2020, the Councillor annual allowance for a category three council was fixed at \$31,444 per year and the allowance for the Mayor was \$100,434 per year.

Table 23 outlines the allowances paid to each Councillor during the year.

Table 23: Councillor allowances 2019-2020 (amount in \$)

Councillor	Allowance (per year, pro-rata) From 1 July 2019	Allowance (per year, pro-rata) From 1 December 2019
Cr Glenn Aitken	30,223	31,444
Cr Brian Cunial	30,223	31,444
Cr Colin Hampton	30,223	31,444
Cr Sandra Mayer *Mayor from 8 November 2019	30,223	\$100,434
Cr Michael O'Reilly *Mayor until 7 November 2019	96,534	31,444
Cr Steve Toms	30,223	31,444
Cr Kris Bolam	30,223	31,444
Cr Quinn McCormack	30,223	31,444
Cr Lillian O'Connor	30,223	31,444

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 2019-2020 are set out in Table 24 below.

Table 24: Councillor Expenses for the Financial Year July 2019 to June 2020

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
Cr Aitken	-	1,074.73	-	-	-	306.47	20.00	-	-	-	-	1,401.20
Cr Cunial	-	258.87	-	-	-	-	-	-	-	-	127.90	386.77
Cr Hampton	-	646.19	346.36	-	-	24.84	20.00	510.40	-	-	127.90	1,675.69
Cr Mayer	229.53	720.02	22.73	600.46	59.55	-	-	-	59.09	-	-	1,691.38
Cr O'Reilly	170.60	290.93	-	37.33	-	19.09	-	-	-	-	65.00	582.95
Cr O'Connor	198.69	248.21	-	125.00	20.22	358.46	-	-	-	-	-	950.58
Cr Bolam	247.00	512.02	-	-	64.45	-	-	-	-	-	337.80	1,161.27
Cr McCormack	197.44	267.19	-	550.00	-	-	-	-	-	-	-	1,014.63
Cr Toms	171.86	684.03	40.00	1,450.00	-	82.94	-	-	-	-	110.00	2,538.83
Total	1,215.12	4,702.19	409.09	2,762.79	144.22	791.80	40.00	510.40	59.09	-	786.60	11,403.30

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. 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 *Local Government Act 1989*. During this year, the *Local Government Act 2020* received Royal Assent on 24 March 2020 and is subject to a four stage commencement. Under Section 54 of the new 2020 Act, Council will need to prepare and approve a new Audit and Risk Committee Charter on or before 1 September 2020. The preparation work has started to commence to meet this statutory requirement.

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 three 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 (Part)
- Lisa Tripodi (Part)

Councillor members:

- Cr Michael O'Reilly - Mayor (until November 2019)
- Cr Sandra Mayer – Mayor (from November 2019)
- Cr Colin Hampton – Deputy Mayor - (from November 2019)
- Cr Quinn McCormack (from July 2019)

The Audit and Risk Committee meets five times a year. The CEO, CFO, 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
Mayor, Cr Michael O'Reilly	2	2
Cr Quinn McCormack	5	5
Mayor, Cr Sandra Mayer	3	3
Deputy Mayor, Cr Colin Hampton	3	3
Neil Greenway (Chair)	5	5
Leanna Le Combre	3	3
Lisa Tripodi	2	2
David Fraser	5	5

Internal audit

Council's Internal Audit function provides independent and objective assurance that the appropriate processes and controls are in place across Council. 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 attended the September meeting with HLB Mann Judd being appointed new Internal Auditors from this date. Representatives from HLB Mann Judd attended each Audit and Risk Committee meeting for the remainder of the financial year, to report on the status of the SIAP, provide an update on the implementation of audit recommendations and to present findings of completed reviews. 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 2019-2020:

- OH&S Compliance
- Contract Management – Ventia
- Major Events
- CEO/EMT and Councillors Expenditure
- Purchasing Cards
- Accounts Payable
- Review of Planning Processes
- Review of the Sale of Evelyn Street
- Road Management Plan
- Return to Work Practices

External audit

Council is externally audited by the Victorian Auditor-General. For the 2019-2020 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
1	Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 17 February 2020
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current policy: 17 February 2020 Community engagement guidelines are included in Council's Community Engagement Toolkit
3	Strategic Resource Plan (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 Date of adoption: 1 June 2020
4	Annual budget (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 Date of adoption: 1 June 2020
5	Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans: Building Asset Management Plan 27 June 2016 Drainage Asset Management Plan 16 December 2019 Open Space Asset Management Plan 13 June 2017 Pathway Asset Management Plan 04 June 2018 Roads Asset Management Plan 28 January 2020 Roads Management Plan 01 April 2019
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 29 June 2020
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 18 February 2019 Reviewed annually. Last reviewed: 18 February 2019

Governance and Management Items	Assessment
<p>8 Fraud policy (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: 19 March 2020</p> <p>Fraud is incorporated in the Risk Management Policy</p> <p>In operation since 1 April 2000</p>
<p>9 Municipal emergency management plan (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 16 July 2019</p>
<p>10 Procurement policy (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: 14 October 2019</p>
<p>11 Business continuity plan (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 February 2020</p> <p>Reviewed annually. In operation since 11 April 2007</p>
<p>12 Disaster recovery plan (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 2017</p> <p>Reviewed annually. In operation since 1 July 2015</p>
<p>13 Risk Management Framework (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 on 25 May 2018</p> <p>Reviewed annually. In operation since 01 April 2008</p>
<p>14 Audit Committee (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</p>	<p>Established in accordance with Section 139 of the Act <input checked="" type="checkbox"/></p> <p>Date of establishment: 27 October 1997</p>

Governance and Management Items	Assessment
operations and for compliance with applicable legal, ethical, and regulatory requirements)	
15 Internal Audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged <input checked="" type="checkbox"/> Date of engagement of current provider: 1 October 2019
16 Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 131 of the Act)	Framework <input checked="" type="checkbox"/> Date of operation of current framework: 1 July 2015
17 Council Plan reporting (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)	Report <input checked="" type="checkbox"/> Date of reports: 14 October 2019 (Annual Report) 16 December 2019 30 March 2020 1 June 2020 Quarterly Performance Reports noted by Council since February 2011.
18 Financial reporting (quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with Section 138(1) of the Act <input checked="" type="checkbox"/> Date statements presented: 14 October 2019 (Annual Report) 18 November 2019 17 February 2020 11 May 2020
19 Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports <input checked="" type="checkbox"/> Date of reports: 20 September 2019 21 February 2020
20 Performance reporting (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)	Date of reports: <input checked="" type="checkbox"/> 14 October 2019 (Annual Report) 16 December 2019 30 March 2020 1 June 2020

Governance and Management Items	Assessment
<p>21 Annual Report (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 14 October 2019</p>
<p>22 Councillor Code of Conduct (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 amended and adopted: 13 June 2018</p>
<p>23 Delegations (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>Adopted: 17 February 2020</p>
<p>24 Meeting procedures (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 Governance local law amended and adopted: 1 April 2019</p>

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

S. Mayer

Cr. Sandra Mayer
Mayor
Dated: 8 October 2020

Phil Cantillon
Chief Executive Officer
Dated: 8 October 2020

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

Six contracts were entered into as a result of the COVID-19 emergency.

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 (HACC PYP) 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.
- Regularly consulted with the Disability Access and Inclusion Committee (DAIC) in relation to key Council projects, including the emergency relief centre protocols, major events and car parking in the activity centre.
- 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 including Overport Park Pavilion, Ballam Park Soccer Pavilion, Len Phelps Pavilion, Skye Recreation Reserve Pavilion, Carrum Bowls Club and Kananook Football/Cricket Pavilion.

Domestic Animal Management Plan

The Domestic Animal Management Plan (DAMP) is a statutory requirement of Local Government and a review of the DAMP is required every four (4) years as described in the Domestic Animals Act 1994.

Council's 2017-2021 DAMP was adopted by Council on 20 November 2017. 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 Program
- Multiskilling all Compliance Officers to assist with proactive patrols and enforcement
- Re-evaluate the current dog signage throughout the foreshore and parks

While the current DAMP is due for review in November 2021, many issues have been raised in relation to animal management. This review has been brought forward a year early to 2020 to allow for an extensive community and stakeholder consultation which commenced in May 2020. The community consultation identified eight key issues relating to animals in the community these were:

- Dog waste not being picked up by owners in public areas
- Dogs being walked off lead and irresponsible owners
- Cats roaming during the day and night
- Dog regulations in foreshore areas
- Not enough fenced dog free roam parks and dogs being walked on sports ovals
- Dog regulations in the Frankston city centre
- Dog attacks and public safety
- Stronger Enforcement from Council's Compliance Officers

Due to some community divide Officers will further explore these topics.

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 37 applications in 2019-2020.

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 nine privacy complaints during 2019-2020 and one 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

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 2019-2020.

Public Interest Disclosures

The Public Interest Disclosure Act 2012 aims to encourage and facilitate disclosures of improper conduct or detrimental action within the public sector and provide protection for any persons who make those disclosures.

Council's Public Interest Disclosure Policy provides the procedure for how to make a disclosure and is available under the Governance section on Council's website.

During 2019-2020 there was one disclosure notification made to IBAC under section 21 (2) of the Public Interest Disclosure Act 2012.

Complaints received by Council

In the financial year 2019-2020 we have received the following feedback from the community:

149 Negative Customer Feedback

137 Positive Customer Feedback

Glossary A-Z

2019-2020: 1 July 2019 to 30 June 2020

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 2019-2020: Actual performance achieved where this measure was used in the 2019-2020 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 2020, 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 2019 to 30 June 2020.

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.

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Appendix

01

Frankston City Council

Performance Statement

For the year ended 30 June 2020

Performance Statement

For the year ended 30 June 2020

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 142,643 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 2020

Indicator / measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,056	\$1,089	\$1,216	\$1,229	Expenses have risen due to waste disposal service costs. Depreciation has also increased due the improved delivery of the capital works program. These increases are expected to continue into the future.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,794	\$5,618	\$6,154	\$6,315	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]	197	211	213	202	The population density per km of local road remains largely unchanged from the previous year as both the population and road length have seen only minor changes.
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,057	\$1,089	\$1,126	\$1,127	Own source revenue in 2019-20 was impacted by Government restrictions that lead to closure of facilities. However, rates income was favourable as the increase was in line with the 2.5% rate cap in 2019-20 compared to 2.25% in 2018-19. Council will continue to identify and pursue alternative revenue sources.

<i>Indicator / measure</i>	Results				Material Variations
	2016–2017	2017–2018	2018–2019	2019–2020	
<i>Recurrent grants</i>					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$172	\$145	\$128	\$139	Slight increased levels in recurrent grant funding.
<i>Disadvantage</i>					
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	6	7	6	6	Council ranks in the sixth decile in Victoria. The first decile indicates the most disadvantaged and the tenth decile indicates the least disadvantaged.
<i>Workforce turnover</i>					
<i>Percentage of staff turnover</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	14.9%	13.1%	10.1%	9.4%	Council saw a marginal increase in turnover during the first three quarters and then a less than average turnover for the final quarter of the year. The impact of the COVID-19 pandemic and lack of certainty surrounding employment in Australia saw a far more stable workforce for Frankston City Council in the final quarter of the financial year.

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 2020

Service / indicator / measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
Aquatic facilities					
Utilisation	7	6	7	6	The actual result is 5.78 which is lower than expected. The COVID-19 pandemic resulted in closure of the facilities from 22 March 2020. This has significantly affected, what had been up to that point, a strong attendance growth year.
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]					
Animal management					
Health and safety	New in 2020	New in 2020	New in 2020	100%	The number of prosecutions undertaken for the year is driven by the number of offences reported to Council relating to animal management matters. All matters progressed to Court had a successful outcome. Indicator is replacing previous 'Animal management prosecutions' which was a measure of number, not proportion.
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions/ Total number of animal management prosecutions]					
Food safety					
Health and safety	100%	95%	100%	100%	This measure is reported on a calendar year. All outstanding critical and major notifications are followed up in a timely manner.
<i>Critical and major non-compliance outcome notifications</i>					

Service / indicator / measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100					
Governance Satisfaction <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]	54	52	55	54	Council's decision making has delivered priorities to the community over the last four years through advocacy, partnerships, funding commitments and community engagement.
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	13%	12%	11%	11%	This result has been impacted by the COVID-19 restrictions which resulted in the closure of libraries to the public. These results are from July 2019 – March 2020 as the Library has been closed since March 2020 due to the restrictions.

Service / indicator / measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
Maternal and child health					
Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	70%	74%	75%	71%	Participation in the MCH service has slightly dropped since the last financial year. The drop can be attributed to the restrictions placed due to the COVID-19 pandemic which reduced accessibility to the traditional MCH service.
Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	69%	76%	87%	77%	The percentage of Aboriginal children enrolled, who participate in the MCH service has met the set target range of 60% to 100% participation.
Roads					
Satisfaction <i>Satisfaction with sealed local roads</i>	59	64	66	60	Council's commitment to road maintenance and renewal has been consistent over the years including this year. The decrease

Service / indicator / measure	Results				Material Variations
	2016–2017	2017–2018	2018-2019	2019-2020	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					in satisfaction levels cannot be determined, however Council will investigate future improvements in this area.
Statutory Planning					
Decision making <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	41%	44%	32%	50%	The number of Council decisions upheld by the VCAT improved materially on prior years due to on-going improvements in Council's work processes and systems.
Waste Collection					
Waste diversion <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%	56%	An increase in use of the kerbside food and garden waste collection service and community initiatives such as the Garage Sale Trail, has resulted in an increased diversion of waste from landfill.

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

Financial Performance Indicators

For the year ended 30 June 2020

	Results				Forecasts				
Dimension / indicator / measure	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	Material Variations
Efficiency									
Expenditure level									
Expenses per property assessment [Total expenses / Number of property assessments]	\$2,340	\$2,471	\$2,783	\$2,783	\$2,834	\$2,949	\$2,988	\$3,073	Expenses have been impacted by the government restrictions related to facility closures imposed by COVID-19. This result is in line with 2018-19 figures.
Revenue level									
Average rate per property assessment [General rates and Municipal charges / Number of property assessments]	New in 2020	New in 2020	New in 2020	\$1,589	\$1,616	\$1,666	\$1,673	\$1,706	This is a new indicator from 1 July 2019. This increase is expected to remain stable over the period due to rate capping.
Liquidity									
Working capital									
Current assets compared to current liabilities [Current assets / Current liabilities] x100	334.9%	252.7%	299.2%	307.5%	255.6%	227.2%	209.9%	203.1%	Cash assets are expected to decrease over the next four years as Council delivers on its strategic priorities.

	Results				Forecasts				
Dimension / indicator / measure	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	Material Variations
Unrestricted cash									
<i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	58.0%	50.4%	44.2%	82.3%	85.8%	62.7%	49.6%	43.3%	Unrestricted cash holdings are higher due to the implementation of Accounting Standard AASB 15 <i>Revenue from Contracts with Customers</i> . Unexpended grants with no performance obligations are now excluded in this calculation.
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	31.5%	30.1%	23.1%	21.8%	23.7%	28.4%	34.7%	34.2%	Expected to increase over the next four years, reflecting Council decision to borrow funds to assist with the delivery of the capital works program.
Loans and borrowings									
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	2.9%	2.3%	7.1%	1.4%	1.5%	1.5%	2.6%	3.2%	Expected to increase over the next four years, reflecting Council decision to borrow funds to assist with the delivery of the capital works program.

	Results				Forecasts				
Dimension / indicator / measure	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	Material Variations
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	25.2%	19.5%	18.4%	18.7%	20.3%	22.6%	26.8%	26.3%	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.
Asset renewal and upgrade									
<i>Asset renewal and upgrade compared to depreciation</i> [Asset renewal and upgrade expense / Asset depreciation] x100	New in 2020	New in 2020	New in 2020	99.1%	123.6%	170.5%	149.9%	92.4%	An anticipated increase is based on an increase of renewal and upgrade expenditure based on current condition assessments.
Operating Position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	15.0%	13.2%	4.5%	4.5%	0.3%	2.8%	2.2%	1.4%	This figure reflects the long term impact of rate capping, the increase in waste disposal service costs, increase in depreciation, amortisation and a decrease in revenue streams impacted by COVID-19.

	Results				Forecasts				
Dimension / indicator / measure	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	Material Variations
									It is expected that, Council's underlying surplus will drop in 2020-21 due to the impacts of COVID-19 having an impact on services.
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	66.6%	66.0%	67.3%	69.2%	72.5%	69.8%	69.8%	70.0%	Council has a stable dependency on rate revenue, however results indicate it should continue to identify and pursue alternative revenue sources.
Rates effort									
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	0.4%	0.4%	Will remain stable over the next four years.

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

Retired Indicators as at 2019/20

For the year ended 30 June 2020

Dimension / indicator / measure	Results			
	2015–2016	2016– 2017	2017– 2018	2018– 2019
Financial Performance Indicators				
Efficiency				
Revenue level				
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,168	\$1,166	\$1,221	\$1,292
Obligations				
Asset renewal				
Asset renewal compared to depreciation [Asset renewal expenses / Asset depreciation] x100	86.6%	60.1%	91.6%	80.5%
Service performance indicators				
Animal Management				
Health and safety				
Animal management prosecutions [Number of successful animal management prosecutions]	82	71	144	114

Other Information

For the year ended 30 June 2020

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. 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 the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 1 June 2020 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

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.



Simone Wickes CA

Principal Accounting Officer

Dated: 8 October 2020

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

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

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

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



Cr. Sandra Mayer

Mayor

Dated: 8 October 2020



Cr. Colin Hampton

Deputy Mayor

Dated: 8 October 2020



Phil Cantillon

Chief Executive Officer

Dated: 8 October 2020

Independent Auditor's Report

To the Councillors of Frankston City Council

<p>Opinion</p>	<p>I have audited the accompanying performance statement of Frankston City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2020 • sustainable capacity indicators for the year ended 30 June 2020 • service performance indicators for the year ended 30 June 2020 • financial performance indicators for the year ended 30 June 2020 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2020 in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council 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 performance statement in Victoria and 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>
<p>Councillors' responsibilities for the performance statement</p>	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<p>Auditor's responsibilities for the audit of the performance statement</p>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement 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.</p> <p>Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

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 decisions of users taken on the basis of this performance statement.

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

- identify and assess the risks of material misstatement of the performance statement, 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 council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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
27 October 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria

Appendix

02

Frankston City Council Consolidated Financial Report

For the year ended 30 June 2020

CONTENTS

Financial Report		
Certification of the Financial Statements		5
Victorian Auditor-General's Office Report		6
Financial Statements		
Consolidated Comprehensive Income Statement		8
Consolidated Balance Sheet		9
Consolidated Statement of Changes in Equity		10
Consolidated Statement of Cash Flows		11
Consolidated Statement of Capital Works		12
Overview		13
Notes to Financial Statements		
Note 1	Performance against budget	14
	1.1 Income and expenditure	14
	1.2 Capital works	16
Note 2	Analysis of Council results by program	
	2.1 Results by program	18
Note 3	Funding for the delivery of our services	
	3.1 Rates and charges	20
	3.2 Statutory fees and fines	20
	3.3 User fees	20
	3.4 Funding from other levels of government	21
	3.5 Contributions	23
	3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	23
	3.7 Other income	23
Note 4	The cost of delivering services	
	4.1 Employee costs	24
	4.2 Materials and services	24
	4.3 Depreciation	25
	4.4 Amortisation - intangible assets	25
	4.5 Amortisation - right of use assets	25
	4.6 Bad and doubtful debts	25
	4.7 Borrowing costs	25
	4.8 Finance costs - leases	25
	4.9 Other expenses	25
Note 5	Our financial position	
	5.1 Financial assets	26
	5.2 Non-financial assets	27
	5.3 Payables	28
	5.4 Interest-bearing liabilities	29
	5.5 Provisions	30
	5.6 Commitments	31
	5.7 Financing arrangements	32
	5.8 Leases	32
Note 6	Assets we manage	
	6.1 Property, infrastructure, plant and equipment	36
	6.2 Investments in joint arrangements and subsidiaries	43
Note 7	People and relationships	
	7.1 Council and key management remuneration	45
	7.2 Related party disclosure	47
Note 8	Managing uncertainties	
	8.1 Contingent assets and liabilities	48
	8.2 Change in accounting standards	49
	8.3 Financial instruments	50
	8.4 Fair value measurement	51
	8.5 Events occurring after balance date	52
Note 9	Other matters	
	9.1 Reserves	53
	9.2 Reconciliation of cash flows from operating activities to surplus	55
	9.3 Superannuation	56
Note 10	Change in accounting policy	58

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.



SIMONE WICKES CA
PRINCIPAL ACCOUNTING OFFICER
8 October 2020
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 2020 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 21 September 2020 and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the Financial Statements in their final form.



Cr Sandra Mayer BA GAICD
MAYOR
8 October 2020
30 Davey Street, Frankston Victoria, Australia



Cr. Colin Hampton
DEPUTY MAYOR
8 October 2020
30 Davey Street, Frankston Victoria, Australia



Phil Cantillon
CHIEF EXECUTIVE OFFICER
8 October 2020
30 Davey Street, Frankston Victoria, Australia

Independent Auditor's Report

To the Councillors of Frankston City Council

Opinion	<p>I have audited the consolidated financial report of Frankston City Council (the council) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity balance sheet as at 30 June 2020 • consolidated entity comprehensive income statement for the year then ended • consolidated entity statement of changes in equity for the year then ended • consolidated entity statement of cash flows for the year then ended • consolidated entity statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity as at 30 June 2020 and their 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>
Basis for Opinion	<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 <i>APES 110 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>
Councillors' responsibilities for the financial report	<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>

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 of 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
27 October 2020



Sanchu Chummar

as delegate for the Auditor-General of Victoria

2019-2020 Financial Report

Consolidated Comprehensive Income Statement

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income			
Rates and charges	3.1	128,691	122,410
Statutory fees and fines	3.2	5,651	6,170
User fees	3.3	21,444	25,399
Grants - operating	3.4	19,326	19,066
Grants - capital	3.4	7,743	4,704
Contributions - monetary	3.5	2,521	1,906
Contributions - non monetary	3.5	4,619	2,778
Net gain on disposal of property, plant and equipment	3.6	649	-
Share of net profits of joint arrangement	6.2	41	-
Other income	3.7	4,311	5,797
Total income		194,996	188,230
Expenses			
Employee costs	4.1	73,384	72,501
Materials and services	4.2	60,804	57,510
Depreciation	4.3	32,530	31,528
Amortisation - intangible assets	4.4	858	1,021
Amortisation - right of use assets	4.5	558	-
Bad and doubtful debts	4.6	390	374
Borrowings costs	4.7	1,479	1,576
Net loss on disposal of property, plant and equipment	3.6	-	2,201
Finance costs - leases	4.8	71	-
Other expenses	4.9	5,280	5,819
Total expenses		175,354	172,530
Surplus for the year		19,642	15,700
Other comprehensive income			
Net asset revaluation increment/(decrement)	6.1	29,940	(25,399)
Total comprehensive result		49,582	(9,699)

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

2019-2020 Financial Report

Consolidated Balance Sheet

As at 30 June 2020

	Note	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	55,444	49,739
Other financial assets	5.1	51,015	47,678
Trade and other receivables	5.1	18,436	16,247
Inventories	5.2	164	158
Other assets	5.2	2,375	3,086
Total current assets		127,434	116,908
Non-current assets			
Trade and other receivables	5.1	794	-
Other financial assets	5.1	1,000	4,500
Investments in associates, joint arrangements and subsidiaries	6.2	162	-
Property, infrastructure, plant and equipment	6.1	1,717,068	1,673,951
Right-of-use assets		1,509	-
Intangible assets	5.2	1,492	1,446
Total non-current assets		1,722,025	1,679,897
Total assets		1,849,459	1,796,805
Liabilities			
Current liabilities			
Trade and other payables	5.3	16,800	19,658
Trust funds and deposits	5.3	5,806	4,445
Unearned income	5.3	4,469	2,435
Provisions	5.5	13,445	12,217
Interest-bearing liabilities	5.4	345	320
Lease liabilities	5.8	573	-
Total current liabilities		41,438	39,075
Non-current liabilities			
Provisions	5.5	1,652	1,595
Interest-bearing liabilities	5.4	27,403	27,748
Lease liabilities	5.8	1,006	-
Total non-current liabilities		30,061	29,343
Total liabilities		71,499	68,418
Net assets		1,777,960	1,728,387
Equity			
Accumulated surplus		718,375	707,742
Reserves	9.1	1,059,585	1,020,645
Total equity		1,777,960	1,728,387

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

2019-2020 Financial Report

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

2020	Total	Accumulate	Revaluation	Other
	2020	2020	2020	2020
Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	1,728,387	707,742	945,434	75,211
Impact of change in accounting policy - AASB 15 <i>Revenue from Contracts with Customers</i>	10 (2,205)	(2,205)	-	-
Adjusted Opening balance	1,726,182	705,537	945,434	75,211
Surplus for the year	19,642	19,642	-	-
Prior year adjustment - unexpended grants reserve	10 -	2,205	-	(2,205)
Prior year adjustment - found assets	2,196	2,196	-	-
Net asset revaluation increment	9.1(a) 29,940	-	29,940	-
Transfers to other reserves	9.1(b) -	(23,557)	-	23,557
Transfers from other reserves	9.1(b) -	12,352	-	(12,352)
Balance at end of the financial year	1,777,960	718,375	975,374	84,211

2019	Total	Accumulate	Asset	Other
	2019	2019	2019	2019
Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	1,735,082	689,811	970,833	74,438
Surplus for the year	15,700	15,700	-	-
Prior year adjustment - found asset	3,004	3,004	-	-
Net asset revaluation increment	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)
Balance at end of the financial year	1,728,387	707,742	945,434	75,211

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

2019-2020 Financial Report

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 Inflows/ (Outflows) \$'000	2019 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Receipts			
Rates and charges		124,914	121,694
Statutory fees and fines		5,043	5,158
User fees		21,241	25,654
Grants - operating		19,777	18,595
Grants - capital		7,743	4,704
Contributions - monetary		2,521	1,906
Interest received		2,174	3,019
Trust funds and deposits taken		16,012	16,652
Other receipts		3,082	3,367
Net GST received		8,843	8,140
GST on receipts		1,450	1,551
		<u>212,800</u>	<u>210,440</u>
Payments			
Employee costs		(72,212)	(71,177)
Materials and services		(60,882)	(53,198)
Other payments		(2,619)	(3,593)
GST on payments		(9,664)	(9,693)
Trust funds and deposits repaid		(14,651)	(22,394)
		<u>(160,028)</u>	<u>(160,055)</u>
Net cash provided by operating activities	9.2	<u>52,772</u>	<u>50,385</u>
Cash flows from investing activities			
Payments for property, infrastructure, intangibles, plant and equipment		(45,662)	(52,085)
Proceeds from sale of property, plant and equipment	3.6	1,061	747
Investment in joint arrangement	6.2	(121)	-
Net proceeds from investments		163	5,571
Loan to joint arrangement		(150)	-
		<u>(44,709)</u>	<u>(45,767)</u>
Net cash used in investing activities		<u>(44,709)</u>	<u>(45,767)</u>
Cash flows from financing activities			
Finance costs		(1,479)	(1,571)
Repayment of borrowings		(320)	(7,023)
Interest paid - lease liabilities		(71)	-
Repayment of lease liabilities		(488)	-
		<u>(2,358)</u>	<u>(8,594)</u>
Net cash used in financing activities		<u>(2,358)</u>	<u>(8,594)</u>
Net increase/(decrease) in cash and cash equivalents		5,705	(3,976)
Cash and cash equivalents at the beginning of the financial year		49,739	53,715
Cash and cash equivalents at the end of the financial year	5.1	<u>55,444</u>	<u>49,739</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.

2019-2020 Financial Report

Consolidated Statement of Capital Works

For the year ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Property			
Land		-	300
Total land		-	300
Buildings		15,088	13,761
Building improvements		-	28
Total buildings		15,088	13,789
Total property		15,088	14,089
Plant and equipment			
Plant, machinery and equipment		2,938	2,204
Fixtures, fittings and furniture		325	418
Computers and telecommunications		2,506	850
Library books		517	654
Total plant and equipment		6,286	4,126
Infrastructure			
Roads		5,016	9,164
Bridges		396	827
Footpaths and cycleways		1,382	3,188
Drainage		849	770
Recreational, leisure and community facilities		8,323	10,977
Waste management		260	102
Parks, open space and streetscapes		4,360	4,524
Off street car parks		1,591	2,281
Other infrastructure		1,959	670
Total infrastructure		24,136	32,503
Total capital works expenditure		45,510	50,718
Represented by:			
New asset expenditure		13,262	16,335
Asset renewal expenditure		23,003	25,373
Asset expansion expenditure		-	856
Asset upgrade expenditure		9,245	8,154
Total capital works expenditure		45,510	50,718

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 2020

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.

COVID-19 Impacts on Council

The COVID-19 pandemic has had a significant impact on our residents, businesses and organisations. In response to those impacts Council reframed its hardship policy and introduced a relief and recovery program to provide support to the community, including waiving of interest on outstanding rates, jobseeker rate relief, business and community grants, waiving of fees and charges that will help sustain residents who are living in a new reality.

In line with government restrictions due to COVID-19, the Frankston Arts Centre, Centenary Park Golf Course, PARC, Frankston and Carrum Downs libraries, community centres and halls were all closed. These facilities are mostly funded from fee paying clients so our revenues were also significantly reduced. As we navigate through recovery, there will be financial impacts on the 2020/21 budget and beyond.

Despite these challenges, the majority of important Council services including waste and recycling, road and drain maintenance and, community services have continued to be delivered. These include home care and meals-on-wheels, child immunisation, parks and garden maintenance, and customer service.

Throughout the document we have made reference to the COVID-19 financial impacts with additional disclosure. (refer to note 1, note 5.1 and note 8.5)

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)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring 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 (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

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 2020

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

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

1.1 Income and Expenditure

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance % Ref.
Income				
Rates and charges	126,694	128,691	1,997	1.58%
Statutory fees and fines	6,141	5,651	(490)	(7.98%)
User fees	26,198	21,444	(4,754)	(18.15%) 1.
Grants - operating	18,297	19,326	1,029	5.62%
Grants - capital	8,463	7,743	(720)	(8.51%)
Contributions - monetary	1,645	2,521	876	53.25% 2.
Contributions - non-monetary	800	4,619	3,819	477.38% 3.
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	990	649	(341)	(34.44%) 4.
Share of net profits of joint arrangements	-	41	41	100.00% 5.
Other income	4,228	4,311	83	1.96%
Total income	193,456	194,996	1,540	0.80%
Expenses				
Employee costs	76,331	73,384	2,947	3.86%
Materials and services	57,451	60,804	(3,353)	(5.84%)
Bad and doubtful debts	220	390	(170)	(77.27%) 6.
Depreciation	31,872	32,530	(658)	(2.06%)
Amortisation - Intangible assets	-	858	(858)	100.00% 7.
Amortisation - Right of use assets	-	558	(558)	100.00% 8.
Borrowing costs	1,481	1,479	2	0.14%
Finance costs - leases	-	71	(71)	100.00% 9.
Other expenses	4,012	5,280	(1,268)	(31.61%) 10.
Total expenses	171,367	175,354	(3,987)	(2.33%)
Surplus/(deficit) for the year	22,089	19,642	(2,447)	(11.08%)

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1. Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1.	User fees	User fees and charges had an unfavourable actual to budget variance of \$4.630 million due to restrictions imposed by the State Government in relation to the COVID-19 pandemic saw a number of Council facilities close. Those facilities impacted most were the Frankston Arts Centre the Peninsula Aquatic Recreation Centre (PARC) who suffered fees and charges reductions of \$0.817 million and \$3.365 million compared to the adopted budget. Another impact of COVID-19 on fees and charges was a reduction of \$0.724 million received in car parking revenue, due to the restrictions in place on the community.
2.	Contributions - monetary	Contributions - monetary had a favourable actual to budget variance of \$0.876 million due to an increase in cash contributions received relating to subdivisions within the municipality. This was offset by a reduction in capital contributions due to timing differences.
3.	Contributions - non-monetary	Contributions – non monetary assets had a favourable actual to budget variance of \$3.819 million due to an increase in gifted land, roads and drainage received relating to subdivisions within the municipality.
4.	Net gain on disposal of property, infrastructure, plant and equipment	Net gain on disposal of assets had an unfavourable actual to budget variance of \$0.341 million due to reduced sales of assets and plant than expected for 2019-2020 year.
5.	Share of net profits of joint arrangement	Share of net profits of joint arrangements had an unfavourable actual to budget variance of \$0.041 million unbudgeted income at the time Council constructed its 2019-2020 Operating Budget.
6.	Bad and doubtful debts	Bad and doubtful debts had an unfavourable actual to budget variance of \$0.170 million due to a \$0.150 million impairment of a loan to a joint venture.
7.	Amortisation - Intangible assets	Amortisation of intangible assets had an unfavourable actual to budget variance of \$0.858 million due to the costs associated with this item being moved to its own line in the financial statement. The budget and costs associated with this item were previously listed under Depreciation due to a reclassification of the line item.
8.	Amortisation - Right of use assets	Amortisation of right of use assets had an unfavourable actual to budget variance of \$0.558 million due to the implementation of the reporting requirements of the new accounting standard on Leases (<i>AASB 16 Leases</i>). <i>These costs</i> are now reflected in their own line in the financial statement.
9.	Finance costs - leases	Finance costs - leases had an unfavourable actual to budget variance of \$0.071 million due to the implementation of the reporting requirements of the new accounting standard on Leases (<i>AASB 16 Leases</i>). <i>These costs</i> are now reflected in their own line in the financial statement.
10.	Other expenses	Other expenditure had an unfavourable actual to budget variance of \$1.268 million due to write off of assets of \$2.660M offset by savings in learning & development costs of \$0.326 million, court lodgement costs of \$0.107 million and miscellaneous costs of \$0.163 million. Further savings of \$0.558 million were shown in this area due to the altered accounting treatment of lease costs.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1. Performance against budget (cont.)

1.2 Capital Works

	Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000	Variance %	Ref.
Property					
Land	-	-	-	0.00%	
Total Land	-	-	-	0.00%	
Buildings	16,015	15,088	(927)	-5.79%	
Total Buildings	16,015	15,088	(927)	-5.79%	
Total Property	16,015	15,088	(927)	-5.79%	
Plant and equipment					
Plant, machinery and equipment	2,969	2,938	(31)	(1.04%)	
Fixtures, fittings and furniture	145	325	180	124.14%	1.
Computers and telecommunications	3,190	2,506	(684)	(21.44%)	2.
Library books	700	517	(183)	(26.14%)	3.
Total plant and equipment	7,004	6,286	(718)	(10.25%)	
Infrastructure					
Roads	4,250	5,016	766	18.02%	4.
Bridges	450	396	(54)	(12.00%)	5.
Footpaths and cycleways	1,545	1,382	(163)	(10.55%)	6.
Drainage	1,260	849	(411)	(32.62%)	7.
Recreational, leisure and community facilities	6,731	8,323	1,592	23.65%	8.
Waste management	150	260	110	73.33%	9.
Parks, open space and streetscapes	6,201	4,360	(1,841)	(29.69%)	10.
Off street car parks	1,735	1,591	(144)	(8.30%)	
Other infrastructure	2,470	1,959	(511)	(20.69%)	11.
Total infrastructure	24,792	24,136	(656)	(2.65%)	
Total capital works expenditure	47,811	45,510	(2,301)	(4.81%)	
Represented by:					
New asset expenditure	12,440	13,262	822	6.61%	
Asset renewal expenditure	23,330	23,003	(327)	(1.40%)	
Asset expansion expenditure	3,194	-	(3,194)	(100.00%)	
Asset upgrade expenditure	8,847	9,245	398	4.50%	
Total capital works expenditure	47,811	45,510	(2,301)	(4.81%)	

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1. Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1.	Fixtures, fittings and furniture	Additional projects introduced during the year, in particular the Karingal Place Neighbourhood House Re-Purposing endorsed by Council (\$0.11 million), resulting in over expenditure of \$0.180 million in fixtures, fittings and furniture.
2.	Computers and telecommunications	Computers and telecommunications was underspent by \$0.684 million due to delays in delivery of multi-year projects impacted by COVID-19. Projects include the Human Resources & Payroll System Implementation (\$0.449 million) and the Scanning Solution System (\$0.125 million).
3.	Library books	Library resource acquisitions not considered capital expenditure expensed to operating budget.
4.	Roads	Application for additional Roads to Recovery funding from the Federal Government approved during the 2019-2020 financial year for road resurfacing works at Karingal Drive, Frankston.
5.	Bridges	Priorities in Council's major and minor bridge renewal programmes were delivered under budget. Additionally, some minor project overheads and labour chargeback were expensed to the operating budget.
6.	Footpaths and cycleway	Citywide Pathway Programme reduced due to further community consultation and review of strategic planning.
7.	Drainage	Drainage was underspent due to further investigations required for multi-year projects scheduled for 2020-2021 and 2021-2022 financial years. In particular, significant stormwater upgrade projects in the Frankston South Drainage Strategy have required further investigation and consultation.
8.	Recreational, leisure and community facilities	Recreational, leisure and community facilities were overspent by \$1.592 million primarily due to redevelopment works at RF Miles Reserve (\$0.594 million) and Centenary Park Tennis Redevelopment (\$0.836 million) progressing earlier than expected. Additional grant funding was also received during the 2019-2020 financial year.
9.	Waste management	Additional project introduced to the 2019-2020 Capital Works Program via Council resolution, resulting in \$0.110 million over expenditure. The project, implementation of an E-Waste Shed, was added to the Program following a grant received from Sustainability Victoria in July 2019.
10.	Parks, open space and streetscapes	Parks, open space and streetscapes were underspent by \$1.841 million following Council endorsed budget adjustments to support Council's COVID-19 Relief & Recovery Package, and initiatives deferred to the 2020-21 financial year including Council's Boulevards & Gateways Treatment Programme, and various open space & public artwork
11.	Other infrastructure	Under expenditure of \$0.511 million in other Infrastructure primarily due to further community consultation required for implementation of local area traffic management precinct works in the Sweetwater Precinct.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 2 Analysis of Council results by program

During the financial year Council undertook a restructure of its Directorate responsibility structure. Significant changes included; Operations Department transferred from Communities to Infrastructure and Operations Directorate; Corporate Development was divided into two new Directorates: Chief Financial Office and Business Innovation and Culture.

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.

Infrastructure and Operations

Provide support to the CEO and Councillors on delivery, maintenance and management of Council's assets. Also focussed on delivering innovative and sustainable outcomes for the community.

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

Communities

Communities provides leadership, direction and general management of all departments within the Communities Directorate as well as community policy and strategy development.

The directorate includes Arts and Culture, Community Strengthening, Statutory Planning, Community Safety, Family Health Support Services and Policy, Place and Environmental Strategy.

Chief Financial Officer

Providing advice and support to the CEO and Councillors on governance and financial matters, in conjunction with forming strong partnerships with the community to deliver services to improve the community's lifestyle.

The directorate includes Governance and Information, Commercial Services, Recycling as well as Financial and Corporate Planning.

Business Innovation and Culture

Newly formed directorate to oversee the organisation's service delivery to its community via traditional means as well as the integration of technology to enhance the user experience.

The directorate includes People and Culture, Business Transformation, Information Technology and Community Relations.

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 (PARC) and Pines Forest Aquatic Centre.

Notes to the Financial Statements

For the year ended 30 June 2020

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

2020	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
CEO and Council	-	1,221	(1,221)	-	-
Infrastructure and Operations	1,792	64,540	(62,748)	203	1,498,904
Communities	21,858	57,716	(35,858)	9,842	94,330
Chief Financial Office	134,794	28,152	106,642	289	27,245
Business Innovation and Culture	225	6,383	(6,158)	20	7,511
Other	25,382	6,248	19,134	15,649	217,499
Peninsula Leisure	10,945	11,094	(149)	1,066	3,970
	194,996	175,354	19,642	27,069	1,849,459

2019	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
CEO and Council	-	633	(633)	-	-
Infrastructure and Operations	1,814	61,868	(60,054)	60	1,460,506
Communities	23,670	56,517	(32,847)	9,765	91,195
Chief Financial Office	130,981	26,712	104,269	202	22,265
Business Innovation and Culture	209	6,987	(6,778)	-	6,846
Other	18,204	6,729	11,475	13,364	211,950
Peninsula Leisure	13,352	13,084	268	379	4,043
	188,230	172,530	15,700	23,770	1,796,805

Notes to the Financial Statements

For the year ended 30 June 2020

Note 3 Funding for the delivery of our services

	2020	2019
	\$'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 2019-2020 was \$37,288 million (2018-2019 \$38,770 million).

The 2019-2020 rate in the capital improved value dollar was 0.2320 (2018-2019 0.2165). The municipal charge is levied at the rate of \$163.10 (2018-2019 \$159.10) per rateable property.

General rates	88,267	85,245
Waste management charge	26,592	24,871
Municipal charge	10,202	9,848
Supplementary rates and rate adjustments	1,669	1,636
Special rates and charges	1,509	218
Interest on rates and charges	452	592
Total rates and charges	128,691	122,410

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2019 and the valuation was applied to the rating period commencing 1 July 2019.

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	2,219	2,507
Permits	1,809	1,797
Building and town planning fees	1,439	1,766
Land information certificates	167	88
Court recoveries	17	12
Total statutory fees and fines	5,651	6,170

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	9,852	12,591
Waste management	4,135	3,807
Arts and culture	2,264	3,093
Parking	1,483	2,053
Other fees and charges	892	1,036
Aged and health services	890	875
Registrations and other permits	612	653
Building services	566	544
Legal cost recovery - rates	471	432
Child care/children's programs	279	315
Total user fees	21,444	25,399

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

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	16,440	14,063
State funded grants	10,629	9,707
Total grants received	27,069	23,770
(a) Operating grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	9,031	7,990
Aged and community care	4,388	4,228
Family, children and youth services	878	629
Maternal and child health	16	15
Recurrent Commonwealth grants	14,313	12,862
<i>Recurrent - State Government</i>		
Maternal and child health	1,634	1,832
Libraries	904	882
Community development	118	464
Aged and community care	677	1,191
Family, children and youth services	131	148
Recreation	210	75
Community safety	40	40
School crossing supervisors	451	451
Recurrent State grants	4,165	5,083
Total recurrent operating grants	18,478	17,945
<i>Non-recurrent - Commonwealth Government</i>		
Maternal and child health	-	61
Non-recurrent Commonwealth grants	-	61
<i>Non-recurrent - State Government</i>		
Environment	298	200
Family, children and youth services	217	172
Community development	178	364
Maternal and child health	64	188
Aged and community care	54	10
Recreation	27	10
Community safety	10	46
Community arts	-	70
Non-recurrent State grants	848	1,060
Total non-recurrent operating grants	848	1,121
Total operating grants	19,326	19,066

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
3.4 Funding from other levels of government (cont.)		
(b) Capital grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,397	161
Recurrent Commonwealth grants	1,397	161
<i>Non-recurrent - Commonwealth Government</i>		
Buildings	400	432
Recreational, leisure and community facilities	330	457
Plant and equipment	-	90
Non-recurrent Commonwealth grants	730	979
<i>Non-recurrent - State Government</i>		
Buildings	4,625	363
Recreational, leisure and community facilities	550	2,804
Other infrastructure	370	-
Parks, open space and streetscapes	41	324
Fixtures, fittings and furniture	30	-
Roads	-	48
Drainage	-	25
Non-recurrent State grants	5,616	3,564
Total non-recurrent capital grants	6,346	4,543
Total capital grants	7,743	4,704

Notes to the Financial Statements

For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
3.5 Contributions		
Monetary	2,521	1,906
Non-monetary	4,619	2,778
Total contributions	7,140	4,684
<i>Contributions of non-monetary assets were received in relation to the following asset classes</i>		
Land	3,488	283
Drainage	612	439
Roads	260	813
Land under roads	174	472
Footpath and cycleways	85	624
Other	-	147
Total non-monetary contributions	4,619	2,778

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

3.6 Net gain/(loss) on disposal of property, plant and equipment

Proceeds from sale	1,061	747
Written down value of assets disposed	(412)	(2,948)
Total net gain/(loss) on disposal of property, plant and equipment	649	(2,201)

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

Sales	1,367	1,698
Interest	1,229	2,430
Other rent	775	1,077
Other	598	358
Reimbursements	342	234
Total other income	4,311	5,797

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 2020

Note 4 The cost of delivering services

	2020 \$'000	2019 \$'000
4.1 Employee costs		
(a) Employee costs		
Salaries and wages	59,932	57,520
Casual and agency staff	5,660	6,745
Superannuation	6,017	5,826
Workcover	1,485	2,100
Fringe benefits tax	162	155
Other	128	155
Total employee costs	73,384	72,501
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	193	216
	193	216
Employer contributions payable at reporting date	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	5,824	5,777
	5,824	5,777
Employer contributions payable at reporting date	485	479
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
4.2 Materials and services		
Waste collection and disposal services	18,482	17,027
Contract services	13,994	12,412
Works in progress (unable to be capitalised)	5,499	3,494
Materials	5,271	5,668
Utilities	3,841	3,992
Building maintenance	3,030	3,154
Information technology	2,249	2,445
Plant and equipment	2,115	2,248
Insurance and fire services levy	1,467	1,176
Consultants	1,450	2,188
Office administration	1,265	1,133
Finance and legal	1,088	1,145
Marketing and promotion	562	696
Cost of goods sold	491	732
Total materials and services	60,804	57,510

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
4.3 Depreciation		
Infrastructure	21,586	20,768
Property	7,436	7,274
Plant and equipment	3,508	3,486
Total depreciation	32,530	31,528

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

4.4 Amortisation - intangible assets

Software	858	1,021
Total amortisation - intangible assets	858	1,021

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

4.5 Amortisation - right of use assets

Other	548	-
Property	10	-
Total amortisation - intangible assets	558	-

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

4.6 Bad and doubtful debts

Parking fine debtors	197	293
Other debtors	193	81
Total bad and doubtful debts	390	374

4.7 Borrowing costs

Interest - borrowings	1,479	1,576
Total borrowing costs	1,479	1,576

Borrowing costs are recognised as an expense in the period in which they are incurred.

4.8 Finance costs - leases

Interest - lease liability	71	-
Total finance costs - leases	71	-

4.9 Other expenses

Assets written-off / impaired	2,660	2,226
Training and professional development	548	879
Councillors' allowances and expenses	371	375
Court lodgement fees	262	357
Auditor remuneration - Internal	237	134
Operating lease rentals	229	725
Grants and contributions	617	751
Director and committee member fees	156	188
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	104	107
Board costs	87	76
Legal settlement	9	1
Total other expenses	5,280	5,819

Notes to the Financial Statements

For the year ended 30 June 2020

Note 5 Our Financial Position

	2020 \$'000	2019 \$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	22	21
Cash at bank	2,018	1,972
Term deposits	53,404	47,746
Total cash and cash equivalents	55,444	49,739
(b) Other financial assets		
Term deposits - current	51,015	47,678
Term deposits - non-current	1,000	4,500
Total other financial assets	52,015	52,178
Total financial assets	107,459	101,917
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 5.3b)	5,806	4,445
- Unearned income (note 5.3c)	4,469	2,435
Total restricted funds	10,275	6,880
Total unrestricted cash and cash equivalents	45,169	42,859
Intended allocations		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
- Strategic asset reserve (note 9.1b)	32,776	29,606
- Unexpended grants (note 9.1b)	13,220	14,140
- MAV LGFV Fund (note 9.1b)	12,205	9,737
- PARC asset management sinking fund (note 9.1b)	11,114	9,087
- Capital project reserve (note 9.1b)	5,618	4,623
- Statutory reserves (note 9.1b)	7,903	6,496
- Cash held to fund carried forward capital works	3,181	4,969
- PARC asset management plan reserve (note 9.1b)	1,020	1,171
- PARC strategic reserve (note 9.1b)	300	300
- Resource efficiency reserve (note 9.1b)	55	51
Total funds subject to intended allocations	87,392	80,180

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 2020

2020
\$'000

2019
\$'000

5.1 Financial assets (cont.)

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	12,050	9,759
Infringement debtors	5,316	4,708
Provision for doubtful debts - infringements	(2,680)	(2,426)
Net GST receivable	1,751	2,391
Special rate scheme	123	115

Non statutory receivables

Other debtors	1,956	1,797
Provision for doubtful debts - other debtors	(80)	(97)

Total current trade and other receivables

18,436 **16,247**

Non-current

Statutory receivables

Special rate scheme	794	-
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Total non-current trade and other receivables

794 **-**

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised on an expected credit loss model per AASB 9 Financial Instruments. This model considers both historic and forward looking information in determining the level of impairment.

In response to the impacts of the COVID-19 pandemic, Council reframed its hardship policy to provide support to the community, including waiving of interest on outstanding rates to 30 September 2020 and ceasing debt collection on outstanding rates to 30 September 2020. This has had an impact on the balance of rates receivable as at 30 June 2020, increasing by \$2.291M over 2018-2019. The deferment provisions provide relief until June 2021 and the rates receivable balance is expected to return to be consistent with previous years.

(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)	1,327	1,426
Past due by up to 30 days	165	60
Past due between 31 and 180 days	464	311
Total trade and other receivables	1,956	1,797

5.2 Non-financial assets

(a) Inventories

Inventories held for distribution	117	103
Inventories held for sale	47	55
Total inventories	164	158

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories 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	1,692	1,498
Accrual income	603	1,508
Other	80	80
Total other assets	2,375	3,086

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
5.2 Non-financial assets (cont.)		
(c) Intangible assets		
Software		
At cost	6,970	6,066
Less accumulated amortisation	(5,478)	(4,620)
	1,492	1,446
Gross carrying amount		
Balance at 1 July	6,066	5,470
Acquisitions	-	596
Transfers	904	-
Balance at 30 June	6,970	6,066
Accumulated amortisation and impairment		
Balance at 1 July	4,620	3,599
Amortisation expense	858	1,021
Balance at 30 June	5,478	4,620
Net book value 30 June	1,492	1,446

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	14,558	17,219
Accrued expenses	2,242	2,439
Total trade and other payables	16,800	19,658

(b) Trust funds and deposits

Refundable deposits and bonds	2,664	2,875
Fire Services Levy	2,638	1,088
Trust deposits	369	371
Unclaimed moneys	135	111
Total trust funds and deposits	5,806	4,445

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 2020

2020	2019
\$'000	\$'000

5.3 Payables (cont.)

(c) Unearned income

Grants received in advance - operating	2,621	-
User fees	1,848	2,435
Total unearned income	4,469	2,435

Amounts received as unearned income are controlled by Council and will be recognised as grant operating income, user fees and charges and rent income when Council has satisfied their performance obligations under the contracts.

Grants received in advance - operating - Operating grants received by Council where Council has not yet satisfied their performance obligations under the contract.

User fees - User fees and charges received by Council where Council has not yet satisfied their performance obligations under the contract.

5.4 Interest-bearing liabilities

Current

Borrowings - secured	345	320
Total current	345	320

Non-current

Borrowings - secured	27,403	27,748
Total non-current	27,403	27,748
Total interest-bearing liabilities	27,748	28,068

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	345	320
Later than one year and not later than five years	1,643	1,533
Later than five years	25,760	26,215
	27,748	28,068

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.

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
5.5 Provisions		
Employee provisions		
Balance at beginning of financial year	13,812	13,023
Additional provisions	5,192	4,459
Amounts used	(3,987)	(3,937)
Change in discounted amount arising because of the time and the effect of any change in the discount rate	80	267
Balance at the end of the financial year	<u>15,097</u>	<u>13,812</u>
(a) Current provisions expected to be wholly settled within 12 months		
Annual leave	5,400	4,702
Long service leave	1,154	1,080
Gratuity	3	3
	<u>6,557</u>	<u>5,785</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	284	248
Long service leave	6,541	6,119
Gratuity	63	65
	<u>6,888</u>	<u>6,432</u>
Total current employee provisions	<u>13,445</u>	<u>12,217</u>
(b) Non-current		
Long service leave	1,652	1,595
Total non-current employee provisions	<u>1,652</u>	<u>1,595</u>
Aggregate carrying amount of employee provisions:		
Current	13,445	12,217
Non-current	1,652	1,595
Total aggregate carrying amount of employee provisions	<u>15,097</u>	<u>13,812</u>

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	0.566%	1.148%
- inflation rate	4.250%	4.310%

Notes to the Financial Statements

For the year ended 30 June 2020

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.

2020	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
Operating					
Recycling and waste collection	6,471	256	-	-	6,727
Council building maintenance	4,000	667	-	-	4,667
Other	1,844	535	522	18	2,919
Information technology	1,391	42	29	-	1,462
Total	13,706	1,500	551	18	15,775
Capital					
Buildings	792	-	-	-	792
Infrastructure	1,152	-	-	-	1,152
Plant and equipment	1,237	-	-	-	1,237
Total	3,181	-	-	-	3,181
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
Operating					
Recycling and waste collection	6,596	4,905	1,821	65	13,387
Council building maintenance	4,000	4,000	667	-	8,667
Utilities	682	-	-	-	682
Other	1,321	971	465	291	3,048
Information technology	1,174	60	42	-	1,276
Total	13,773	9,936	2,995	356	27,060
Capital					
Buildings	2,769	-	-	-	2,769
Infrastructure	1,788	-	-	-	1,788
Plant and equipment	75	-	-	-	75
Total	4,632	-	-	-	4,632

Notes to the Financial Statements

For the year ended 30 June 2020

	2020 \$'000	2019 \$'000
5.7 Financing arrangements		
Bank overdraft	2,500	2,500
Credit card facilities	45	45
Total unused facilities	2,545	2,545
Interest-bearing loans and borrowings – secured	27,748	28,068
Used facilities	27,748	28,068

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

5.8 Leases

Policy applicable before 1 July 2019

As a lessee, Council classifies leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to council. Operating lease payments, including any contingent rentals, were recognised as an expense in the comprehensive income statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset was not recognised in the balance sheet.

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

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

Policy applicable after 1 July 2019

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2020

5.8 Leases (cont.)

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

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

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

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

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

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

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

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

Right-of-Use Assets	Property \$'000	Other \$'000	Total \$'000
Balance at 1 July 2019	-	-	-
Recorded on transition to AASB16	-	1,892	1,892
Additions	107	68	175
Amortisation charge	(10)	(548)	(558)
Balance at 30 June 2020	97	1,412	1,509

Lease Liabilities	2020 \$'000
Maturity analysis - contractual undiscounted cash flows	
Less than one year	627
One to five years	1,060
Total undiscounted lease liabilities as at 30 June:	1,687
Lease liabilities included in the Balance Sheet at 30 June:	
Current	573
Non-current	1,006
Total lease liabilities	1,579

Notes to the Financial Statements

For the year ended 30 June 2020

5.8 Leases (cont.)

Short-term and low value leases

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

	2020 \$'000
Expenses relating to:	
Short-term leases	-
Leases of low value assets	229
Total	229
Variable lease payments (not included in measurement of lease liabilities)	
Non-cancellable lease commitments - Short-term and low-value leases	
Commitments for minimum lease payments for short-term and low-value leases are payable as follows:	
Payable:	
Within one year	229
Later than one year but not later than five years	-
Total lease commitments	229

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

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

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

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

ii. Leases previously classified as finance leases

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

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

Notes to the Financial Statements

For the year ended 30 June 2020

5.8 Leases (cont.)

Impact on financial statements

On transition to *AASB 16 Leases*, Council recognised an additional \$1.892 million of right-of-use assets and \$1.892 million of lease liabilities, recognising the difference in retained earnings.

When measuring lease liabilities, Council discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 2%.

	2019 \$'000
Operating lease commitment at 30 June 2019 as disclosed in Council's financial statements	2,209
Discounted using the incremental borrowing rate at 1 July 2019	20
- Recognition exemption for:	
- leases of low-value assets	20
- Lease liabilities recognised as at 1 July 2019	1,892

Notes to the Financial Statements

For the year ended 30 June 2020

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

	At Fair Value 30 June 2019	Additions	Contributions	Revaluation	Depreciation	Disposals	Write-offs	Found	Transfers	At Fair Value 30 June 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	1,005,039	5,675	3,662	21,573	(7,436)	-	(401)	430	5,878	1,034,420
Plant and equipment	11,427	4,055	-	-	(3,508)	(412)	-	-	201	11,763
Infrastructure	615,410	5,880	957	8,367	(21,586)	-	(2,261)	1,766	20,620	629,153
Work in progress	42,075	30,052	-	-	-	-	(2,792)	-	(27,603)	41,732
	1,673,951	45,662	4,619	29,940	(32,530)	(412)	(5,454)	2,196	(904)	1,717,068

Summary of Work in Progress (WIP)

	Opening WIP \$'000	Additions \$'000	Write-offs \$'000	Transfers \$'000	Closing WIP \$'000
Property	9,338	10,175	(315)	(5,878)	13,320
Plant and equipment	1,585	2,138	(365)	(1,105)	2,253
Infrastructure	31,152	17,739	(2,112)	(20,620)	26,159
Total	42,075	30,052	(2,792)	(27,603)	41,732

Notes to the Financial Statements

For the year ended 30 June 2020

(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 2019	777,794	19,381	3,905	801,080	43,355	288,523	331,878	9,338	1,142,296
Accumulated depreciation 1 July 2019	-	-	-	-	(17,563)	(110,356)	(127,919)	-	(127,919)
	777,794	19,381	3,905	801,080	25,792	178,167	203,959	9,338	1,014,377
Movements in fair value									
Additions	-	-	-	-	178	5,497	5,675	10,175	15,850
Contributions	6	3,482	174	3,662	-	-	-	-	3,662
Found	-	430	-	430	-	-	-	-	430
Revaluation	11,794	(626)	-	11,168	1,110	11,973	13,083	-	24,251
Write-offs	-	-	-	-	(253)	(1,546)	(1,799)	(315)	(2,114)
Transfers	-	-	-	-	-	5,878	5,878	(5,878)	-
	11,800	3,286	174	15,260	1,035	21,802	22,837	3,982	42,079
Movements in accumulated depreciation									
Depreciation	-	-	-	-	(796)	(6,640)	(7,436)	-	(7,436)
Revaluation	-	-	-	-	(589)	(2,089)	(2,678)	-	(2,678)
Accumulated depreciation of write-offs	-	-	-	-	203	1,195	1,398	-	1,398
	-	-	-	-	(1,182)	(7,534)	(8,716)	-	(8,716)
At fair value 30 June 2020	789,594	22,667	4,079	816,340	44,390	310,325	354,715	13,320	1,184,375
Accumulated depreciation 30 June 2020	-	-	-	-	(18,745)	(117,890)	(136,635)	-	(136,635)
	789,594	22,667	4,079	816,340	25,645	192,435	218,080	13,320	1,047,740

Notes to the Financial Statements

For the year ended 30 June 2020

(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 2019	19,316	1,346	4,017	5,607	1,585	31,871
Accumulated depreciation 1 July 2019	(10,932)	(582)	(3,265)	(4,080)	-	(18,859)
	8,384	764	752	1,527	1,585	13,012
Movements in fair value						
Additions	2,623	84	848	500	2,138	6,193
Transfers to intangible assets	-	-	(185)	-	(719)	(904)
Write-offs	-	-	-	-	(365)	(365)
Disposals	(2,504)	-	-	-	-	(2,504)
Transfers	73	202	111	-	(386)	-
	192	286	774	500	668	2,420
Movements in accumulated depreciation						
Depreciation and amortisation	(2,395)	(163)	(370)	(580)	-	(3,508)
Accumulated depreciation of disposals	2,092	-	-	-	-	2,092
	(303)	(163)	(370)	(580)	-	(1,416)
At fair value 30 June 2020	19,508	1,632	4,791	6,107	2,253	34,291
Accumulated depreciation 30 June 2020	(11,235)	(745)	(3,635)	(4,660)	-	(20,275)
	8,273	887	1,156	1,447	2,253	14,016

Notes to the Financial Statements

For the year ended 30 June 2020

(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 2019	490,898	25,207	120,061	273,419	113,943	2,950	33,898	12,821	31,152	1,104,349
Accumulated depreciation 1 July 2019	(181,952)	(10,305)	(56,019)	(127,264)	(57,721)	(1,082)	(17,697)	(5,747)	-	(457,787)
	308,946	14,902	64,042	146,155	56,222	1,868	16,201	7,074	31,152	646,562
Movements in fair value										
Additions	2,518	-	585	178	2,288	-	311	-	17,739	23,619
Contributions	260	-	85	612	-	-	-	-	-	957
Found	-	13	96	-	108	-	3,006	123	-	3,346
Revaluation	9,936	222	(1,105)	8,194	(4,232)	-	5,838	3,558	-	22,411
Write-offs	(429)	-	(324)	-	(2,566)	-	(1,513)	(506)	(2,112)	(7,450)
Transfers	2,061	208	2,952	1,248	12,115	-	1,452	584	(20,620)	-
	14,346	443	2,289	10,232	7,713	-	9,094	3,759	(4,993)	42,883
Movements in accumulated depreciation										
Depreciation	(7,248)	(567)	(2,856)	(3,546)	(5,661)	(295)	(1,015)	(398)	-	(21,586)
Accumulated depreciation of write-offs	272	-	130	-	1,417	-	940	318	-	3,077
Revaluation	(3,935)	(113)	(709)	(4,025)	(874)	-	(2,626)	(1,762)	-	(14,044)
Found	-	-	(3)	-	(12)	-	(1,504)	(61)	-	(1,580)
	(10,911)	(680)	(3,438)	(7,571)	(5,130)	(295)	(4,205)	(1,903)	-	(34,133)
At fair value 30 June 2020	505,244	25,650	122,350	283,651	121,656	2,950	42,992	16,580	26,159	1,147,232
Accumulated depreciation 30 June 2020	(192,863)	(10,985)	(59,457)	(134,835)	(62,851)	(1,377)	(21,902)	(7,650)	-	(491,920)
	312,381	14,665	62,893	148,816	58,805	1,573	21,090	8,930	26,159	655,312

Notes to the Financial Statements

For the year ended 30 June 2020

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
		\$
Property		
Buildings	40-60 years	15,000
Infrastructure		
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 carpark	50 years	15,000
Traffic management devices	50 years	15,000
Plant and equipment		
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 2020

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 above and are consistent with the prior year unless otherwise stated.

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken in June 2020 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 unserved) 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 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land – non-specialised	-	22,667	-	June 2020
Land – specialised	-	-	789,594	June 2020
Land under roads	-	-	4,079	June 2020
Buildings – non-specialised	-	192,435	-	June 2020
Buildings – specialised	-	-	25,645	June 2020
Total	-	215,102	819,318	

Notes to the Financial Statements

For the year ended 30 June 2020

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 2020 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	312,381	June 2020
Bridges	-	-	14,665	June 2020
Footpaths and cycleway	-	-	62,893	June 2020
Drainage	-	-	148,816	June 2020
Recreational, leisure and community facilities	-	-	58,805	June 2020
Waste management*	-	-	1,573	
Off-street carparks	-	-	21,090	June 2020
Other infrastructure	-	-	8,930	June 2020
Total	-	-	629,153	

* It is Council policy to treat Waste management infrastructure assets at cost. The fair value of these assets is equal to cost.

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 \$50 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 \$200 to \$72,000 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 90 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.

	2020	2019
	\$'000	\$'000
Reconciliation of specialised land		
Land	789,594	777,794
Land under roads	4,079	3,905
Total specialised land	793,673	781,699

Notes to the Financial Statements

For the year ended 30 June 2020

6.2 Investments in joint arrangements and subsidiaries

(a) Investments in joint arrangements

Joint arrangement

Nuclio Pty Ltd (ACN: 634 835 902)

Background

Nuclio Pty Ltd was formed by Peninsula Leisure Pty Ltd and SMC Venture Holdings Pty Ltd, as a vehicle to further develop and then commercialise the customer engagement technical IP, first created for Peninsula Leisure Pty Ltd. The joint venture is governed by the Shareholders' Agreement and the IP License Agreement. At balance date Peninsula Leisure Pty Ltd held 51.2% share in Nuclio Pty Ltd but shared equal control with SMC Venture Holdings Pty Ltd.

	2020	2019
	\$'000	\$'000
Fair value of Council's investment in Nuclio Pty Ltd	162	-
Movement in carrying value of specific investment		
Carrying value of investment at start of year	-	-
Acquisition of share capital	121	-
Share of profit for year	41	-
Carrying value of investment at end of year	<u>162</u>	<u>-</u>

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

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

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2020, and their income and expenses for that part of the reporting period in which control existed.

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 the 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.

Entities consolidated into Council include:

- Peninsula Leisure Pty Ltd (ACN: 160 239 770)
- Nuclio Pty Ltd (ACN: 634 835 902)

All entities controlled by Council that have material revenues, expenses, assets or liabilities have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

Notes to the Financial Statements

For the year ended 30 June 2020

6.2 Investments in joint arrangements and subsidiaries (cont.)

(b) 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 (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

	2020	2019
	\$'000	\$'000
Total income	10,945	13,352
Total expenses	11,094	13,084
Surplus for the year	(149)	268
Other comprehensive income	-	-
Total comprehensive result	(149)	268
Summarised balance sheet		
Current assets	2,559	3,284
Non-current assets	1,355	886
Total assets	3,914	4,170
Current liabilities	930	1,408
Non-current liabilities	566	194
Total liabilities	1,496	1,602
Net assets	2,418	2,568
Summarised statement of cash flows		
Net cash (used in) provided by operating activities	(28)	807
Net cash provided by (used in) investing activities	678	(1,537)
Net cash provided used in financing activities	(178)	-
Net decrease in cash and cash equivalents	472	(730)

ECONOMIC DEPENDENCY

The Peninsula Leisure operates both Peninsula Aquatic Recreation Centre and Pines Forest Aquatic Centre under a Management Services Agreement (MSA) with Frankston City Council. Under the MSA the Council provides (if required by the Company) a Management Services Fee in reference to the following points:

- a) Peninsula Leisure costs to operate and manage PARC
- b) ensuring that the Peninsula Leisure has the financial capacity to operate PARC in accordance with the annual plan and budget
- c) ensuring that the Peninsula Leisure is able to meet its debts as and when they fall due
- d) providing a sufficient allowance for PARC's working capital requirements

Council made a cash contribution of \$679,834 in 2019-20 and has committed up to \$2,041,328 in 2020-21 in financial support to Peninsula Leisure as a result of the facilities closure related to COVID-19 government restrictions. The implementation of Stage 4 restrictions, with an unknown ending date, will pose further financial challenges.

Notes to the Financial Statements

For the year ended 30 June 2020

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 joint arrangements

Interests in subsidiaries and joint arrangements 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:

Councillors	Councillor Sandra Mayer	(22 October 2016 to current. Mayor from 7 November 2019 to current)
	Councillor Michael O'Reilly	(22 October 2016 to current. Mayor from 1 July 2019 to 7 November 2019)
	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)
	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)
Key Management Personnel	Chief Executive Officer:	Phil Cantillon
	Director - Community Development:	Dr Gillian Kay
	Director - Infrastructure and Operations:	Cam Arullanatham
	Chief Financial Officer:	Kim Jaensch
	Director - Business Innovation and Culture:	Shweta Babbar
	Director - Corporate Services	Tim Frederico (resigned 03/02/2020)

	2020	2019
	No.	No.
Total Number of Councillors	9	9
Total of Chief Executive Officer and other Key Management Personnel	6	4
Total Number of Key Management Personnel	15	13

(c) Remuneration of Key Management Personnel

	2020	2019
	\$'000	\$'000
Total remuneration of Key Management Personnel was as follows:		
Short-term benefits	1,775	1,412
Long-term benefits	157	137
Termination benefits	362	-
Post employment benefits	75	58
Total	2,369	1,607

Notes to the Financial Statements

For the year ended 30 June 2020

7.1 Council and key management remuneration (cont.)

	2020 \$'000	2019 \$'000
The numbers of Key Management Personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$ 20,000 - \$ 29,999	1	-
\$ 30,000 - \$ 39,999	6	7
\$ 50,000 - \$ 59,999	-	1
\$ 60,000 - \$ 69,999	1	-
\$ 80,000 - \$ 89,999	1	1
\$110,000 - \$119,999	1	-
\$140,000 - \$149,999	1	-
\$260,000 - \$269,999	-	1
\$290,000 - \$299,999	-	1
\$310,000 - \$319,999	1	1
\$340,000 - \$349,999	1	-
\$350,000 - \$359,999	-	1
\$490,000 - \$499,999*	1	-
\$510,000 - \$519,999*	1	-
	15	13

* Council calculates the Key Management Personnel total remuneration based on occupants of the position for the financial year. During the financial year a number of personnel occupied these 2 positions. These positions include departed Key Management Personnel termination payments including leave entitlements and payment in lieu of notice.

(d) Senior Officers remuneration

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

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

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

	2020 No.	2019 No.
Income Range:		
< \$151,000	1	2
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	2	4
\$180,000 - \$189,999	4	1
\$190,000 - \$199,999	2	6
\$200,000 - \$209,999	3	2
\$210,000 - \$219,999	4	2
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	1
\$250,000 - \$260,999	1	-
	19	20

	2020 \$'000	2019 \$'000
Total Remuneration for the reporting year for Senior officers included above, amounted to:	3,776	3,674

Notes to the Financial Statements

For the year ended 30 June 2020

7.2 Related party disclosure

(a) Transactions with related parties

Council has entered into the following transactions with its wholly owned subsidiary, Peninsula Leisure Pty Ltd:

	2020 Excl GST \$'000	2019 Excl GST \$'000
Received from Peninsula Leisure Pty Ltd		
Other reimbursements	143	136
Total received	143	136
Paid to Peninsula Leisure Pty Ltd		
Management Service Fee	680	199
Contract payment	386	379
Other reimbursements	-	522
Total paid	1,066	1,100
(b) Outstanding balances with related parties		
The following transactions were outstanding at 30 June		
Payable to Peninsula Leisure Pty Ltd		
Contract payment	28	29
Total payable	28	29
Receivable from Peninsula Leisure Pty Ltd		
Other reimbursements	44	-
Total receivable	44	-

During the year Council's wholly owned subsidiary, Peninsula Leisure Pty Ltd entered into a joint arrangement, Nuclio Pty Ltd and contributed equity of \$120,969.

(c) Loans to/from related parties

During the year Peninsula Leisure Pty Ltd provided a loan of \$150,000 to Nuclio Pty Ltd. At 30 June 2020 management of Peninsula Leisure Pty Ltd assessed the loan as being impaired.

(d) Commitments to/from related parties

Council has made a cash contribution of \$679,834 in 2019-20 and has committed up to \$2,041,328 in 2020-21 in financial support to Peninsula Leisure Pty Ltd as a result of the facility closure related to COVID-19 government restrictions. Refer to note 6.2(b).

No other commitments have been made, guaranteed or secured by Council to Key Management Personnel or related parties during the reporting year (2018-2019, nil).

Notes to the Financial Statements

For the year ended 30 June 2020

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

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

	2020	2019
	\$'000	\$'000
No later than one year	691	711
Later than one year and not later than five years	2,202	1,948
Later than five years	1,406	1,361
Total	4,299	4,020

(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 \$0.193 million paid during the 2019-2020 year (2018-2019 \$0.216 million). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 are \$0.200

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 on 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 2020

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 2020 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2020

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.

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.

Notes to the Financial Statements

For the year ended 30 June 2020

8.3 Financial instruments (cont.)

(d) Liquidity risk

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

To 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 +1 per cent and -1 per cent in market interest rates (AUD) from year-end rates of 1 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.

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.

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.

Notes to the Financial Statements

For the year ended 30 June 2020

8.4 Fair value measurement (cont.)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. At balance date, 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

The COVID-19 pandemic has had a significant impact on the operations of Council. In line with Government restrictions, Council closed many facilities and reduced service delivery. The financial impacts of these closures have been reflected in the results for 2019/20 and appropriate commentary appears throughout the annual report. Council adopted a COVID-19 relief and recovery package to provide support to the community, included deferral on application for rate payments together with a \$200 waiver for those on genuine hardship cases and jobseeker. Council does not believe that these measures will have a material effect on Council's overall finances going forward.

During June the Government restrictions began to ease and our facilities returned to normal service delivery. In July 2020 the government reported on a second wave and announced further restrictions. Those restrictions have again impacted on our service delivery and resulted in the closure of our facilities such as libraries, golf course, arts centre and Council's wholly owned subsidiary Peninsula Leisure (recreation facilities).

Council made a cash contribution of \$679,834 in 2019-20 and has committed up to \$2,041,328 in 2020-21 in financial support to Peninsula Leisure as a result of the facilities closure related to COVID-19 government restrictions. The implementation of Stage 4 restrictions, with an unknown ending date, will pose further financial challenges.

Due to the significant uncertainty surrounding the COVID-19 second wave and the government's response to this, it is not possible to estimate the full impact on the Council's operations financial position and cash flows at this point in time. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of the COVID-19 second wave at this time.

Council will continue to monitor the non-financial and financial impacts of COVID-19 on its operations, and has put in place various mitigation strategies e.g.; discretionary savings and reduction in service levels to ensure we remain an ongoing concern.

Notes to the Financial Statements

For the year ended 30 June 2020

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
2020			
Property			
Land revaluation	676,931	11,168	688,099
Building revaluation	57,838	10,405	68,243
	734,769	21,573	756,342
Infrastructure			
Drainage revaluation	84,574	4,169	88,743
Infrastructure asset revaluation (excluding drainage)	125,477	4,198	129,675
	210,051	8,367	218,418
Plant and equipment			
Plant and machinery revaluation	614	-	614
	614	-	614
Total asset revaluation reserves	945,434	29,940	975,374
2019			
Property			
Land revaluation*	745,713	(68,782)	676,931
Building revaluation	55,665	2,173	57,838
	801,378	(66,609)	734,769
Infrastructure			
Drainage revaluation	77,587	6,987	84,574
Infrastructure asset revaluation (excluding drainage)	91,254	34,223	125,477
	168,841	41,210	210,051
Plant and equipment			
Plant and machinery revaluation	614	-	614
	614	-	614
Total asset revaluation reserves	970,833	(25,399)	945,434

Nature and purpose of reserves

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

* During the prior year 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 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 2020

9.1 Reserves

(b) Other reserves

	Balance at beginning of reporting period \$'000	Prior year adjustment	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2020					
Statutory					
Public resort and recreation	6,279	-	2,187	(780)	7,686
Subdivision roadworks	133	-	-	-	133
Infrastructure assets	74	-	-	-	74
Car parking	10	-	-	-	10
Total statutory reserves	6,496	-	2,187	(780)	7,903
Discretionary					
Strategic asset reserve	29,606	-	4,107	(937)	32,776
Unexpended grant reserve	14,140	(2,205)	10,419	(9,134)	13,220
MAV LGFV Fund	9,737	-	2,468	-	12,205
PARC asset management sinking fund	9,087	-	3,207	(1,180)	11,114
Capital projects reserve	4,623	-	1,165	(170)	5,618
PARC asset management plan reserve	1,171	-	-	(151)	1,020
PARC strategic reserve	300	-	-	-	300
Resource efficiency reserve	51	-	4	-	55
Total discretionary reserves	68,715	(2,205)	21,370	(11,572)	76,308
Total other reserves	75,211	(2,205)	23,557	(12,352)	84,211
2019					
Statutory					
Public resort and recreation	5,467	-	1,576	(764)	6,279
Subdivision roadworks	133	-	-	-	133
Infrastructure assets	74	-	-	-	74
Car parking	10	-	-	-	10
Total statutory reserves	5,684	-	1,576	(764)	6,496
Discretionary					
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 reserve	44	-	7	-	51
Total discretionary reserves	68,754	-	18,219	(18,258)	68,715
Total other reserves	74,438	-	19,795	(19,022)	75,211

Notes to the Financial Statements

For the year ended 30 June 2020

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 plan 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

	2020 \$'000	2019 \$'000
Surplus for the year	19,642	15,700
Depreciation/amortisation	33,946	32,549
Net (gain)/loss on disposal of property, plant and equipment	(649)	2,201
Write-off of property, infrastructure, intangibles, plant and equipment	2,662	2,226
Works in progress unable to be capitalised (expensed)	2,792	3,656
Change in fair value of investment in joint venture	(41)	-
Impairment of loan to Nuclio Pty Ltd	150	-
Borrowing costs	1,479	1,576
Finance costs	71	-
Contributions - non-monetary assets	(4,619)	(2,778)
Change in assets and liabilities:		
Increase in receivables	(2,983)	(426)
Decrease/(increase) in other operating assets	711	(862)
(Increase)/decrease in inventory	(6)	28
(Decrease)/Increase in payables	(2,858)	1,468
Increase in provisions	1,285	789
Increase/(decrease) in other liabilities	1,190	(5,742)
Net Cash provided by operating activities	52,772	50,385

Notes to the Financial Statements

For the year ended 30 June 2020

9.3 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper 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.

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

Funding arrangements

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

As at 30 June 2019, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 107.1% as at 30 June 2019 30 June 2018: 106.0%). The financial assumptions used to calculate the VBIs were:

	June 2019	June 2018
Net investment returns:	6.0 per cent pa	6.0 per cent pa
Salary information:	3.5 per cent pa	3.5 per cent pa
Price inflation (CPI):	2.0 per cent pa	2.0 per cent pa

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.60 per cent. The VBI is to be used as the primary funding indicator. Because the VBI was above 100 per cent, the 30 June 2019 actuarial investigation determined the Defined Benefit Category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2020, this rate was 9.5% of members' salaries (9.5% in 2018-2019). This rate will increase in line with any increases in the SG contribution rate and reviewed as part of the 30 June 2020 triennial valuation

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

Notes to the Financial Statements

For the year ended 30 June 2020

9.3 Superannuation (cont.)

Funding calls (cont.)

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

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

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

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

2019 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2019 and a full actuarial investigation was conducted as at 30 June 2017.

The Fund's interim actuarial investigation as at 30 June 2019 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$151.300 million (2017: \$69.800 million)
- A total service liability surplus of \$233.400 million (2017: 193.500 million)
- A discounted accrued benefits surplus of \$256.700 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 2019.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2019.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2019.

Council was notified of the 30 June 2019 VBI during August 2019 (2018: August 2018).

2020 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed by 31 December 2020. The financial assumptions for the purposes of this investigation are:

	2020 Triennial investigation	2017 Triennial investigation
Net investment return	5.6% pa	6.5% pa
Price inflation	2.0% pa 2.5% pa for the first two years and	2.5% pa
Salary inflation	2.75%pa thereafter	3.5% pa

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

Scheme	Type of Scheme	Rate	2020 \$,000	2019 \$,000
Vision super	Defined benefit	9.50%	193	216
Vision super	Accumulation fund	9.50%	5,297	5,137
Hostplus	Accumulation fund	9.50%	527	640

Notes to the Financial Statements

For the year ended 30 June 2020

10. Change in accounting policy

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

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

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

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

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

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

b) *AASB 16 Leases*

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

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

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

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

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

d) Transition impacts

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

	2019 \$'000
Accumulated surplus at 30 June 2019	707,742
Revenue adjustment - impact of <i>AASB 15 Revenue from Contracts with Customers</i>	(2,205)
Income Adjustment - impact of <i>AASB 1058 Income of Not-for-Profit Entities</i>	-
Accumulated surplus at 1 July 2019 prior to transfer to reserves	705,537
Transfer from unexpended grant reserve	2,205
Accumulated surplus at 1 July 2019 after transfer to reserves	<u>707,742</u>
Other reserves at 30 June 2019	75,211
Transfer to accumulated surplus	(2,205)
Other reserves at 1 July 2019	<u>73,006</u>

Notes to the Financial Statements For the year ended 30 June 2020

10. Change in accounting policy

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

The following table summarises the impacts of transition to the new standards on Council's balance sheet for the year ending 30 June 2019.

	As reported 30 June 2019 \$'000	Adjustments \$'000	Post adoption \$'000
Assets			
Right of use assets	-	1,892	1,892
Liabilities			
Unearned income - operating grants	-	2,205	2,205
Lease liability - current	-	1,167	1,167
Lease liability - non-current	-	725	725
Equity			
Accumulated surplus	707,742	-	707,742
Unexpended grant reserve	14,140	(2,205)	11,935



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