

Annual Report | 2019

ROSEBUD
AQUATIC CENTRE



MORNINGTON
PENINSULA
Shire



**MORNINGTON
PENINSULA**
Shire

Acknowledgement of Country

Mornington Peninsula Shire acknowledges and pays respect to the Boon Wurrung/Bunurong people, the Traditional Custodians of these lands and waters.



Offices and Contact Details

Rosebud
90 Besgrove Street (Mel ref: 170 A4)

Mornington
2 Queen Street (Mel ref: 104 D10)

Hastings
21 Marine Parade (Mel ref: 154 K11)

Somerville
1085 Frankston-Flinders Rd (within Somerville Library)

Telephone: 1300 850 600 or 5950 1000
Fax: 5986 6696

Email: customerservice@mornpen.vic.gov.au
Website: mornpen.vic.gov.au

Postal address:
Private Bag 1000
Rosebud VIC 3939

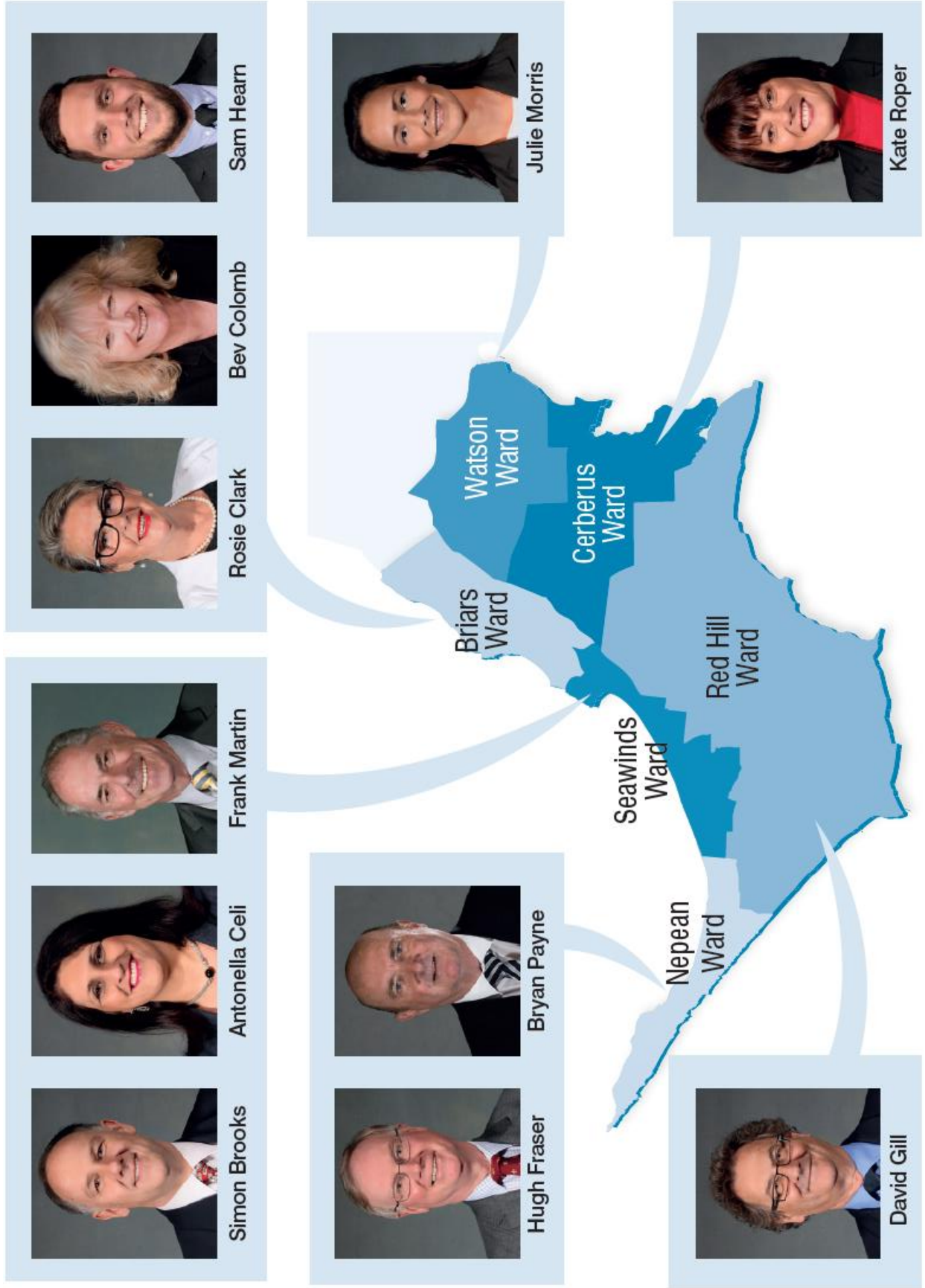


Table of Contents

Mornington Peninsula Shire Profile	5
Our Vision and Mission	6
Our Values	7

The Year in Review

Mayor's Message	9
CEO's Message	10
CFO Message	11
Description of Operations	12
Highlights of the Year	13

Our Council

Councillors	17
Organisation Structure	18

Our Performance

Financial Summary	20
Planning and Accountability Framework	26
Council Plan	27
Performance	29

Our Governance

Governance, Management and Other Information	67
Governance and Management Checklist	71
Statutory Information	74
Materiality Thresholds	78

Performance Statement

Sustainable Capacity Indicators	85
Service Performance Indicators	87
Financial Performance Indicators	91

Financial Statement

Financial Report	97
------------------	----

Mornington Peninsula Shire Profile

FAST FACTS

Annual budget

\$254 million

101,000+
rateable
properties

\$2.4 billion
property,
infrastructure
& equipment

\$59 million
capital
expenditure

Customer service

525,216
calls received

51,443
people visited our
branches

26,076
webchat
conversations
took place

22,029
emails received

44,012
letters / pieces of
correspondence
received

707,611
users on our
website

216,000+
visitations to
Recreation &
Aquatic Centres



Population

165,822
ABS estimated
resident population
2018

45.6
median age
(census 2016)

2.4 people
average household
size

Region

723km²
area

192km
of coastline (10% of
Victoria)

1,707kms
of roads

70%
Green Wedge

Workforce

13,825
businesses

67,626
people

Volunteers

2,200+
volunteers across
the organisation

The Mornington Peninsula is a boot-shaped promontory separating Port Phillip Bay and Western Port. 'The Peninsula', as it is affectionately known to local residents, contains a diversity of scenic landscapes and is almost surrounded by the sea, with coastal boundaries of more than 190 kilometres and approximately 10 per cent of Victoria's coastline. It is a mixture of urban areas, townships, natural reserves and rural land.

Approximately 70 per cent of the Shire is retained as rural within the Green Wedge planning zone, while the other 30 per cent is towns and villages. Within the Green Wedge there are areas of highly productive agricultural land as well as highly significant landscapes and ecosystems.

Mornington Peninsula Shire has an estimated residential population of 165,822 people (as at 30 June 2018) with a median age (46) 10 years older than Greater Melbourne's (36). Compared with Greater Melbourne, Mornington Peninsula Shire has:

- A *larger* percentage of 'seniors' aged 70-84 (14% compared to 7.7%);
- A *larger* percentage of 'empty nesters and retirees' aged 60-69 (14.1% compared to 9.3%);
- A *smaller* percentage of 'young workforce' aged 25-34 (8.7% compared to 16.3%); and
- A *smaller* percentage of 18-24 year-olds (7% compared to 10%).

Our Vision and Mission

To value, protect and improve the unique characteristics and way of life on our Peninsula

“Valuing our unique peninsula”

Our Mission

We will achieve this by:

- Providing effective leadership and representation by democratically elected Councillors
- Listening and reflecting your collective aspirations in our plans
- Helping you create a resilient, inclusive community that can respond to challenges
- Bringing new ideas to discussions that create new opportunities
- Encouraging you to get involved in your community
- Working hard to provide the best possible service and value
- Keeping you up to date with what is happening across the Shire in an open and direct way

Our Strategic Themes

Our Place

Our Connectivity

Our Prosperity

Our Wellbeing

Health and Wellbeing Priorities

- Community Safety and Harm Minimisation
- Social Inclusion, Information & Local Democracy
- Employment and Education
- Environment and Climate Change
- Food & Other Essential Goods
- Health & Social Services
- Leisure, Recreation and Arts
- Transport & Walkability
- Housing
- Gender Equality

Current Strategies and Plans include:

- Active Sports Strategy
- Activity Centres Strategy
- Arts and Culture Plan
- Biodiversity Conservation Plan
- Bunguyan Tyabb Central Master Plan Report
- Clean & Green Community Climate Change Plan
- Changing Places Public Toilet Program
- Community Infrastructure Framework
- Disability Inclusion Plan
- Economic Development Strategy
- Energy & Greenhouse Mgmt. Improvement Plan
- Flinders Master Plan
- Footpath Construction Strategy
- Hastings Town Centre Structure Plan
- Health and Wellbeing Plan
- Housing and Settlement Strategy
- Green Wedge Management Plan
- Marine Precinct Strategy
- Reconciliation Policy and Action Plan
- Road Management Plan
- Social & Affordable Housing Action Plan
- Sports Capacity Plan
- Sports Pavilion Strategy
- Sustainable Transport Strategy
- Smart Water Plan

Our Values



Integrity

We take ownership and responsibility for our decisions; keep our promises; and hold each other accountable to the highest standards of performance.



Courage

We give honest advice; make tough calls with conviction; stand by our decisions; admit if we get it wrong; and challenge ourselves to explore new ways of thinking.



Openness

We share knowledge and learning for the benefit of all; actively engage with our community; and are transparent in our decision making.



Respect

We treat everyone with dignity, fairness and empathy; look out for our safety and wellbeing; and nurture positive and inclusive relationships.



Excellence

We provide exceptional customer service; strive for innovative team outcomes for the betterment of our community; and step up to lead where we recognise an opportunity for improvement.

Report of Operations

ROSEBUD
AQUATIC CENTRE



MORNINGTON
PENINSULA
Shire



Mayor's Message



The work of local government and its elected representatives directly affects our lives on a day to day basis by offering hundreds of services, many of which we depend upon.

These services range from infrastructure like roads, footpaths, halls and sports reserves to infant welfare centres, pre-schools, youth services, senior citizen clubs, arts and cultural facilities (including our regional art gallery), amenity and planning controls (including planning permits), fire safety plans and compliance (such as for party houses), dogs and parking.

Councillors follow up your concerns and are dedicated to protecting Peninsula features such as the Green Wedge, biodiversity and our 40 towns and villages from insensitive development, as well as looking after our coastline and assisting economic development.

Councillors and officers are accountable for budgeting, considering community views and decision making, like the go-ahead for a new aquatic centre, the successful party house local law (a first for Victoria) and heritage and climate change protections.

This year saw the Council make the major appointment of our new CEO, John Baker. John started his working life as a social worker, later becoming a qualified economist. His extensive local government experience in the UK, combined with commercial expertise developed as lead Partner in both Ernst and Young and KPMG, made him the ideal choice for the skills and leadership now required by your Council.

One of the major initiatives undertaken by Council over the past year was the creation of an Innovation and Advocacy Unit to further strengthen our ability to advocate effectively on behalf of the Mornington Peninsula community.

Our enhanced advocacy capacity enabled the Shire and our community to work successfully with the Federal Member for Flinders, the Hon. Greg Hunt MP, to help secure over \$170 million in election-related funding, budget commitments and election promises.

Other major advocacy initiatives include a better buses campaign, jet ski reform, more jobs through a marine industry precinct and drought proofing the Peninsula through a major recycled water project proposal.

On the important topic of road safety, we will continue to work for safer speed limits and safer intersections. Our advocacy work is also continuing to protect the Green Wedge, legislate the new housing and settlement strategy and enact village character and neighbourhood protection provisions.

Council is committed to community connection and consultation processes. Genuine consultation allows residents to freely voice their concerns and then work collaboratively to help identify solutions.

An example of this process in action was our Climate Change Community Engagement Strategy and declaration of a climate emergency. The Strategy outlines the Council's vision to assist the community to become resilient to the impacts of climate change, aware of the associated risks and actively involved and supported to reduce their greenhouse gas emissions and prepare for the future.

The Strategy sets out an Action Plan over the next three years to achieve this after over 1,000 residents were involved in sharing their views.

Community consultation was also evident in this year's Budget, in preparation for which Council consulted widely. As a result, the Budget includes the largest number of community-initiated projects the Shire has ever seen.

Your Council is committed to ensuring continual improvement in our standards of customer service, including shortening the time for written replies and follow up actions.

I would like to thank my Council colleagues and staff for their support and efforts over the past year and a special thank you to our 26,000 volunteers – including the more than 2,200 who work directly with the Shire - who help make the Peninsula a great place to live.

Cr David Gill
Mayor

CEO's Message



It is my great pleasure to be presenting this annual report after being appointed Chief Executive Officer of the Mornington Peninsula Shire in November last year.

The 2018/19 financial year has been a highly productive one for our organisation, with significant progress made across several key areas.

At an organisational level, it's been a year of structural change and rationalisation, resulting in a leaner, more streamlined senior leadership structure. This has enabled us to sharpen our focus on those areas essential to the delivery of exceptional community outcomes:

- *Planning and Building* – delivering both strategic and statutory planning, and compliance services
- *Place* – encompassing environmental protection, infrastructure management and overseeing our response to climate change
- *Communities* – delivering services to local families, the elderly and disabled in our community, as well as arts, culture and our libraries.
- *Performance and development* – ensuring our Shire has the workforce it needs and the skills necessary to meet the highest standards of performance, behaviour and service
- *Corporate services* – ensuring excellence in the delivery of services, as well as sound financial management

Crucial to our commitment to excellence in the delivery of all Shire services is our ability to manage and effectively use the data and information we collect. This year saw the inception of a major initiative: our Business Transformation Project, or Project Gemini.

When complete, it will see the Shire's internal business processes streamlined and the flow of data throughout our organisation significantly improved. This will allow for better insights into our day to day operations, enabling better informed decision-making and, most importantly, deliver better customer service to our community.

We have also made solid progress on our commitment to ensuring the Shire's operations are carbon neutral by 2021, with the past year seeing us drawing ever closer to our goal of installing 2,440 solar photovoltaic panels. We oversaw three major installations of solar panels at Rosebud Library, Pelican Park and the Mornington Peninsula Regional Gallery, as well as several smaller installations on Shire-owned buildings.

I'm also pleased to report that this year three electric vehicles have been added to our pool car fleet for officers to use operationally and in the community. Incorporating zero emission vehicles is a more efficient use of Shire resources and a further step towards our overall zero emissions target.

All of this has been made possible by our strong financial position.

Council achieved a surplus of \$23.8 million in 2018/19. This surplus is consistent with the prior year's surplus of \$24.9 million. Council has remained financially strong with a sound balance sheet and cash holdings of \$68.2 million. Capital works expenditure has increased from the prior year's total of \$47.0 million to \$58.7 million, with a focus on the upgrade and renewal of assets.

One of the Mornington Peninsula's greatest assets is its people. The Shire would not be able to provide the range of services it currently offers, nor look after our built and natural environment, without volunteers. More than 2,200 volunteers are involved in Shire activities, whether it is delivering Meals on Wheels or helping to run our Community Houses, looking after the environment as a member of a 'friends' group or working at The Briars. Volunteers are the bedrock upon which our community is built and deserve our lasting gratitude.

I would like to finish by thanking the Mayor and councillors for their support throughout this past year. It has been an absolute pleasure working with them to help translate their vision and passion for the Peninsula into reality.

Thank you also to the executive team, managers and all Shire staff who every day strive to embody our organisational values of integrity, courage, openness, respect and excellence.

John Baker
CEO

CFO Message



The Council delivered and outperformed against budget for the financial year 2018-19 while delivering \$58.7 million of capital expenditure which is \$11.7 million increase on prior year.

Our balance sheet remains solid with strong cashflows, total assets of \$2.52 billion including \$68.2 million in cash and cash investments.

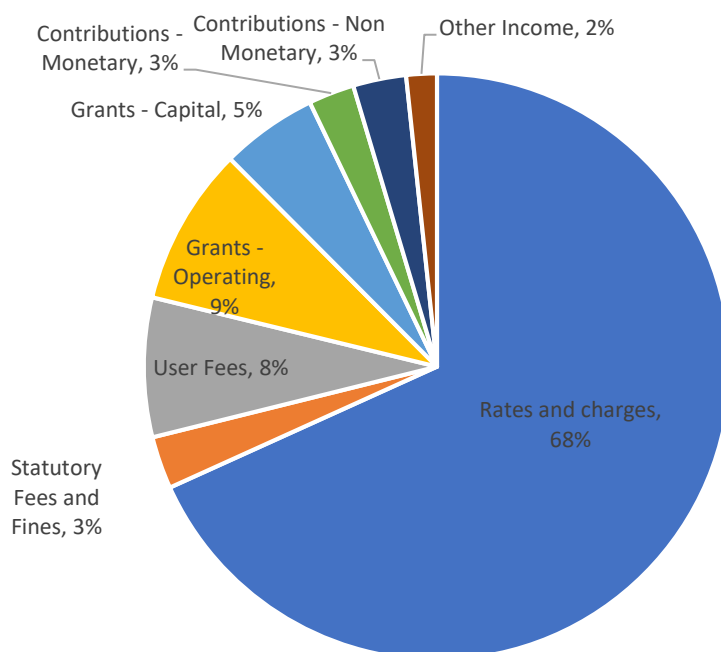
The Council has remained lowly leveraged with loan borrowings at \$12.1 million and the ratio of loans to rates has reduced to 7.5%.

Working capital ratio, which measures our ability to meet its short-term liabilities, remains strong at 204%. This means that for every \$1 of current liability, the council had \$2.04 in current assets to meet those commitments.

The strengthened balance sheet maintained during the year means the Council has increased financial flexibility and is well positioned to meet the shire's future infrastructure and service funding needs.

The rates revenue has been the major source of revenue in delivering our services to community. Below graph provides a high level of view of the Council's revenue sources for the year.

Bulent Oz
CFO



Description of Operations

Mornington Peninsula Shire is responsible for more than 70 community services, from family and children's services, traffic regulation, open space, youth facilities, waste management and community building; to matters concerning business development, planning for appropriate development and ensuring accountability for Council's budget. This broad range of community services and infrastructure for residents support the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan and the annual Budget and reported on in this document. Refer to the section on Our Performance for more information about Council services.

Economic Factors

Council's revenue raising capability is limited by the rate cap, under the Fair Go Rates System, which was set at 2.25 per cent for 2018/19.

China's ban on recyclables has impacted the collection cost of recyclables and contributed to an increase of \$44 in the Waste Service Charge for 2018/19.

Major Changes

Mornington Peninsula Shire extended the existing partnership with Belgravia Leisure for the management and operation of Somerville Recreation Centre which reopened on 4 May 2019. This partnership began on 29 October 2017.

Council has retained ownership and maintenance of the buildings and remains committed to ensuring sport, leisure and recreation services are available to our community.

Major Achievements and Capital Works

Please see our Highlights of the Year section.

Highlights of the Year



Rosebud Aquatic Centre

Early works for the highly anticipated Rosebud Aquatic Centre commenced in October 2018 with the construction of 210 car parks and a storm water drain diversion. Council accepted the design for the centre on 27 November 2018 and awarded a \$35.82 million construction contract to Buxton Constructions on 24 June 2019. Key highlights of the construction will include environmental design features to improve efficiency throughout the building.



We'll be installing a 231kW solar panel system on the aquatic centre roof to generate a significant share of the electricity use. Air pressurisation will be used in the pool hall to reduce heat loss from the pool when not in use and alleviate the need for pool blankets. Other ways energy use will be minimised is by installing insulation in the walls and floor of the concrete pools, having an air-tight building, using natural lighting and having energy efficient water treatment plant and equipment.



The Rosebud Aquatic Centre will be a place for everyone to enjoy. The centre boasts a 50-metre competition pool with moveable boom, learn to swim and warm water pools, play and splash area, wellness centre, gym and associated multi-purpose rooms as well as a café, school group and family change rooms and spectator seating. Council's Disability Advisory Committee and a qualified access specialist were consulted in the design stages, resulting in a range of accessible features including a Changing Places toilet, ramps and hoists into all pools, a safe area for assistance animals and accessible counter-tops.

The projected is expected to be completed and open to the public by end of 2020.



Green Wedge Management Plan

Following two rounds of community consultation, Council adopted the Green Wedge Management Plan at its meeting on 17 December 2018. The plan was updated in response to further submissions in April 2019. We are now drafting the relevant Planning Scheme amendments to give effect to the adopted plan.

70 per cent of the Shire is rural and considered part of Victoria's Green Wedge. The Green Wedge is crucial to the amenity, lifestyle and wellbeing of our residents and visitors. We have a special responsibility in ensuring that the Green Wedge is protected, planned and managed in the interests of both the current community and those of the future. For this reason, the completion of the Green Wedge Management Plan has been one of Council's highest strategic planning priorities. The plan identifies a long-term vision, objectives and actions to support the distinctive role and functions of the Green Wedge. It also outlines key issues, opportunities, likely future pressures and policy directions.



Dromana Preschool Upgrade

Dromana Preschool was refurbished during the summer break and can now accommodate 33 children and support more local families.

The works undertaken include a bigger play room, the construction of an enclosed foyer, refurbishment of bathrooms for staff and children, a new arts sink, carpet and meeting rooms.



High Street, Hastings

The streetscape renewal of High Street, Hastings from Queen Street to Marine Parade, including five laneways are well underway.

Construction works for High Street between Victoria and Salmon Streets are completed. Works to O'Toole Walk Laneway have also been completed with new concrete pavement, lighting, street furniture and landscaping.



Our Waste Future

Council resolved on 26 February 2019 to undertake a broad review into waste (Council Waste Review), including our current operations in this sector and investigating alternatives that demonstrate best practice and promote avoidance, reduction, reuse and recycling and address the current crisis in recycling. The findings of the review will be reported to Council within 12 months.



Rye Boat Ramp

The new Rye boat ramps were formally opened on 30 November 2018 with the new jetty opened soon after on 20 December 2018. The project was joint-funded by the Shire and the Victorian Department of Economic Development, Jobs, Transport and Resources' Boating Safety and Facilities Program.



Somerville Recreation Centre

The Somerville Recreation Centre officially opened its doors in May. The project was funded by Council (\$4.3 million), the Victorian Government (\$1.3 million) and insurance money from the fire at the original building.

The reconstruction of the centre is one of the most significant community infrastructure projects that Somerville and the Shire has seen and is a great result for our community and sporting clubs. The centre features four multi-sport indoor courts, change rooms, an umpire change room, Changing Places toilet, a first aid room, tournament office, storage and car parking, refurbishment of the damaged community area and better public areas in the recreation centre.



A Safer East-West Corridor

As part of the Australian Government's Roads to Recovery funding program, the Shire identified the Bentons Road / Derril Road / Loders Road intersection for upgrade. Bentons Road functions as an important east-west local road corridor and the new roundabout provides significant safety improvements to this stretch of road.



Beach Matting Success

Beach matting was installed at Mount Martha Life Saving Club over summer and was used daily. The project has greatly improved the quality of disabled residents and visitors' lives, enabling them to go to the beach like everyone else. Council received a Certificate of Commendation from the Australian Coastal Council for our All Abilities Beach Access project.

The beach matting initiative stems from our Disability Inclusion Plan 2018-22 that aims to achieve a vision of working in partnership to achieve access and inclusion for people with a disability across the Mornington Peninsula.



Protecting Tootgarook Wetlands

Council adopted a report defining the extent of the wetland on 3 June 2019. By permanently preserving some of the peninsula's most unique and diverse habitats we are leading the way in conservation actions.

One of the objectives of Tootgarook Wetland Management Plan is to actively promote the values of the wetland. A Fauna survey undertaken in April 2019 provided evidence of the presence of a low number of Rakali (pictured), a large, semi-aquatic native rodent. The Rakali population has been identified as a key value of the wetlands, and understanding, promoting and ultimately conserving this species (among other rare species) in the area is important.



Another Step Closer to Carbon Neutrality

Council is continuing to implement the initiatives of the Carbon Neutral Policy. The Street Lighting Bulk LED Upgrade project was completed in November 2018 with 10,724 standard mercury vapour street lights replaced with standard LED fittings.

The project is expected to reduce operating costs by over \$800,000 in the first year and reduce greenhouse gas emissions by 3,162 tonnes per annum, reducing the Shire's public street lighting emissions by 37 per cent and the Shire's overall carbon footprint by 10 per cent from 2013/14 levels.

Our Council

Councillors

The Council was elected to provide leadership for the good governance of the municipal district and the local community. On 22 October 2016, the Mornington Peninsula community elected this Council for a four-year term. The municipality is divided into six wards, represented by one Councillor each in Watson, Cerberus, and Red Hill Wards; two Councillors in Nepean Ward; and three each in Seawinds and Briars Wards. The 11 Councillors are the elected representatives of all residents and ratepayers across the Shire. They have responsibility for setting the strategic direction for the municipality, policy development, identifying service standards and monitoring performance across the organisation. The Councillors are listed below:

Cr Simon Brooks
Seawinds Ward
Date elected: 22 October 2016



Cr Antonella Celi
Seawinds Ward
Date elected: 22 October 2016



Cr Rosie Clark
Briars Ward
Date elected: 22 October 2016



Cr Bev Colomb
Briars Ward
Date elected: 22 October 2016



Cr Julie Morris
Watson Ward
Date elected: 22 October 2016



Cr Hugh Fraser
Nepean Ward
Date elected: 22 October 2016



Cr David Gill
Red Hill Ward
Date elected: 22 October 2016



Cr Sam Hearn
Briars Ward
Date elected: 22 October 2016



Cr Frank Martin
Seawinds Ward
Date elected: 22 October 2016



Cr Bryan Payne
Nepean Ward
Date elected: 22 October 2016



Cr Kate Roper
Cerberus Ward
Date elected: 22 October 2016



Our People

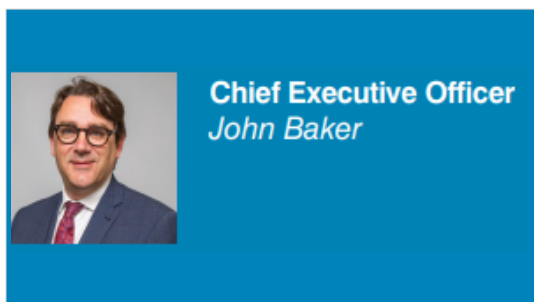
Organisational Structure

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day to day management of operations in accordance with the Council Plan. Details of the CEO and senior officers reporting directly to the CEO are set out below.

As at 30 June 2019

Chief Executive Officer (CEO)

John Baker



In accordance with the *Local Government Act 1989* (Sect 94A), the Chief Executive Officer is responsible for:

- establishing and maintaining an appropriate organisational structure for the Council;
- ensuring that the decisions of the Council are implemented without undue delay;
- the day to day management of the Council's operations in accordance with the Council Plan;
- developing, adopting and disseminating a code of conduct for Council staff; and
- providing timely advice to the Council.

Senior officers reporting directly to the CEO

Director Place
Niall McDonagh

Areas of Responsibility

- Environment Protection
- Infrastructure Strategy and Climate Change
- Infrastructure Service
- Project Delivery
- Safety and Service
- Property and Strategy

Director Planning & Building
David Bergin

Areas of Responsibility

- Planning Compliance
- Planning Services
- Statutory Building
- Strategic Planning Projects

Director Corporate Services
Mark Brady

Areas of Responsibility

- Information Services
- Finance
- Customer Service
- Business Transformation

Director Communities
Jenny Van Riel

Areas of Responsibility

- Family Services and Community Planning
- Aged and Disability Services
- Libraries
- Arts and Culture

Director Performance & Development
Marnie Williams

Areas of Responsibility

- Human Resources and Workforce Planning
- Learning and Organisational development
- Health, Safety and Wellbeing

Executive Manager Innovation & Advocacy
Tania Treasure

Areas of Responsibility

- innovation and Advocacy
- Economic and Business Development
- Tourism

Head of Governance and Democratic Support *
Amanda Sapou

Areas of Responsibility

- Governance & Democratic Support
- Corporate Counsel

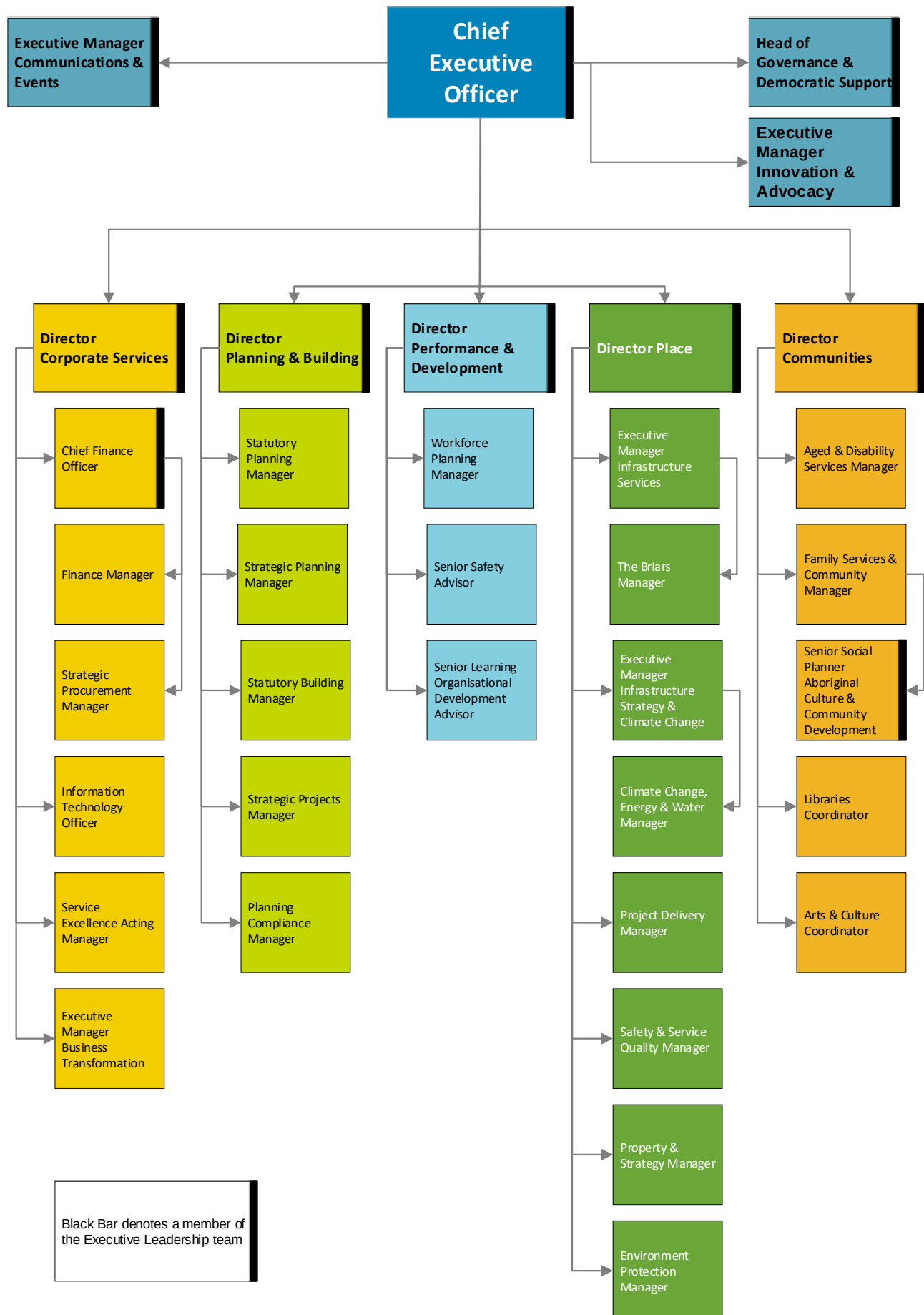
** Vacant FY18/19 started 1 Jul 2019*

Executive Manager Communications & Events
Randal Mathieson

Areas of Responsibility

- Communications and Media
- Events

A chart setting out the organisational structure of the Council is shown below:



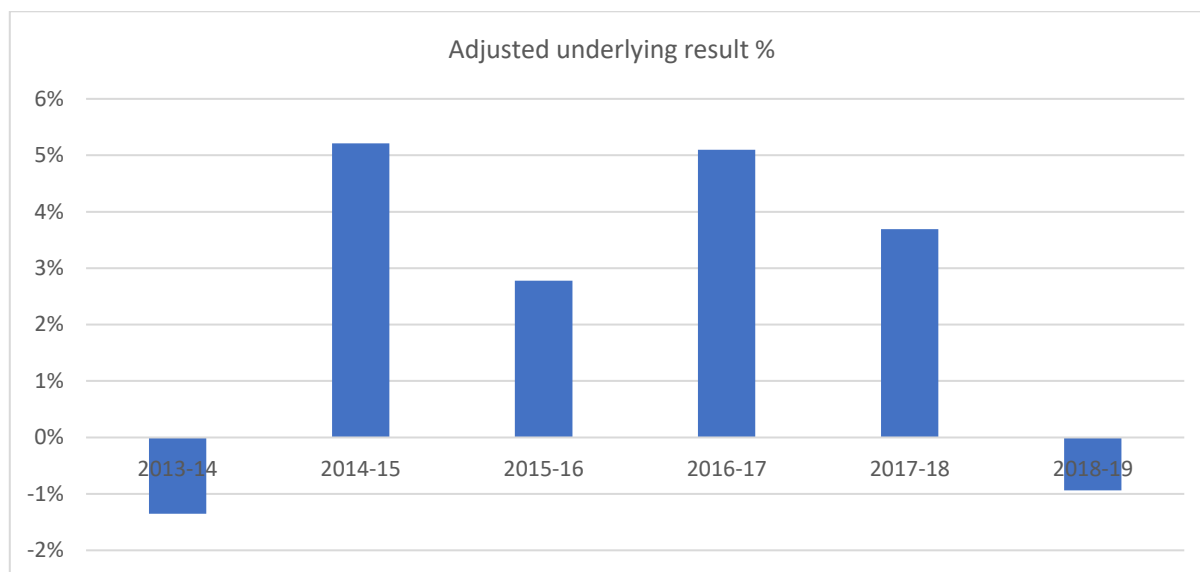
Financial Summary

Council's financial position continues to remain sound with strong cash flows, reserves and a solid balance sheet. A summary of our performance is outlined below. Detailed information relating to council's financial performance is included within the financial statements and performance statement sections of this report.

Operating Position

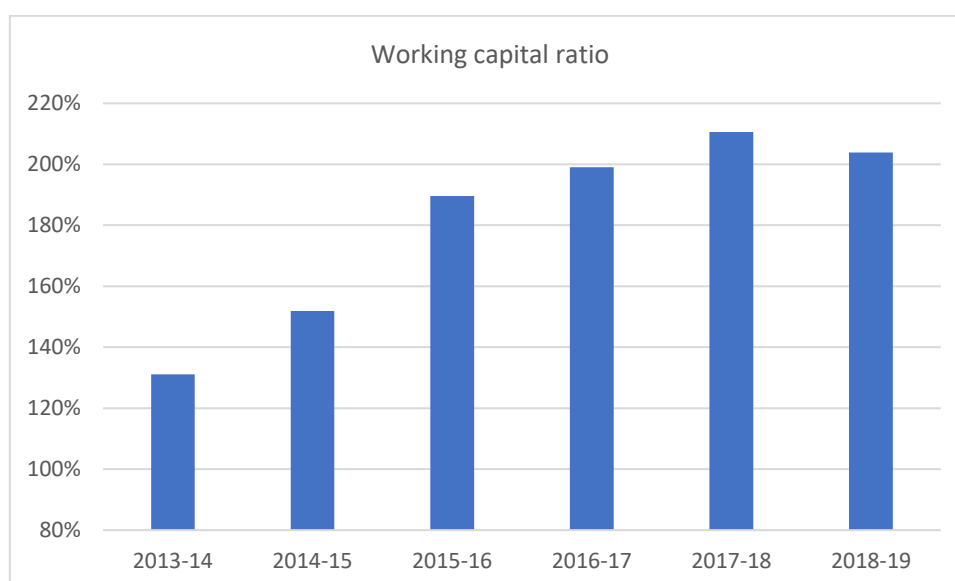
Council achieved a surplus of \$23.8 million in 2018/19. This surplus compares unfavourably to the prior year surplus of \$24.9 million. The adjusted underlying surplus of council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a deficit of \$2.1 million driven by the assets written down on disposal. This compares unfavourably to the prior year surplus of \$8.11 million.

Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$2.4 billion of community assets under council's control.



Liquidity

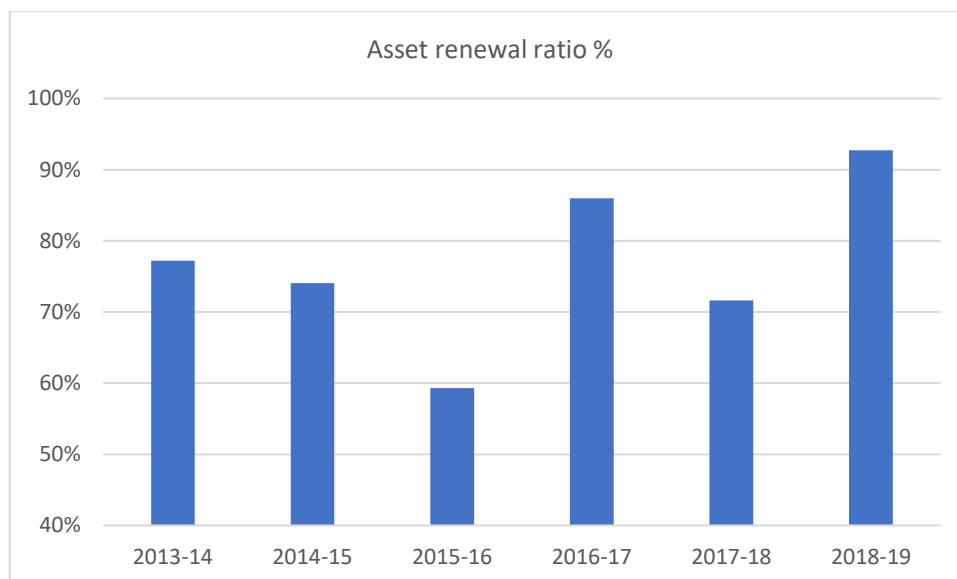
Net movement in cash and cash equivalent and other financial assets remains the same compared to prior year. A shift from term deposits over 90 days to cash has moved by \$22 million from the prior year due to low interest rates on offer. The working capital ratio (which assesses council's ability to meet current commitments), is calculated by measuring council's current assets as a percentage of current liabilities. Council's result of 203% is an indicator of a strong financial position and within the Target of 100% to 400%.



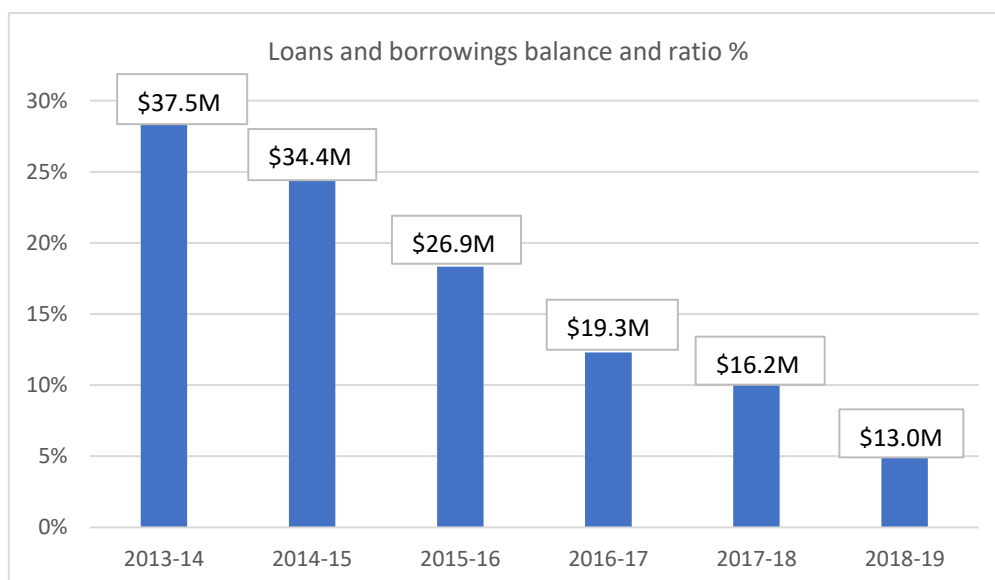
Obligations

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community.

Council's asset renewal ratio which is measured by comparing asset renewal expenditure to depreciation was 92.74% which was within the Target of 40%-130%.

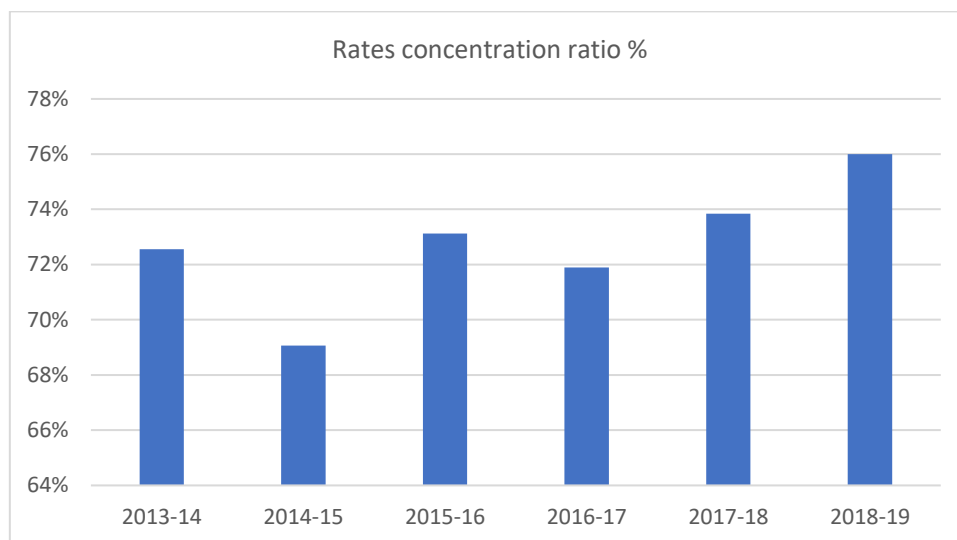


At the end of the 2018/19 year council's debt ratio (which is measured by comparing interest bearing loans and borrowings to rate revenue) was 7.53% which is at the lower end of the Target of 0%-60% and has a decreasing trend in line with the debt repayment schedule.

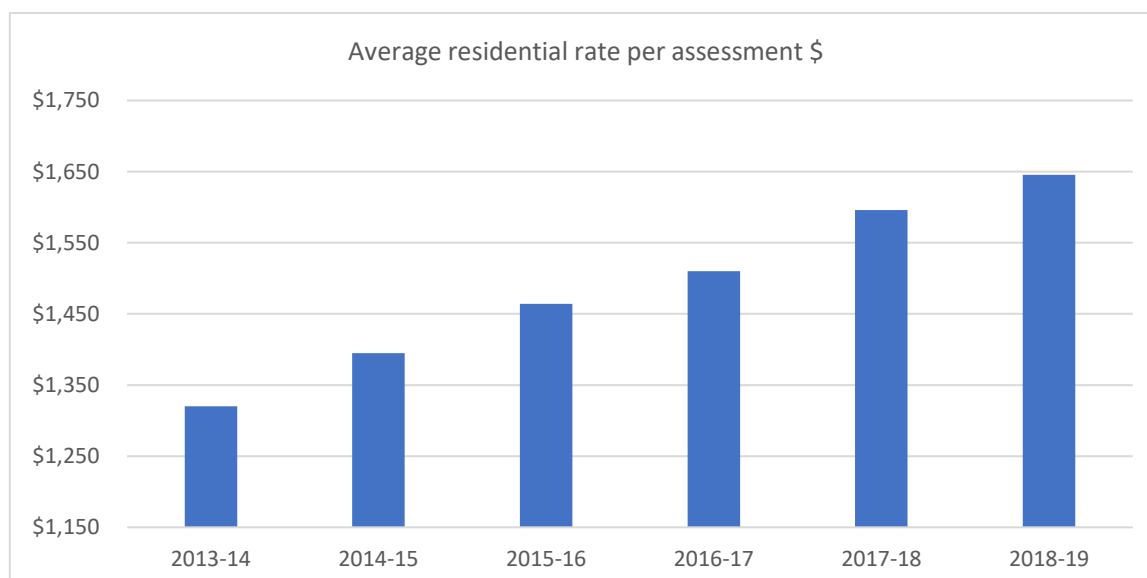


Stability and Efficiency

Council raises revenue from a 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 76% for the 2018/19 year which is toward the top end of the Target of 40%-80%.



The average residential rate per residential assessment is \$1,645.

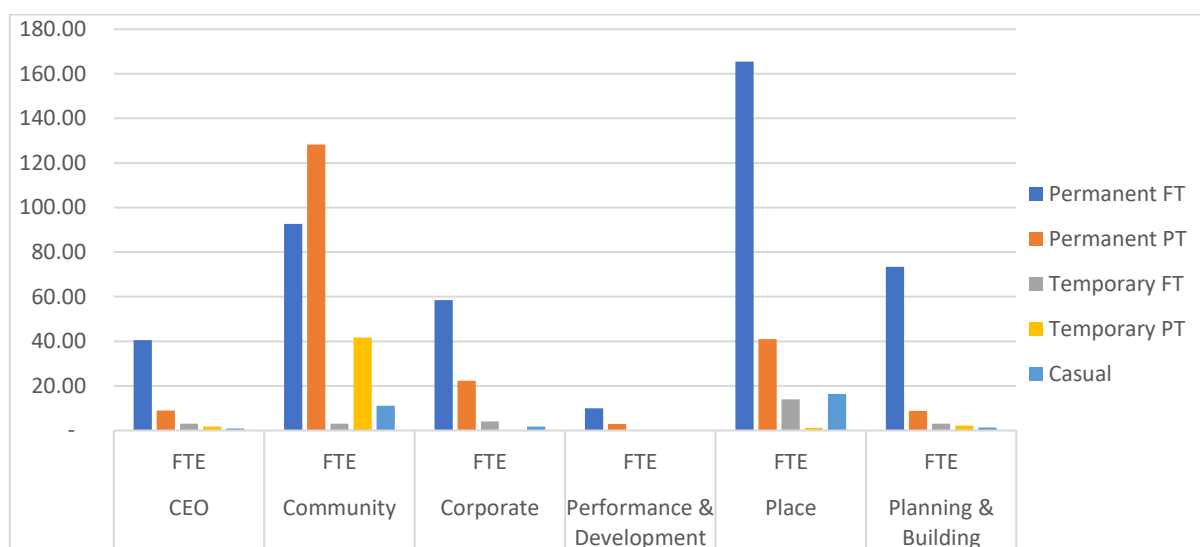


Council Staff

A summary of the number of full time equivalent (FTE) Council staff by organisation structure, employment type and gender is set out below.

2018/2019		Performance & Development				Planning & Building		Total
Employment Type/Gender	CEO FTE	Community FTE	Corporate FTE	Development FTE	Place FTE	Building FTE		FTE
Permanent FT - F	31.60	78.65	35.46	9.00	69.80	40.40		264.91
Permanent FT - M	9.00	14.00	23.00	1.00	95.60	33.00		175.60
Permanent PT - F	8.91	118.26	22.28	2.97	29.87	7.98		190.27
Permanent PT - M	-	9.99	-	-	11.11	0.84		21.94
Temporary FT - F	3.00	3.00	1.00	-	6.00	2.00		15.00
Temporary FT - M	-	-	3.00	-	8.00	1.00		12.00
Temporary PT - F	1.80	38.06	-	-	1.16	1.60		42.62
Temporary PT - M	-	3.56	-	-	-	0.60		4.16
Total FT/PTStaff	54.31	265.51	84.74	12.97	221.54	87.42		726.49
Casual - F	0.96	9.26	1.51	0.07	11.12	0.53		23.45
Casual - M	-	1.84	0.21	-	5.35	0.85		8.26
Total Casual Staff	0.96	11.11	1.72	0.07	16.48	1.38		31.71

Note: Permanent figures are based on percentage being worked as at 30 June 2019 (point in time); casual figures are based on actual hours worked over the year 2018/2019.



Note: Permanent figures are based on percentage being worked as at 30 June 2019 (point in time); casual figures are based on actual hours worked over the year 2018/2019.

Below is the 2017/2018 table restated to reflect the changes in directorates as a comparison.

2017/2018		Performance & Development					Planning & Building		Total
Employment Type/Gender	CEO FTE	Community FTE	Corporate FTE	Development FTE	Place FTE		FTE		FTE
Permanent FT - F	24.00	71.50	30.80	8.00	63.40		40.80		238.50
Permanent FT - M	5.00	13.00	24.00	2.00	95.00		30.00		169.00
Permanent PT - F	26.73	133.83	22.08	-	7.35		10.84		200.83
Permanent PT - M	6.94	8.32	0.80	-	2.19		1.90		20.16
Temporary FT - F	3.00	5.00	-	-	5.00		5.00		18.00
Temporary FT - M	-	0.18	3.00	-	6.00		5.00		14.18
Temporary PT - F	4.00	26.73	-	-	2.50		1.20		34.43
Temporary PT - M	-	1.50	-	-	0.60		0.63		2.73
Total FT/PT Staff	69.67	260.06	80.68	10.00	182.04		95.37		697.83
Casual - F	0.57	13.33	2.25	0.46	17.18		1.47		35.26
Casual - M	-	0.55	0.21	0.01	5.39		0.01		6.17
Total Casual Staff	0.57	13.88	2.46	0.47	22.57		1.48		41.42

A summary of the number of full time equivalent (FTE) staff categorised by employment classification and gender is set out below.

Employment Classification	Female FTE	Male FTE	Total FTE
Band 1	12.62	7.30	19.92
Band 2	6.52	0.27	6.79
Band 3	123.31	17.27	140.58
Band 4	102.96	16.84	119.80
Band 5	105.10	34.67	139.77
Band 6	93.70	48.97	142.67
Band 7	36.73	17.42	54.14
Band 8	10.75	3.00	13.75
All Other	44.56	76.21	120.77
Total	536.25	221.95	758.20

Note: All Other includes senior officers employed under contract and staff on annualised salaries.

Equal Employment Opportunity Program

Mornington Peninsula Shire has an equal employment opportunity program which is designed to eliminate discrimination against and promote equal opportunity for women and persons in designated groups in relation to employment matters. The objective of Council's Equal Employment Opportunity Program is to ensure there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010* such as age, carer and parental status, disability, employment activity, gender identity, industrial activity, marital status, physical features, pregnancy and breastfeeding, race, religious or political affiliation, gender identity, sex, expunged homosexual conviction or personal association with someone who has, or is assumed to have, one of these personal characteristics. Further objectives include ensuring the workplace is free from bullying and harassment.

The indicator that measures the effectiveness of the program is: the number of discrimination, harassment, victimisation and/or bullying complaints, with a zero target. During 2018/19 no formal complaints were received under the EEO program. Bullying and Harassment prevention continues to be an area of focus and continued efforts to ensure the adequacy and currency of awareness, education and coaching are part of how we all work safely.

In support of the program, our team of internal facilitator Values Champions continued to roll out our Values program with the aim of building acceptance at all levels of our Shire Values. Our recruitment efforts focus on attracting individuals with congruent values and behavioural standards. Further, there will continue to be a focus on the Code of Conduct to all new staff as part of our corporate induction program. The Code also 'sets the standard' for expected minimum behaviour and performance standards at the outset, while ensuring as far as reasonably practicable that MPS is compliant with relevant legislation. Included in the Code, under Standard 1, Professional Conduct, there is a specific description on Human Rights, Anti-Discrimination, and Equal Opportunity. Other relevant policies reviewed this year include Bullying Prevention, Grievance Policy and the Disciplinary Policy and Procedures.

Council also, through its corporate training programs, ensures both new and existing employees understand their obligations to comply with the Equal Opportunity Act.

Specifically, each year the Shire engages a suitable provider (this past financial year, we engaged iHR who use professional actors to bring scenarios to life of inappropriate and then appropriate workplace behaviour to deliver training). Of particular focus is our leaders of the organisation, as they have greater responsibilities under legislation to deal with issues of an EEO nature.

In 2018/19, eight training sessions were held with a total 152 employees attending. Of these, 132 were first time attendees and 20 were refreshers (all people leaders). Thirty-six people managers attended, including three from the Executive team. Our program aim for the 2019/20 year is to continue to have all new starters complete this critical training in their first 12 months of employment with Council, as well as ensuring that all people managers attend a refresher every two years. Our focus in 2019/20 is to establish a network of trained EEO Contact Officers across the organisation representing a gender balance and inclusion from each Shire directorate.

Child Safe Update

Mornington Peninsula Shire is a leading council in its commitment to a Child Safe workplace having implemented robust policies, such as our Employee Code of Conduct, Child Safe and Employment Checks Policies. It is now a requirement for all MPS employees to hold a valid Employee Working with Children Checks and undertake Child Safe training to support this commitment.

Working with Children Check compliance for employees currently working for MPS has now reached 100%, with a renewal process in place to ensure ongoing compliance. This requirement is also being rolled out to Contractors' staff, with volunteers being required to hold volunteer Working with Children Checks. All new employees are required to undertake both an Australian Criminal History Check and hold a valid Employee Working with Children Check prior to their commencement.

All employees are also required to undertake Child Safe training, MPS has a number of current employees who have been accredited by Child Wise to provide inhouse Child Safe training and online training will also be available shortly. Our focus for 2019/20 is to continue the training rollout across the organisation.

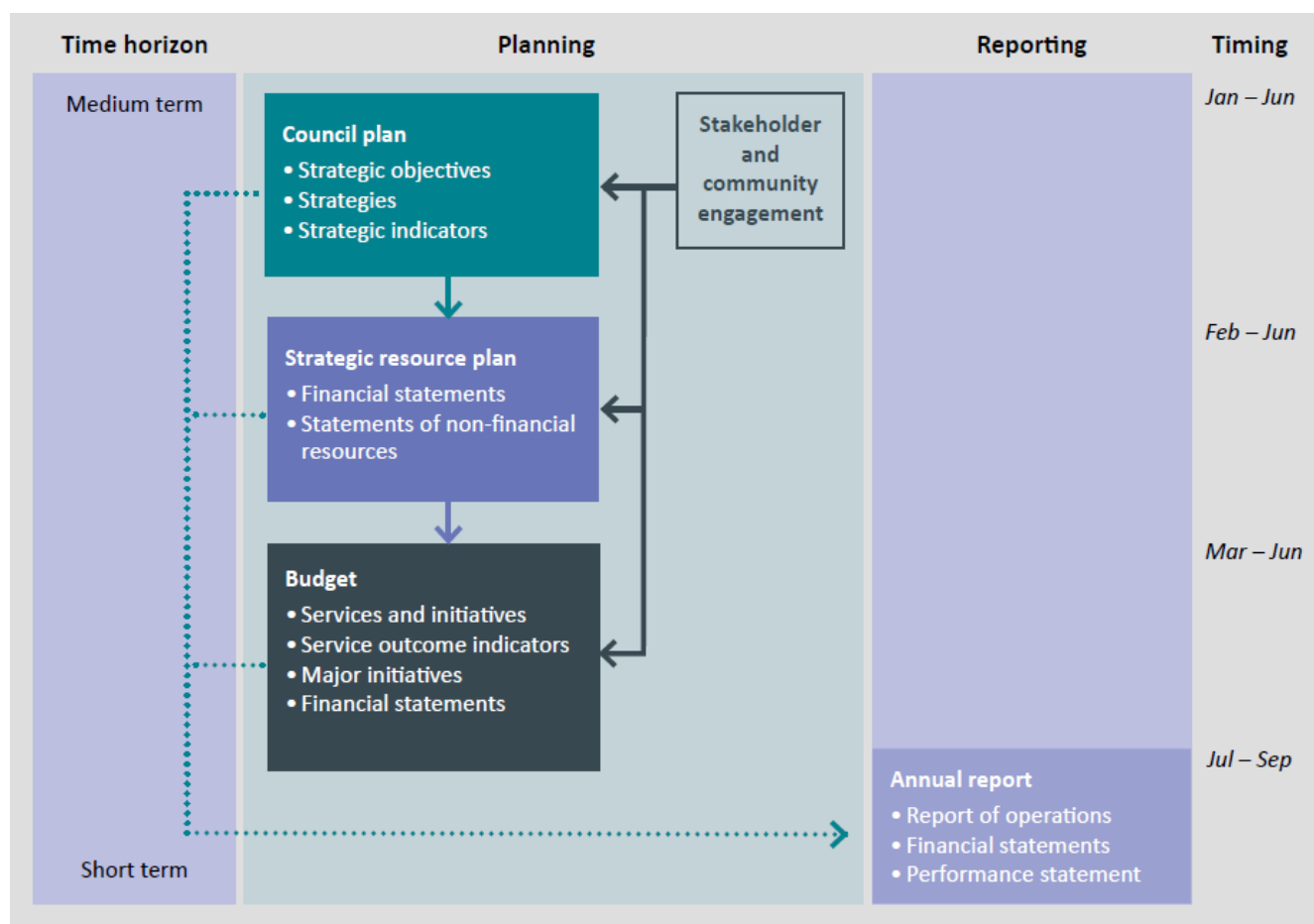
Our Performance

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 the 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.

The following diagram 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.



Council Plan

The Council Plan 2017-21 includes strategic objectives, strategies for achieving these for the four-year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. Four strategic themes underpin the strategic framework for this Council Plan.

These themes are:



our place
our connectivity
our prosperity
our wellbeing

Our place



The Mornington Peninsula is one of Melbourne's greatest assets, characterised by unique townships, highly valued green wedge land, areas of national and international conservation significance and featuring around 10% of Victoria's total coastline.

The Mornington Peninsula is critical to the future liveability, sustainability and prosperity of the wider metropolitan region. As an area near to, but with a role distinct from, the growing metropolitan area, there are ever increasing pressures and demands placed on the Mornington Peninsula.

Combined with the challenges of climate change, managing 'place' requires the careful balancing of the community's key values.

Community Outcomes

- Protection and enhancement of the unique natural and built characteristics of the Mornington Peninsula
- Inclusive, functional and accessible places
- Strong resilience and adaptation to climate change

Performance

Council's performance for the 2018/19 year has been reported against key items under each strategic theme as follows:

Our Place		
Major Initiatives to 2021	Progress in FY19	FY19 Status
Review and adopt the Green Wedge Management Plan	Council adopted the plan on 17 December 2018. Updates in response to further submissions were added in April 2019. We are currently updating the plan with the relevant Planning Scheme amendments.	 Complete
Initiate residential character investigation studies to ensure the unique characteristics of the Mornington Peninsula are protected	Planning consultants Ethos Urban were engaged to prepare the Neighbourhood Character Study and Guidelines, which was on public exhibition for community feedback from 27 May – 7 July 2019. The updated plan will be presented to Council for adoption in 2019/20.	 On track
Deliver and adopt the Activity Centres Strategy and Industrial Land Supply Study Reviews	Council adopted both the Activity Centres Strategy Review and the Industrial Land Supply Strategy on 30 April 2018. Subject to adoption they have been identified in the Planning Scheme Review (adopted in November 2018) to be included through a planning scheme amendment process into the Mornington Peninsula Planning Scheme. Recent changes to all planning schemes in Victoria instigated through the Victorian Government's Smart Planning initiative means that this work may need to be held off until our planning scheme is formally translated into the new format – a process that is currently underway.	 Complete
Develop a Community Infrastructure Framework	In consultation with the community we are reviewing our facilities and buildings with the aim of identifying changes required to meet user needs and support the delivery of services. 'Fit for Purpose' inspections have been completed for Red Hill and Seawinds Wards. Feedback on the useability of these facilities has been collected from user groups, building managers and other stakeholders. A detailed analysis of these assessments will assist in the development of the Community Infrastructure Framework. All our facilities are anticipated to be inspected over the next three years.	 On track
Develop a Community Safety Strategy to guide investment in CCTV and public lighting	The current strategy on CCTV has continued with Council and Victoria Police meeting quarterly to discuss community safety priorities. Building on the successful implementation of the Rye Project (completed 2017/18), Victoria Police are using their street crime data and local knowledge to prioritise the CCTV implementation. Applications for the Public Safety Infrastructure Fund will be completed in August 2019.	 Complete

Develop a Foreshore Camping Strategy to guide future decision making	Stakeholder engagement continued with a detailed survey undertaken during the camping season which received more than 400 responses. The survey results have assisted the development of the draft strategy which will be progressed during 2019/20.	 On track
Implement the Changing Places Public Toilet Program	Changing Places toilets are designed for people with disabilities who have high support needs, including requiring the assistance of a hoist and/or height adjustable change table. A brand-new Changing Places toilet recently opened to the public at the Somerville Recreation Centre. Other fully accessible toilets include Empire Street Mall, Mornington and Arthurs Seat Eagle, Dromana. Council has developed a draft background paper to look at best locations for Changing Places toilets.	 On track
Implement the Accessible Beach Matting Program	Council received a Certificate of Commendation from the Australian Coastal Council for our All Abilities Beach Access project. The project has greatly improved the quality of disabled residents and visitors' lives, enabling them to go to the beach like everyone else. Beach matting was installed at Mount Martha Life Saving Club over summer and was used daily, making a difference to people's lives. For example, a 92-year-old resident from a local aged care home enjoyed a float in the water for the first time in over 40 years. Council has donated 35 metres of matting to Camp Manyung (YMCA) in Mount Eliza for use at Sunnyside Beach. A Partnership Agreement has been signed between the Mornington Lifesaving Club and the Shire to expand the accessible beaches project to Mills Beach Mornington.	 Ongoing
Prepare the Housing and Settlement Strategy and establish associated Planning Scheme amendments	Council adopted the strategy on 4 December 2017. Authorisation for amendment C219 Neighbourhood Residential Zone was sent to the Minister for Planning on 5 February 2018. The Minister for Planning sought further information on 14 March 2019 which Council provided on 3 May 2019. The delay in authorisation has led to a significant rise in the number of VCAT appeals as Council continues to hold its planning policy position, which is consistent with its Localised Planning Statement and the Housing and Settlement Strategy.	 Complete
Implement the Triple A Housing Committee strategic actions and outcomes	Homelessness Awareness and Response Training was conducted with 54 Council officers in attendance. The training included presentations from Peninsula Health, Council to Homeless Persons and the Mornington Information Centre. The new edition of the 'Food and other help guide' was released. Cards with helpful information for those seeking support were distributed throughout the peninsula. Youth 2 Alliance has continued to meet and advocate for emergency youth accommodation to be provided in the Frankston and Mornington Peninsula area.	 On track
Review the Municipal Public Health and Wellbeing Plan	Council endorsed the plan in April 2018.	

		Complete
Undertake the review of the Domestic Animal Management Plan	Council adopted the Domestic Animal Management Plan 2017-2021 on 24 October 17. Highlights from the 2018/19 action plan included audits of our 67 leash free or dog prohibited areas; commencement of an expanded cat management program; commencement of a microchipping and de-sexing program for all suitable pets available for adoption at the animal shelter (resulting in 100 per cent of pets being rehomed); an expanded beach and parks patrol program and; further staff training in managing aggressive dogs and large livestock such as horses and cows.	 Complete
Develop a Biodiversity Conservation Plan	The draft Biodiversity Conservation Plan was on public exhibition from 27 November 2018 to 20 February 2019. The plan is at final draft stage with adoption by Council expected to occur August 2019.	 On track
Support and implement outcomes in Tootgarook Wetland Management Plan	Following the adoption of the plan by Council in May 2018 an implementation plan has been prepared to determine who will coordinate the Shire-led actions. Council adopted a report defining the extent of the wetland on 3 June 2019. A Fauna survey undertaken in April 2019 provided evidence of the presence of a low number of Rakali (a large, semi-aquatic native rodent) within the wetland. The survey outlines a range of recommendations to assist us with the management of Rakali across the Tootgarook landscape, such as installing informative signage and implement control programs for introduced predators.	 On track
Support for the Westernport Biosphere Committee and initiatives	Advocacy during the election period resulted in a promise of federal funding to support the Mornington Peninsula and Western Port Biosphere Reserve for three years. Council is working hard to assist the Biosphere Foundation with accommodation, in-kind support and with an annual financial contribution.	 Ongoing
Implement the Municipal Fire Management Plan, including supporting Bushland Reserves, Roadsides and Freeway Reserve fire management plans	All proposed bushland fuel management work was completed in 2018/19. Works for the roadsides fire management plan for 2018/19 were completed (Browns Road, Fingal to Rye was completed in July 2019). Council worked jointly with VicRoads to review and complete works on the southern peninsula freeway reserve. CFA 'Safer Together' funding of \$101,840 allowed Council to undertake mechanical fuel management works in Jeremiahs Road, Hastings; Point Leo Road; Red Hill South; Eatons Cutting, Red Hill; and a planned burn in Weeroona Street Bushland Reserve, Rye. A Briars' firefighting vehicle attended a prescribed burn undertaken in collaboration with Frankston City Council. The exercise provided valuable upskilling and experience and was a good opportunity to field test new equipment. Planned burns foster close relationships between our team and local CFA brigades, neighbouring councils and partner agencies.	 Ongoing

Continue our Fire Education Community Awareness Program	Council has educated the community and property owners about our fuel management works program. All properties adjoining fuel management sites were sent letters inviting feedback on the bushland and roadsides fuel management program. 'Are you prepared for an emergency?', an emergency preparedness resource launched on 13 October 2018, is the result of a collaboration between Mornington Peninsula Shire, Frankston City Council, City of Greater Dandenong and Kingston City Council. The resource is designed to build community resilience to prepare for and respond to emergencies and includes a booklet, eight online videos and an interactive website. Emergency Management Commissioner Andrew Crisp and Gabrielle Williams MP, State Member for Dandenong, with more than 3,000 community members and 150 representatives from 20 emergency services agencies attended the launch. A community fire management meeting was held at Weeroona Street Bushland Reserve in Rye with neighbouring property owners, representatives from the Shire, Country Fire Authority and Victoria Police in attendance.	 Ongoing
Commit to develop a street tree renewal plan	Council maintains all street trees and roadside vegetation to enhance the local character of towns and meet community needs. The Tree Management Strategy will take a Shire-wide approach and replace the Street Tree Renewal Plan. The strategy will include all planning, management and enforcement of tree related issues in line with our commitment to the Living Melbourne, Urban Forest Strategy. The renewed scope will be presented to Council for feedback in 2019/20 and projects will be managed as a case by case review in the interim.	 On track
Review township amenity service standards including weed management	The township amenity service standards were reviewed in 2018. Cleansing services and public place waste collection was refined to respond to increasing demand in peak season. We are focusing on reducing the use of chemical weed treatment in public places. This will continue into 2019/20 to ensure the Shire responds to best practice biodiversity management in line with the adopted Biodiversity Conservation Plan.	 On track
Conduct the Coastal Villages Study	Planning consultants Ethos Urban were engaged to prepare our Western Port Coastal Villages Strategy which was on public exhibition from 27 May – 7 July 2019. Officers are currently reviewing more than 600 submissions received from the public and will update and present draft reports to Council in 2019/20.	 On track
Advocacy for Dromana pier upgrade	Works at the lower landing on Dromana pier were completed in 2018. Council continue to work closely with Parks Victoria to ensure coastal infrastructure is maintained to a high standard for users and serviceability.	 Completed

Advocacy for boat ramps, jetties and pier improvements across the Mornington Peninsula	Following feedback received from the Department of Transport, we have undertaken further consultation with key user groups regarding the carpark layout of the Hastings boat ramp. Modified concept designs are currently being finalised. Following the completion of the concept plan we will liaise with Better Boating Victoria (BBV) regarding funding for construction.	 On track
Undertake Stage 4 of the Shire's Heritage Review	Stage 3 of the Heritage Review was recently publicly exhibited and recommended that 69 individual places be included in the Heritage Overlay as significant. Six precincts will replace the existing HO1 precinct. Council will consider adoption of Stage 3 in August. Once adopted we will move on to the Stage 4 Heritage Review.	 On track
Implement the Carbon Neutral Policy	Our Carbon Neutral Policy sets out how the Shire manages greenhouse gas emissions. The policy complements the range of policies, strategies and plans currently in place that address climate change and the built environment; it articulates the pillars of Council's commitment to carbon neutrality and demonstrates to the community the Shire's leadership on climate change mitigation. Carbon offset strategy planning has commenced to determine best value pathways to National Carbon Offset Standard accreditation. The Street Lighting Bulk LED Upgrade project was completed in November 2018. This is expected to reduce operating costs by more than \$800,000 in the first year and reduce our overall carbon footprint by 10 per cent (compared to 2013/14). To offset electricity, an additional 23 buildings were fitted out with solar panels – in total, 39 Shire buildings are now powered by 2,031 solar panels. Energy audits have been conducted on nine of our most energy-intensive buildings. In addition, in-house audits were conducted on more than 140 buildings and assets identifying various energy efficiency opportunities.	 On track
Develop the Clean and Green Community Climate Change Plan	The plan was adopted by Council as the Climate Change Community Engagement Strategy on 27 November 2018. The strategy commits Council to a minimum community greenhouse gas emission reduction target of 2.9 per cent annually and to working towards a target of zero greenhouse gas emissions.	 Complete
Continue to review and implement the Climate Change Risk Management Action Plan	The Climate Change Risk Management Action Plan is regularly reviewed. The plan is delivered across the business and is aligned with budget requests and new budget commitments.	 On track
Continue to implement the Municipal Waste and Resource Recovery Strategy	The strategy provides a roadmap for the future direction of our waste and resource recovery activities. Council is partnering with the Metropolitan Waste and Resource Recovery Group (MWRRG) to minimise waste and maximise resource recovery, and to explore alternative waste technologies. Focusing on diverting food waste from landfill, we relaunched our composting challenge during	 On track

	International Composting Awareness Week: 309 households signed up to the challenge. The annual no charge green waste event proved extremely successful with approximately 4,800 cubic metres of green waste received. The Victorian Government has introduced a ban on e-waste products from going to landfill commencing 1 July 2019. To prepare our community for this change we held e-waste information pop ups at the Red Hill, Mornington, Briars and Boneo markets, supported by the Victorian Government's e-waste engagement fund.	
Review the Smart Water Plan	The renewed Integrated Water Strategy and Action Plan will be aligned with the new Victorian Government framework regarding integrated water management. The strategic directions and actions outlined in the plan will ensure we continue to make significant advances towards sustainable water resource management practices in line with local and state directions.	 On track
Continue to implement the Local Integrated Drainage Strategy	The detailed flood mapping of the peninsula is continuing in collaboration with Melbourne Water. This work aims to inform the implementation of land subject to inundation overlays. The Local Integrated Drainage Strategy developed in 2009 is under review and will be merged with the Integrated Water Management Strategy. Projects completed include Cook Street, Mornington (drainage mitigation works), Muir Court pump station in Capel Sound, Flinders catchment, Sunnyside outfall upgrade in Mount Eliza and drainage works at the Avenue precinct in Flinders.	 On track

Services Funded in FY18/19 Budget

Service area	Description of services provided	Net Actuals Net Budget Variance \$'000
Animal Shelter	To comply with the <i>Domestic Animals Act 1994</i> and operate in accordance with our Domestic Animal Management (DAM) Plan by caring for lost pets and endeavouring to re-home all suitable, unclaimed animals. Collaboration with the community to achieve a balance between responsible animal management and welfare and good governance.	Actuals (876) <u>Budget (756)</u> Variance (120)
Asset Management	Collect and use information on Council's infrastructure assets (including roads, bridges, pathways, drainage systems, parks and reserves, recreation spaces and buildings) to optimise the life of the assets within a sound governance framework and in a cost-effective manner.	Actuals (1,171) <u>Budget (1,166)</u> Variance (5)
Asset Protection	To ensure private development and works within road reserves are constructed safely, in accordance with relevant Acts, Regulations and Standards and to preserve the amenity of our natural and built environment.	Actuals (22) <u>Budget 140</u> Variance (162)
Briars Conservation Park	To protect and enhance environmental and heritage values of the park; while successfully marketing The Briars as a destination that provides significant visitor experiences and a range of event spaces in line with the agreed business plan.	Actuals (780) <u>Budget (771)</u> Variance (9)
Building Maintenance Services	To maintain municipal buildings in line with Council's Long-Term Financial Plan/operational budget and to acceptable standards, so that they remain fit for purpose and are compliant with regulations.	Actuals (9,139) <u>Budget (9,711)</u> Variance 572
Bushland and Foreshores Reserve Management	Manage fire risk and provide leadership on fire risk reduction. Protect and enhance biodiversity values through weed control and being a key part of the Western Port Ramsar Site and UNESCO Western Port Biosphere Reserve. Community interest and involvement in both biodiversity protection (particularly weed removal) and in fire management is very strong and supporting community action is a key purpose of the service.	Actuals (4,427) <u>Budget (5,164)</u> Variance 737
Capital Works Planning and Delivery	Provide Council with planning services to review, prepare and monitor the collation and completion of the Shire's Annual and Long-Term Capital Works Program whilst overseeing and delivering on a diverse range of infrastructure projects and Capital Works programs.	Actuals (1,028) <u>Budget (799)</u> Variance (229)
Climate Change Mitigation and Adaptation	Ensure that State and Federal regulations and policy requirements are adhered to whilst supporting the community to better prepare for the impact of climate change; economic growth through sustainable practices; long term water and energy availability within the Peninsula and reducing ongoing and future costs to Council through mitigation and adaptation.	Actuals (1,085) <u>Budget (1,053)</u> Variance (32)

Development Engineering	To ensure privately owned developments are undertaken in accordance with best practices and which preserve the highly valued amenity of our natural and built environment.	Actuals (92) <u>Budget (353)</u> Variance 261
Domestic Animal Management	To perform the duties of delegated authority in compliance with the <i>Domestic Animals Act 1994</i> , <i>Impounding of Livestock Act 1994</i> , <i>Livestock Management Act 2010</i> and to operate in accordance with the Domestic Animal Management (DAM) Plan. Provide a safe and protected community and environment from dogs, cats and livestock, and restrict the number of animals allowed per property to protect amenity and animal welfare.	Actuals 1,295 <u>Budget 1,211</u> Variance 84
Environmental Health	As required under the <i>Public Health and Wellbeing Act 2008</i> , the service protects, improves and promotes public health and wellbeing within the Shire by creating an environment which supports the health of members of the local community and strengthens their capacity to achieve better health.	Actuals (689) <u>Budget (727)</u> Variance 38
Facilities Booking and Planning	To provide access for the community to sport and recreation facilities that are fit for purpose, risk free, compliant and meet the expectations, including ensuring access for all genders and abilities.	Actuals 1,887 <u>Budget 2,013</u> Variance (126)
Fire Prevention	Comply with the <i>Country Fire Authority Act 1958</i> to protect life, property and the environment, and operate in accordance with the Municipal Fire Management Plan (MFMP).	Actuals (431) <u>Budget (365)</u> Variance (67)
Housing Justice Advocacy Social Planning	To facilitate evidence-based planning by the private and public sectors and to provide better coordination and value-added delivery of housing and housing assistance by others in the public and private sectors.	Actuals (219) <u>Budget (241)</u> Variance 23
Infrastructure Planning	To ensure Council facilities and infrastructure meet current and future needs of the Community and any activities and services that they support.	Actuals (809) <u>Budget (640)</u> Variance (169)
Local Law enforcement	To comply with State legislation and Local Laws to protect the community and local environment and preserve the amenity of our municipality.	Actuals (1,742) <u>Budget (1,211)</u> Variance (531)
Planning Compliance	To ensure that planning controls are adhered to and to ensure protection of the amenity and environmental values of the Mornington Peninsula.	Actuals (1,182) <u>Budget (905)</u> Variance (277)
Planning Scheme & Applications	Manage development on the Peninsula by providing appropriate and responsible policy and decision-making provisions that maintain the valued characteristics of the Peninsula, growth, support business and encourage economic development whilst protecting the environment. To ensure that the long-term values of the Mornington Peninsula's natural and built environments, for both the local and wider community, are protected and enhanced through effective strategic (land use and development) planning and the management of the pressures for change.	Actuals (3,845) <u>Budget (3,479)</u> Variance (366)
Property Operations	To ensure that we achieve best value for land and property transactions and comply with all relevant Acts and Regulations.	Actuals 1,779 <u>Budget 1,167</u> Variance 612
Public Lighting	Illumination of roads, pathways and public spaces for amenity and safety.	Actuals (2,266) <u>Budget (2,007)</u> Variance (259)

Roadside Vegetation & Arboriculture	Maintain vegetation in roadside reserves across the Shire with a primary focus on weed control, biodiversity conservation and reducing fire risk. And the Provision of tree maintenance services within the Shire's public open spaces and road sides, whilst recognising and retaining the Peninsula's valuable and unique "green" landscape.	Actuals (5,100) <u>Budget (4,921)</u> Variance (180)
Statutory Building	To ensure the safety and satisfaction of the Shire in relation to their use of buildings, investigate illegal building activity as well as performing the role of repository for building activities within the Shire and making this information available as requested.	Actuals (1,385) <u>Budget (1,396)</u> Variance 11
Stormwater Management	To maintain Council's stormwater infrastructure in line with the long-term asset management strategy. Implement the framework to build on the understanding of the Shire's drainage systems and existing extent of flooding, consider the impacts of climate change on the built environment, develop the actions required to plan for future sustainable living and develop Flood Management Plans. Provide information to Building Practitioners in relation to building work that includes stormwater drainage.	Actuals (2,512) <u>Budget (2,731)</u> Variance 218
Strategic Planning Projects	To ensure that the long-term values of the Mornington Peninsula's natural and built environments, for both the local and wider community, are protected and enhanced through effective strategic (land use and development) planning and the management of the pressures for change.	Actuals (526) <u>Budget (442)</u> Variance (84)
Street Furniture and Signage Maintenance	Ensure that all operational and maintenance activities that preserve and extend the life of traffic facilities, including guideposts, signage, guard rail and traffic signals and road/park/foreshore furniture meet current standards and ensure the safety of users.	Actuals (3,605) <u>Budget (3,275)</u> Variance (330)
Township Beautification and Cleaning	To ensure townships are maintained free from graffiti, litter (clearing of street bins), drainage cleaning, street sweeping and beach cleaning.	Actuals (7,550) <u>Budget (6,303)</u> Variance (1,247)
Urban Design and Coastal Planning	To provide strategic guidance and direction towards the natural and built environment outcomes on the Mornington Peninsula, and to ensure that Council is working in line with relevant acts and regulations.	Actuals (1,039) <u>Budget (1,112)</u> Variance 73
Waste Services	Cost effective, efficient and sustainable waste management practices, infrastructure and services that protect the environment for present and future generations.	Actuals (18,743) <u>Budget (20,059)</u> Variance 1,317

Service Performance Indicators

Service/indicator/ measure		Results 2016	Results 2017	Results 2018	Results 2019	Material Variations and Comments
Animal Management						
Timeliness						
AM1	Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	2.12	3.26	2.58	2.75	
Service standard						
AM2	Animals reclaimed [Number of animals reclaimed / Number of animals collected] x100	62.91%	59.54%	61.81%	74.28%	Council has continued to build upon its customer-focused approach (including in-field reunions, extended operating hours and flexible financial arrangements with owners) which has seen an increase in animals reclaimed compared with last year.
Service cost						
AM3	Cost of animal management service [Direct cost of the animal management service / Number of registered animals]	\$62.23	\$77.28	\$79.41	\$86.64	The expansion of hours at the animal shelter has meant increased labour and associated costs. In addition, Council incurred one-off costs for significant maintenance works as well as increased contract costs for rehoming services.
Health and safety						
AM4	Animal management prosecutions [Number of successful animal management prosecutions]	40.00	52.00	43.00	52.00	Due to the high number of dog attacks reported in previous years, the Community Safety Team increased their compliance and enforcement program in animal management. Maintaining this high standard is resulting in more fines and more prosecutions.

Statutory Planning					
Timeliness					
SP1	<i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	93.00	95.00	92.00	90.00
Service standard					
SP2	<i>Planning applications decided within required time frames</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	66.00%	61.67%	67.41%	63.62%
Service cost					
SP3	<i>Cost of statutory planning service</i> [Direct cost of the statutory planning service / Number of planning applications received]	\$1,921.38	\$2,323.77	\$2,624.34	\$3,536.39
					There has been a significant increase in the cost of service due to the continuing trend of increasing VCAT Appeals requiring consultant/legal representation. Council has adopted a position on the Housing Settlement Strategy, of which authorisation has been delayed by the Minister for Planning, which has resulted in an 88% increase in VCAT appeals against Council's decision to refuse planning applications. Furthermore, Council strongly implements the Localised Planning Statement in its decision-making, which has caused an increase in the number of VCAT appeals.

Decision making						
SP4	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	67.65%	66.67%	64.94%	32.35%	The percentage of the Shire's planning decisions upheld at VCAT in FY19 has decreased by 33%. Out of the 69 decisions set aside by VCAT, 61 (88%) were against Council decisions to refuse a planning application. This is largely due to Council continuing to hold its position in regards to the Localised Planning Statement and the Housing Settlement Strategy.
WC1	Waste Collection Satisfaction Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	114.54	116.44	111.79	114.65	
WC2	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	3.39	3.39	3.63	3.54	
WC3	Service cost Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$60.52	\$61.65	\$62.16	\$64.97	

Service cost					
WC4	<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$23.36	\$26.87	\$26.69	\$28.16
Waste diversion					
WC5	<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	50.01%	50.95%	52.53%	53.62%

Our connectivity



The Mornington Peninsula Shire is approximately 720 square kilometres in size. Given this factor, many residents choose – or must use - a car as their first choice of travel, and to access major employment, education, health and social support services.

Our road network is critical to the safe and effective travel of our community, whilst improving 'connectivity' and promoting increased public transport and other sustainable active transport options within, across and out of the Shire, also significantly improves the liveability of our Shire.

Community Outcomes

- A connected and mobile community

Our Connectivity

Major Initiatives to 2021	Progress in FY19	FY19 Status
Advocate for significant improvements across our roads network consistent with the Shire's VicRoads advocacy priority list	The Road Improvement Strategy provides a prioritised list of actions that will inform internal and external funding applications, advocacy, planning and design. The priorities of the strategy are currently being reviewed against the most recent crash data. The revised priorities will be evaluated and used to inform the development of the Australian Government's Roads to Recovery grant application. VicRoads has announced an upgrade of Golf Links Road and Grant Road as part of a \$4 billion Suburban Road Upgrade Program. The project will include upgrading two roundabouts, pavement strengthening of both roads as well as kerb and line marking improvements at the Peninsula Link offramp. We successfully advocated for the inclusion of pedestrian operated signals at Baxter Primary School as an outcome of the Golf Links Road and Grant Road upgrade. This work will address concerns related to industry growth in Somerville and provide adequate connections to Peninsula Link. VicRoads are in the design and community engagement process and Council is providing feedback on the proposed works. We have actively advocated to the Australian and Victorian Governments to improve safety at high risk intersections that are the responsibility of VicRoads. The Australian Government allocated funding towards several priority projects that will require matched funding by the Victorian Government. This includes \$70 million for a freeway overpass at Jetty Road with duplication of the Mornington Peninsula freeway to Boneo Road and \$10 million towards roundabouts at Forest Drive/Nepean Hwy and Uralla Road/Nepean Hwy in Mount Martha.	 On track
Implement the Sustainable Transport Strategy, including the development of a transport advocacy plan	Our highest priority remains for an improvement of the 788 bus service as identified at a public transport forum in June 2018. The proposed improvements would see increased frequencies, express services and integration with the 887 bus service. A new Transport Advocacy Plan is under development. The plan will outline the advocacy actions required before the next Victorian Government budget deliberation cycle.	 On track
Advocate for increased investment in the arterial network throughout the Mornington Peninsula Shire	Significant advocacy efforts were undertaken on several projects due to high political interest following the state election in November. These include Jetty Road/Mornington Peninsula Fwy intersection, Forest Drive/Nepean Hwy intersection and Uralla Road/Nepean Hwy intersection. A bus tour attended by Councillors and VicRoads' south east regional management team took place on 3 August 2018. Topics of discussion included the southern peninsula traffic congestion, Tootgarook Wetland management, Rye Township Plan, Sorrento Integrated Transport Plan/Searoad Ferries terminal upgrade, rural and unsealed roads speed management, high risk rural intersections, Balnarring traffic and parking and signalised intersection treatment.	 Ongoing

Apply for Federal Black Spot Program funding	The Australian Government's annual Black Spot Program provides local governments with an opportunity to apply for funding to improve roads with a crash history. Recent changes to the eligibility criteria by VicRoads combined with the criteria outlined by the Australian Government and our previous success in securing funding has meant the number of eligible sites within our Shire is now very low. Intersections between VicRoads and Shire managed roads are currently not eligible, nor are high risk roads without a crash history. We have requested a change from the Australian Government in which projects meet the eligibility criteria. A spike in fatal crashes in 2019 has highlighted the need for funding. We are working with VicRoads, TAC and the Safe System Road Infrastructure Program team to seek funding for compact roundabouts on Coolart Road/Myers Road and Balnarring Road/Myers Road. Professional engineering and development consultants SMEC have been engaged to analyse nine locations and prepare applications to be submitted to the 2020/21 Black Spot Program.	 Ongoing
Deliver the annual Roads to Recovery program of works	The Roads to Recovery State and Federal funding program supports the maintenance of local road infrastructure, which facilitates greater access for residents and improves safety and economic and social outcomes. Bentons Road, Two Bays Road, Coppin Road and Dunns Road received upgrades through the Roads to Recovery program. The works included road widening, line marking, drainage works and a construction of a roundabout.	 On track
Deliver the Safer Local Roads contracts to maintain and improve the local roads condition	The Safer Local Roads program continues to improve service delivery and responsiveness. Council has pruned street trees and shrubs clear of road edges, pathways, street signs and intersections to maintain safe access for traffic and pedestrians in Somerville and Mount Martha.	 On track
Continue to pursue implementation of the 'Towards Zero Municipality Initiative'	The Safer Residential Areas project as part of our Towards Zero initiative has progressed to the final design phase. The proposed traffic calming treatments and road safety improvements to high crash risk locations in Dromana, Rosebud and Hastings have been approved by VicRoads. Further funding under the Safe System Infrastructure Program is currently being considered by VicRoads and TAC for the creation of compact roundabouts. These mini roundabouts will be implemented at high risk cross road intersections in residential areas.	 On track
Revise and implement the Road Management Plan in accordance with legislative requirements	Council adopted the amended Road Management Plan on 22 May 2018.	 Complete

Complete and implement the Road Improvement Strategy	Council adopted the Road Improvement Strategy on 14 August 2018. The strategy aims to ensure that the standard and safety of our local road network meets the transport needs of residents, businesses, visitors and public transport. It will assist to deliver road improvements that meet community expectations through incorporating community views and concerns.	 Complete
Continue to construct Local Area Traffic Management treatments	Council has identified priorities for local area traffic management works based on feedback and requests from our community, traffic count data and proximity to community facilities.	 On track
Revise and implement the Footpath Construction Strategy	Council adopted the Pedestrian Access Strategy on 12 March 2019. The strategy is intended to create safe, accessible and connected pedestrian networks, and guide us on how to implement pedestrian infrastructure across our Shire. Council resolved the Somers pedestrian project by agreeing to construct the Camp Hill Road footpath in the 2019/20 year.	 Complete
Plan and advocate for the construction of our key bay trail and inland trail missing links	Council recently undertook a market and economic assessment examining the benefits of our bay trails regarding tourism, health, transport and jobs. The findings of this assessment will support the future advocacy for funding to construct missing trail links. Through the federal election, we successfully obtained a \$2 million commitment for the construction of Somerville to Baxter trail.	 On track
Provide accessible coastal paths and bay trails to promote inclusive activities for people of all abilities and ages	Concept design and in principle approvals are being finalised for the Moorooduc to Mornington trail. Council has been working with key stakeholder groups and foreshore committees to progress and seek funding to complete missing link bay trail sections including at Anthony's Nose (Dromana) and in Rye.	 On track
Continue to support the work of Peninsula Transport Assist	Peninsula Transport Assist provide volunteer assisted transport to disadvantaged people. In 2018, the PTA was successful in securing a Victorian Government grant of \$200,000 to expand their operations. On average, 310 people are transported to medical appointments and other engagements using volunteer drivers each month.	 Ongoing

Services Funded in FY18/19 Budget

Service area	Description of services provided	Net Actuals Net Budget Variance \$'000	
Parking Enforcement	Regulate the parking and use of vehicles in the municipality in compliance with the <i>Road Safety Act 1986</i> , Road Safety Road Rules 2009 and <i>Infringements Act 2006</i> .	Actuals <u>Budget</u> Variance	314 292 22
Road and Pathway Maintenance	Maintain the sealed and gravel road network across the Shire, ensuring a safe environment for road users whilst complying with Council's Road Management Plan.	Actuals <u>Budget</u> Variance	(12,994) (10,325) (2,669)
School Crossings	To ensure the safe crossing of children at identified high-risk locations through the management of traffic at these sites.	Actuals <u>Budget</u> Variance	(1,205) (1,353) 148
Transport and Traffic Management	To effectively manage Traffic and Transport within the Shire through strategies, plans and programs to improve road safety, road infrastructure and transport services. Includes the delivery of statutory requirements relating to traffic and transport for Council.	Actuals <u>Budget</u> Variance	(886) (870) (16)

Service Performance Indicators

		Results	Results	Results	Results	Material Variations and Comments
Service/indicator/measure		2016	2017	2018	2019	
Roads						
Satisfaction of use						
R1	Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	73.88	73.79	82.21	64.10	Sealed local road requests were lower than 2017-18 due to a predominantly dry year.
Condition						
R2	Sealed local roads maintained to condition standards [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	99.85%	99.78%	100.00%	99.71%	
Service cost						
R3	Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$39.08	\$49.19	\$70.06	\$54.28	The cost of sealed local road reconstruction is down as there was only one road requiring reconstruction.

Service Cost					Increased costs were driven by specific site reseal works at Tasman Rd, Somers and Truemans Rd, Tootgarook that required more expensive asphalt treatments due to their geographical location and level of use.
R4	Cost of sealed local road resealing	\$9.50	\$11.14	\$8.14	
	[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]				
Satisfaction					
R5	Satisfaction with sealed local roads	55.00	54.00	53.00	
	[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]				

Our prosperity



Promoting, supporting and enhancing balanced and appropriate economic development within the Mornington Peninsula Shire is a key objective for the community.

The visitor economy is a key strength of our Shire, with our agricultural sector having a strong connection to the Mornington Peninsula.

Our natural and recreational attractions, food and wine, outstanding educational facilities and health services, and the community culture helps us to be an exceptional place to live and work.

By providing leadership, fostering jobs and proactive conditions for investment, our businesses can be supported to develop and grow for the benefit of the entire community.

Community Outcomes

- Employment, education and training opportunities exist within the Mornington Peninsula
- The Mornington Peninsula economy is sustainable, diverse and successful
- A year-round visitor economy that is dispersed throughout the Mornington Peninsula

Our Prosperity

Major Initiatives to 2021	Progress in FY19	FY19 Status
Promote business participation in employment program opportunities for all citizens	Government employment programs are promoted through mpbusiness.com.au as well as in a fortnightly e-newsletter sent to 2,000 local businesses. Programs promoted include JobsBank (employment of long term unemployed people), Restart (employment of people over 50) and the Seasonal Worker Program where local agricultural businesses can employ people from Timor-Leste.	 Ongoing
Promote education pathways that lead to employment	Council has worked with Chisholm to understand and support training needs through the introduction of the NDIS (National Disability Insurance Scheme). Council provided support to the annual VCAL Cook Off, an event that links the hospitality industry with local students. Council facilitated a presentation to local Chambers of Commerce on the changing nature of work, what they can do to attract and retain young people in employment and the education pathways that are involved. The presentation was delivered by the Advanced College of Education.	 On track
Provide workshops to enhance business capability	In partnership with Non Profit Training Pty Ltd, Small Business Victoria and the Australian Taxation Office, Council continues to support and upskill local businesses through workshops, mentoring programs and summits. We presented workshops focusing on marketing, finance and more for small businesses.	 On track
Support policy in relation to the Port of Hastings	Council continues to actively perform our role as a major stakeholder in the Port of Hastings proposal and in the development of the Victorian Ports Strategy. We have met with the Port of Hastings Development Authority to discuss and provide feedback on their Development Strategy which is reviewed every four years.	 Ongoing
Support the Mornington Peninsula Regional Tourism Board to promote the region as a year round destination for all	Council continues to provide support through partnering with the Mornington Peninsula Tourism Board, the peak body for the peninsula's visitor economy, to drive year-round visitation to our region. Promotions included a winter e-magazine that was distributed via the Regional Tourism Boards' social media channels and an autumn marketing campaign promoting special events, packages and unique content for social media, which resulted in a 36 per cent growth in our email subscriber database.	 Ongoing
Increase industry participation in the business conferencing and events sector	Council works in partnership with the region's conference bureau, Business Events Mornington Peninsula. Business Events Mornington Peninsula provides a free service offering impartial event planning assistance for businesses and corporate groups. Mornington Peninsula was promoted at the Regional Victoria Showcase to more than 100 conference and business event organisers. We attracted 38 business event enquiries, securing eight events to be held in the Shire with 446 people attending.	 On track

Develop and support niche commercial, coastal and hinterland sectors and products	Council supported the coastal and hinterland sectors with the delivery of 27 workshops and 57 mentoring sessions as well as sponsoring the Cool Climate Wine Show and Mornington Peninsula Vignerons Association Pinot Celebration; creating the MPP Paddock at the Red Hill Show; completing the Marine Industry Precinct Analysis draft document; declaring a Special Charge Scheme for the Rye activity centre; delivering the Taste of the Mornington Peninsula event at Parliament House and successfully gained funding from submissions to Business Victoria and the Western Port Catchment Land Authority.	 On track
Continue to implement the Local Food Strategy	Council was successful in an internal funding bid to develop an Agribusiness, Food and Beverage Strategy that will replace the Local Food Strategy from 2012. The new strategy will provide a broader, long term view of how to develop and support local food industries. In partnership with Western Port Catchment Land Network, Council received a Smart Farming Grant of \$180,000 to develop, trial and implement new and innovative tools and farm practices.	 On track
Advocate to enhance the productivity of our region throughout the Bunyip Food Belt	The Bunyip Food Belt is a large region south east of Melbourne that contains some of Australia's most fertile and valuable land and produces fresh food for Melbourne's rapidly growing population. Tyabb and Somerville are intensive food production zones in the Bunyip Food Belt. The potential growth of the horticulture and broader agriculture industry in this area has been restricted by the availability of reliable water for irrigation. The Tyabb Somerville Recycled Water Scheme has been granted \$200,000 from both the Department of Environment, Land, Water and Planning and South East Water. We have matched this funding bringing the total for this project to \$600,000. This will be used to undertake a business case to deliver approximately 1555 megalitres of Class A water to farms in Tyabb and Somerville from South East Water's eastern treatment plant.	 On track
Support the agritourism industry on the peninsula	In support of the agritourism on the peninsula, Council, in collaboration with Department of Environment, Land, Water and Planning, Agriculture Victoria and South East Water have developed an on-farm water shortage survey for distribution to the local agricultural sector.	 On track
Support and further the strategy for the Mornington Peninsula Produce (MPP) branding and Food Advisory Boards	Continuing the implementation of the Local Food Strategy Council has worked with the Food Industry Advisory Body to begin exploring how we can incorporate value added goods into the Mornington Peninsula Produce (MPP) brand. Food that is grown, bred or raised entirely on the peninsula, is identified with the MPP brand. Together with Small Farm Alliance our Economic Development team ran discussion groups for MPP members on topics such as small-scale beef production, organic farming and sustainable agriculture. Showcasing our region and produce to an international market, we accommodated participants and crew from a popular Chinese reality TV show (with up to 80 million viewers). Scenes for the show was shot at numerous locations and featured MPP certified food and wine.	 On track

Provide skills development and support to food economy businesses, including our agriculture, agritourism and value-added food production sectors	Council presented skills development workshops and activities about planning reforms for animal industries, social media marketing and cellar door marketing. Council invited food businesses to participate in a soil carbon demonstration study – two businesses will be chosen from the submissions. We assessed 11 farm management plans associated with building homes on agricultural land in the Green Wedge zone.	 On track
Support rural business through networking and industry development	In partnership with Western Port Catchment Landcare Network and Western Port and Port Phillip Catchment Management Authority we staged a regenerative farming field day with guest speaker Charles Massey. Also in partnership with Western Port Catchment Landcare Network and the Victorian Farmers Federation we presented a biosecurity field day with six guest speakers talking about the biggest biosecurity risks for local agricultural industries.	 On track
Foster and encourage agriculture and promote the Mornington Peninsula's rural sector	Council has been working with the Vignerons Association and Agriculture Victoria to declare the peninsula Phylloxera free (Phylloxera is an insect that can infest the roots and subsequently kill grape vines, which can have a devastating impact on vineyards). To raise public awareness on this issue we have prepared an informative flyer encouraging residents to assist with identifying Phylloxera on amenity vines. This flyer will be included with rate notices.	 On track
Develop and grow local business, including agritourism and intensive agriculture	Council participated in an AusVeg Victoria and Stephanie Alexander Kitchen Gardens pilot program to introduce school children to modern vegetable farms. The program focuses on creating connections between local farmers and the community. These new connections will increase awareness of where vegetables are grown and how a modern farm is run utilising robots and scientific principles in action.	 On track

Services Funded in FY18/19 Budget

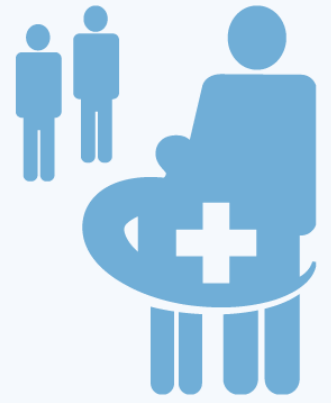
Service area	Description of services provided	Net Actuals Net Budget Variance \$'000
Economic Development	To support the business community by improving productivity and capability, enhance employment growth, support the diversification of the local economy and undertake collaborative projects with business, government, service providers and regional bodies. Also provides timely, accurate and appropriate information and advice to the community, businesses and current and potential investors.	Actuals (872) Budget (807) Variance (65)
Tourism Marketing	Enhance, facilitate and promote existing and new experiences through the quality and diversity of the region. Ensure marketing reflects the diverse visitor appeal of the region and build on shoulder and off-season visitation throughout the whole region. Build capacity, professionalism and improved coordination within the sector by facilitating and growing strategic local and regional tourism partnerships.	Actuals (658) Budget (582) Variance (76)

Service Performance Indicators

	Results	Results	Results	Results	
Service/indicator/measure	2016	2017	2018	2019	Material Variations and Comments
Governance					
Transparency					
G1 Council decisions made at meetings closed to the public	13.09%	7.98%	7.92%	8.67%	
[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					
Consultation and engagement					
G2 Satisfaction with community consultation and engagement	55.00	52.00	57.00	56.00	
Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement					

G3	Attendance <i>Councillor attendance at council meetings</i>	87.60%	89.51%	88.46%	85.52%	
	[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100					
Service cost						
G4	<i>Cost of governance</i>	\$58,484	\$51,146	\$53,542	\$62,035	The increase in the cost of Governance is mainly attributed to the hiring of an external consultant for the recruitment of the new CEO, an increase in WorkCover premiums and costs associated with additional council and committee meetings.
	[Direct cost of the governance service / Number of Councillors elected at the last Council general election]					
G5	Satisfaction <i>Satisfaction with council decisions</i>	56.00	52.00	53.00	55.00	
	[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

Our wellbeing



Positive health and wellbeing is fundamentally important for the community and is a key success factor for the Shire.

Good physical and mental health, feeling safe, feeling and being empowered and connected to other people in our community, strengthening diversity, respecting the peace and dignity of all, and supporting individuals so they can realise their potential and their aspirations are fundamental elements to making the Mornington Peninsula a great place to live.

Community Outcomes

- A healthy, happy, inclusive and active community

Our Wellbeing

Major Initiatives to 2021	Progress in FY19	FY19 Status
Implement the Municipal Public Health and Wellbeing Plan	The function of a Council under the <i>Public Health and Wellbeing Act 2008</i> is to seek to protect, improve and promote public health and wellbeing within the municipal district. Council endorsed the Annual Report (year one) of the Municipal Public Health and Wellbeing Plan 2017-2021. The Annual Report demonstrates that all the health and wellbeing actions have commenced and are on track or completed (except two actions that are not applicable for year one). The achievements outlined in the Annual Report demonstrate the strong commitment across Council and our partner organisations in achieving the plan's aim of protecting and promoting the health and wellbeing of the Mornington Peninsula community through increasing social inclusion and sense of belonging, decrease family violence and more.	 On track
Undertake the Community Houses and Centres Study	The draft report for the Community House Review was presented to Council in 2018/19. A summary of stakeholder feedback and recommendations for further action will be presented to Council in the new financial year.	 On track
Support the Best Bites Program	Best Bites aims to support and promote local food business in the areas of food safety, healthy eating, sustainability, reduction of tobacco/alcohol and access and inclusion. The program is coordinated in partnership between Mornington Peninsula Shire, Peninsula Health and the Disability Advisory Committee. The Best Bites Awards nomination kit was launched at an information workshop on 7 May 2019. More than 40 businesses participated and learnt more about how to grow their businesses using the Best Bites program.	 Ongoing
Implement the Positive Ageing Strategy	Work is underway to develop the new Positive Ageing Strategy 2020-2025. Residents provided valuable feedback to us at community engagement forums at Rye, Safety Beach and Hastings. Workshops were also held with local senior citizens clubs, aged care providers, our own staff and Councillors. Feedback obtained will inform the new strategy and assist us in ensuring our residents can age well on the Mornington Peninsula.	 On track
Upgrade preschool facilities and implement works from the Kindergarten Strategy	The major upgrade of Dromana Preschool has been completed. The new facility can now accommodate 33 children and support more local families. The works undertaken include a bigger play room, an enclosed foyer, refurbishment of bathrooms for staff and children, a new arts sink, carpet and meeting rooms. The expanded facility joins the Dromana Preschool and the maternal and child health centre and represents the first time the Shire has joined two buildings together with a centralised entrance to provide a wrap-around service for	 On track

	families using this early years hub, which is expected to deliver greater service delivery and efficiency. Additional works undertaken over 2018/19 include a new playground and bathroom at Bittern Preschool and a new playground at Blackscamp Preschool in Somerville. These works were delivered through the Victorian School Buildings program administered by the Department of Education and Training with the Shire providing an in-kind role. Concept planning for redevelopment works have commenced for Balnarring and Tyabb Preschools.	
Complete and enact the Early Years Plan Develop a Youth Services Strategy	Benchmarking against other councils was undertaken over 2018/19 and draft plans developed. Through that process a gap in our service delivery was identified between the ages of 8 and 10; in that Early Years targets children from birth to 8 years old and Youth Services from 10 to 25. Consideration is being given to the best way to address this gap; including the possibility of an overarching plan stretching from birth to 25. The final plan/s will be adopted in 2020.	 Watching
Implement the Child Safe Policy and initiate appropriate actions to meet requirements under the 'child safe' legislation	Mornington Peninsula Shire is committed to be a Child Safe Organisation, assisting in the prevention of child abuse, identifying risks early and removing and reducing these risks. We have implemented robust human resources and recruitment policies (including our Employee Code of Conduct, Child Safe Policy and Employment Checks Policy) and procedures to achieve this commitment. It is now a requirement for all MPS employees to hold a valid Victorian Employee Working with Children Checks and undertake Child Safe Training. Working with Children Check compliance for employees currently working for MPS has now reached 100%, with a renewal process in place to ensure ongoing compliance. All new employees are required to undertake both an Australian Criminal History Check and hold a valid Working with Children Check prior to their commencement with MPS. As part of the ongoing commitment we will continue undertake Child Safe training across the organisation, MPS has a number of current employees who have been accredited by Child Wise to provide inhouse Child Safe training and with online training to be introduced.	 On track
Implement the Communities That Care Healthy Neighbourhoods Schools Survey	The Communities That Care Healthy Neighbourhoods Schools Survey is complete with all secondary and primary schools across the peninsula participating. The completed data was received on 28 June 2019 and will be presented at a Councillor briefing in August facilitated by Professor John Toubmourou.	 On track
Support and implement programs and services for parents and families	There are many programs and services Council supports and makes available to families, including maternal and child health; immunisation; first time parent groups; family day care; kindergarten registration; youth service; best start partnership; supported playgroups; social planning and community development; health and wellbeing; disability inclusion and walk to school program. To support all our programs we have recently renovated our maternal and child health centres at Tootgarook and Dromana. The centres now provide a welcoming and	 On track

	family friendly space to our clients and ergonomic facilities for staff.	
Support and implement preventative and awareness programs to support families and impact on rates of family violence	Relevant staff received training from Domestic Violence Resource Centre Victoria about how to share information appropriately and responsibly to promote child wellbeing and safety, and to assess and manage family violence risk. We are implementing the most recent information sharing processes to align with new legislative requirements that apply to maternal and child health services in Victoria. Council continues to work with Peninsula Community Legal Aid to learn more about how to support women who have had or are currently experiencing family abuse/violence. Additionally, our maternal and child health team were invited to participate in the State Family Violence Leadership training. We presented our new Enhanced Maternal and Child Health Program and have since met with five local government agencies to share our knowledge and discuss our program. A Draft Gender Equality Strategy 2030 has been developed and will be presented to Council in August followed by a period of public exhibition.	 On track
Support and implement strategies and outcomes in the Disability Action Plan	Council's Disability Advisory Committee has been involved in the development of our Disability Action Plan and Annual Action Plan. Council has undertaken a range of measures within the organisation to ensure accessibility across all departments, including adding universal design training to our internal learning and development calendar; updating our style guide to ensure colour contrast and other features are accessible and; trained our online content creators in how to create accessible website content. The popular 'Fit and Fun' recreational program for people of varying abilities won VicSport's award for Local Government Initiative of the Year 2018. The program continues to be popular at Civic Reserve with 40 people attending weekly sessions and is now being rolled out by other leisure centres around Victoria. In December 2018, around 450 people enjoyed participating in different sports at the All Abilities Day held at Civic Reserve in partnership with Belgravia, Focus, genU, Special Olympics Victoria and local sports clubs.	 On track
Continuous implementation of arts projects and initiatives for all ages and abilities	The Mornington Peninsula Regional Gallery presented 10 diverse exhibitions, with the most popular show being Obsession: The Devil in the Detail - developed and curated by the Gallery team. Over 31,000 people visited the gallery or participated in a public program. MPRG's education officer was kept busy by 1,351 visiting school students, as well as more than 300 preschool children joining in the popular Young at Art program. More than 100 dedicated volunteers assisted the MPRG team at exhibition openings, with membership updates and day to day operations. The Police Point Artist in Resident program was fully booked with 22 artists (local to the peninsula and from other regions) staying at the cottage from two to six weeks at a time.	 Ongoing

	Sixty-seven local artists showcased their works in the Green Wedge exhibition held at Oak Hill Gallery, Merricks House Gallery and at the Council Chambers in Rosebud.	
Continue to implement the Mornington Peninsula Shire's Reconciliation Policy and Action Plan	The draft Reconciliation Action Plan 2019 - 2021 has been developed within the framework by Reconciliation Australia. Council has been briefed, and the plan will go on public exhibition in August 2019.	 On track
Continue to work with partner agencies to update the Municipal Emergency Management Plan	The Municipal Emergency Management Plan successfully passed audit in December 2018. Further work was undertaken in April and May to refine and update the Community Emergency Risk Assessment, which informs the primary risks within the plan. Eight key risks were updated and agreed to by emergency management agency representatives and the Shire.	 On track
Build a pool for the community of the Southern Peninsula	Council accepted the design for the Rosebud Aquatic Centre on 27 November 2018 and awarded a \$35.82 million construction contract to Buxton Constructions on 24 June 2019. The Hon. Greg Hunt MP, Federal Member for Flinders, announced a \$5 million grant on 29 June 2018, and the Victorian State Government is providing a 15-year \$10 million low interest loan. This project provides for a 50-metre competition pool with moveable boom, learn to swim and warm water pools, play and splash area, wellness centre, gym and associated multi-purpose rooms as well as a café, school group and family change rooms and spectator seating. Council's Disability Advisory Committee and a qualified access specialist were consulted in the design stages, resulting in a range of accessible features including Changing Places toilet, ramps and hoists into all pools, a safe area for assistance animals and accessible counter-tops. Early works commenced in October 2018 with the construction of 210 car parks and a storm water drain diversion completed. Works for the relocation of the woodworkers and radio clubs to Vern Wright Reserve, Capel Sound, were completed in June.	 On track
Implement the Playspace Strategy	Council manages 143 public playgrounds in parks, recreation reserves and other areas. Council recently completed new playgrounds at Pine Grove, Shoreham, Romney Park, Tootgarook and Bunguyan, Tyabb. New shade works, mature tree planting and the construction of an accessible foot path at the Jetty Road playground in Rosebud have also been finalised.	 Ongoing
Implement the Sports Capacity Plan	Council adopted the 'Sports Capacity Plan – V1. Sports Fields' on 25 June 2019. The plan identifies and prioritises a broad range of projects across the Peninsula to address the field-based sporting needs of the community until year 2036. Projects identified in the plan will be referred to Council's annual budget process for implementation. Work has now commenced on development of the Sports Capacity Plan V2 - Indoor Sports, and V3 – Non Field-Based Sports.	 On track
Identify, support and develop major events within the municipality to raise awareness for health and wellbeing issues	Council continues to support and participate in events that raises awareness about health and wellbeing. As part of our commitment to positive mental health and suicide prevention, we hosted a Suicide Prevention Walk in partnership with Chasing Change. In August 2018,	

	during Homelessness Week, Council held the Sleep In Your Car event at Mornington Park. The event raised crucial funding to prevent and support local young people experiencing homelessness. Additionally, we provided support to a range of fun runs and other sporting events including the Arthurs Seat Challenge, Rye and Hastings Gifts and Two Bays trail run.	On track
Rehabilitate Shire ovals to ensure they can meet the usage demands of the community	Council inspects all recreation reserves weekly, mowing them as needed, to ensure we can meet the usage demands of the community. Remedial works and repairs are completed during the warmer months when the grounds are more accessible. The outcomes from the Sports Capacity Study were recently made available in June 2019 and should help identify opportunities for improvements as the Shire experiences increased demand for reserves for both sporting and event-based activities.	 On track
Undertake an audit of existing sports field lighting and develop a new program	An audit of sports field lighting lux (brightness) levels undertaken in April 2017 highlighted the sports fields needing upgrading to meet Australian Standards. Citation Reserve Senior Oval, Dallas Brooks Soccer field, Bunguayan Senior Oval, Crib Point Senior Oval, Red Hill Senior Oval, Boneo, Somerville and Emil Madsen Senior oval have received new lighting since the audit. The audit also contributed to successful applications to the Growing Suburbs Fund and Community Sports Infrastructure Fund allowing lighting works at Red Hill Junior Oval, Hastings Senior Oval, Hastings Junior Oval, Sorrento Oval, Rye Oval, RM Hooper Oval, Alexandra Park Oval, Olympic Park Senior Oval, Olympic Park Soccer and Barber Reserve.	 On track
Review and implement the Sports Pavilion Strategy	Auditing of existing sporting pavilions to assess condition and functionality is ongoing and continued with the completion of the Tyabb unisex changerooms, Olympic Park redevelopment, concept design for Alexandra Park, the design of changerooms at Tyabb Central as well as the design of the RM Hooper Pavilion.	 Ongoing
Following major refurbishments in 2016, continue to update library assets and resources	Council's outreach engagement developed and implemented innovative programs and expanded our program offering to include more science, technology, engineering and mathematics programs including robotics, coding and virtual reality. We continue to improve our public programs and events to the community with success, as shown with an increase of 8.8 per cent of attendees. New chairs have been purchased for Mornington Library and new internal and external signage has been installed at Hastings Library.	 Ongoing
Implement the Arts and Culture Plan	The Arts and Culture Plan sets a vision and guide for Council's involvement and investment in cultural activities and arts practice within the community over the coming years. The Shire is currently developing a new Arts and Culture Plan 2019 - 2022. The community was invited to have their say online, as well as at a range of events including creative forums, local markets and festivals from October 2018 – February 2019. Feedback from more than 2,300 community members has helped inform our new plan,	 On track

	which is currently in its final stages and will be presented to Council in 2019/20.	
Investigate options for the development and siting for the Mornington Peninsula Regional Gallery	Council has commenced a service scanning process which precedes a project plan. Once this work is undertaken it will inform all aspects of any Gallery redevelopment.	 On track
Continue digitisation program and presentation, and interpretation of material culture and stories of the Shire	The digitisation of important historical documents and images relevant to the peninsula is ongoing. Council visits and assists local history societies with their valuable work which includes scanning, cataloguing and collections management issues, restoration and repairs.	 On track
Carry out stage improvements to the Peninsula Community Theatre	Peninsula Community Theatre's audio-visual equipment was upgraded to meet user groups' needs. The upgrades enable users to operate equipment without hiring in technicians and include a new projector with wide screen; audio automation with touch screen controls, plus control of projector and stage lighting; new pre-set stage lighting system and installation of an audio loop system.	 On track

Services Funded in FY18/19 Budget

Services area	Description of services provided	Net Actuals Net Budget Variance \$'000
Aboriginal Cultural Heritage Management & Community Development	The service is provided to implement the Council Reconciliation Action Plan (RAP) 2016 – 2018, and the new RAP currently under development which identifies Council's commitment to support the traditional and local Aboriginal community through community development, social support and heritage management that reflects current social, cultural, legislative and political contexts.	Actuals (188) Budget (262) Variance 73
Active and Passive Open Spaces Maintenance	To provide the wider Community the opportunities and the facilities for recreational and entertainment-based sporting programs, competitions and activities. Also includes open and passive reserves across the Peninsula.	Actuals (6,221) Budget (6,074) Variance (146)
Aquatic and recreational facilities	To provide the wider Community the opportunities and the facilities for recreational and entertainment facilities. Also includes the Mornington Peninsula Golf course.	Actuals (2,808) Budget (2,824) Variance 16
Arts and Culture	To provide a culturally enriching experience for the community and visitors to the Mornington Peninsula through arts and culture offerings.	Actuals (1,617) Budget (1,623) Variance 6
Child and Family Health	To enhance child health, wellbeing, development and safety, whilst supporting parents to improve family functioning. The aim is to build stronger, more resilient families and communities.	Actuals (1,426) Budget (1,752) Variance 326
Community Development and Capacity Building	Address economic and social disadvantage through a community consultation process that identifies priority projects, programs, events and initiatives.	Actuals (613) Budget (679) Variance 66
Communication, Media & Events	To ensure the community is kept informed across major projects and our events; and to act as a platform that brings our community together, celebrating arts, culture and diversity and to attract tourists to the region.	Actuals (2,282) Budget (2,485) Variance 203
Education and care	To provide a high quality and flexible childcare options, provide a central registration process for children attending (3 year and 4 year old) kindergarten, provide high quality child care during the school holiday periods and facilitate Supported Playgroups.	Actuals (30) Budget (62) Variance 32
Emergency management	To comply with the Emergency Management Acts of 1986 & 2013; provide statutory roles of Municipal Fire Prevention Officer (MFPO), Municipal Emergency Resource Officer (MERO) and Municipal Recovery Manager (MRM); operate in accordance with our Mornington Peninsula Municipal Emergency Management Plan.	Actuals (194) Budget (207) Variance 13

HACC- Aged & Disability Services	To provide support and community transport to older residents over 60, and residents with a disability: with the aim to improve their accessibility and social connectedness to their community.	Actuals (155) <u>Budget (152)</u> Variance (3)
HACC- Delivered Meals	Meals on Wheels ensures older people, people with disabilities, and their carers who are nutritionally at risk, have access to healthy meals and provides a daily welfare monitoring service. It also delivers much needed social interactions for clients who are socially isolated.	Actuals (493) <u>Budget (301)</u> Variance (191)
HACC Unit assessment service	To provide a broad understanding of a person and their carer's needs, in order to assist the person to manage their individual health and well-being expectations.	Actuals (17) <u>Budget 279</u> Variance (296)
HACC- Home Based Services	Home Based Services provides minor household maintenance, domestic and personal care to frail older people, people with disabilities and respite care to their carers so they can continue to live safe and active lives, independently in their own home.	Actuals (3,641) <u>Budget (4,073)</u> Variance 433
HACC- Senior Citizens	Council demonstrates its support for older residents through the provision of an age friendly community and providing a subsidised venue for seniors groups that offer regular activities (both physical and mental) for social interaction.	Actuals (315) <u>Budget (296)</u> Variance (20)
Health and wellbeing	The <i>Public Health and Wellbeing Act 2008</i> requires local governments to develop Municipal Health & Wellbeing Plans. Each council's approach and strategy is documented in their Municipal Public Health and Wellbeing Plan (MPHWP). The MPHWP sets the broad mission, goals and priorities to enable people living in the municipality to achieve maximum health and wellbeing.	Actuals (362) <u>Budget (530)</u> Variance 168
Libraries	Provide a free lending library and information service to the community. Service aim is to deliver equitable access to the community to meet lifelong educational, informational and recreational needs through the provision of print and digital based resources in a variety of formats; i.e. collection services, e-resources and interactive learning programs.	Actuals (2,817) <u>Budget (3,134)</u> Variance 317
Recreation Development & Support	To provide sports and recreation facilities that are risk free, compliant and meet the expectations of the community and that are fit for purpose, welcoming to all genders and abilities.	Actuals (859) <u>Budget (707)</u> Variance (152)
Youth Services	Through support, empower young people to feel happy, healthy and connected.	Actuals (1,562) <u>Budget (1,569)</u> Variance 6

Service Performance Indicators

Service Performance Indicators		Results	Results	Results	Results	Material Variations and Comments
Service/indicator/measure	2016	2017	2018	2019		
Aquatic Facilities						
Service standard						
AF2	Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	2.00	1.50	3.00	3.00	
AF3	Health and Safety Reportable safety incidents at aquatic facilities [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	0.00	0.00	0.00	No reportable incidents.
Service cost						
AF4	Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$3.82	\$4.87	\$5.18	\$6.12	The increase in service cost is due to a contractual clause associated with the transition-of-business in 2017 being triggered whereby Council is responsible for certain labour costs.
Service Cost						
AF5	Cost of outdoor aquatic facilities [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$12.65	\$13.20	\$12.33	\$13.39	The Crib Point Pool opened one month later compared to last year due to maintenance works and therefore received less income and fewer visits.

Utilisation						
AF6	<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.76	1.62	1.35	1.31	The decrease in utilisation can be attributed to a municipal population increase; and an overstatement of attendance figures in 2017/18 due to a software fault with our previous point-of-sale system.
Food Safety						
Timeliness						
FS1	<i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	2.19	2.65	3.01	3.19	
Service standard						
FS2	<i>Food safety assessments</i> [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	91.01%	92.82%	87.50%	98.71%	The increase in assessments can be attributed to additional resourcing.
Service cost						
FS3	<i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$605.31	\$619.68	\$675.39	\$721.11	
Health and safety						
FS4	<i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of	89.55%	93.17%	99.56%	98.51%	

	critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100					
Libraries Utilisation						
LB1	Library collection usage [Number of library collection item loans / Number of library collection items]	7.69	7.83	7.64	8.57	The increase in loans can be attributed to a 8.4% increase in visitation to our libraries.
Resource standard						
LB2	Standard of library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	77.60%	77.76%	78.79%	70.22%	The standard of our library collection has decreased due to fewer items being purchased, clearing out outdated magazines and deleting lost / missing items.
Service cost						
LB3	Cost of library service [Direct cost of the library service / Number of visits]	\$6.99	\$6.08	\$5.97	\$5.80	
Participation						
LB4	Active library members [Number of active library members / Municipal population] x100	19.31%	19.09%	16.73%	15.76%	Whilst active library members have decreased, our collection usage remains stable with program attendance, door counts and digital usages increasing. This indicates more people are using the library for various reasons but not necessarily joining the Library with a membership.
Maternal and Child Health (MCH) Satisfaction						
MC1	Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x100	106.49%	99.93%	98.42%	101.31%	
Service standard						
MC2	Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	99.02%	100.00%	100.82%	100.97%	
Service cost						

MC3	Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	\$59.68	\$61.69	\$61.49	\$59.84	
MC4	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	74.55%	71.96%	70.98%	75.83%	
MC5	Participation Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	69.03%	73.25%	77.93%	89.19%	The increased participation and engagement of Aboriginal children in the Maternal Child Health (MCH) service is largely due to new State Enhanced MCH guidelines from which we have developed a new program that ensures all Aboriginal children are linked into either the Universal MCH service or the Enhanced MCH service, and our ability to offer a more flexible approach to service delivery, including: an outreach service to childcare centres and to families with children who have identified as Aboriginal and cannot/choose not to attend a MCH centre; monitoring client attendance and actively contacting clients who are overdue for their KAS (Key Age Stage) appointments; and an increase in governance over diary management, including streamlining meetings and clinical supervision resulting in more available appointment times.

Governance, Management and Other Information

Governance

The Mornington Peninsula Shire Council is constituted under the *Local Government Act 1989* to provide leadership for the good governance of the municipal district and the local community. Council has a number of roles including:

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

Council is committed to effective and sustainable forms of democratic and corporate governance as the key to ensuring that Council and its administration meet the community's priorities. The community has many opportunities to provide input into Council's decision-making processes including community consultation, public forums such as ward meetings and the ability to make submissions to Special Committees of Council.

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

Meetings of Council

Council conducts open public meetings on the second and fourth Tuesday of each month. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit a question to the council, make a submission or speak to an item. For the 2018/19 year council held the following meetings:

- 18 ordinary Council meetings
- 4 special Council meetings.

The following table provides a summary of Councillor attendance at Council meetings and special Council meetings for the 2018/19 financial year.

Councillors	Council Meeting	Special Council Meeting	Total
Cr Brooks	18	4	22
Cr Celi	18	4	22
Cr Clark	17	4	21
Cr Colomb	11	3	14
Cr Fraser	16	4	20
Cr Gill	18	4	22
Cr Hearn	17	4	21
Cr Martin	14	4	18
Cr Morris	16	4	20
Cr Payne	17	4	21
Cr Roper	16	3	19

Special Committees

The Act allows councils to establish one or more special committees consisting of:

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

The following table contains a list of special committees established by the Council that are in operation and the purpose for which each committee was established.

Special committee	Councillors	Officers	Other	Purpose
Section 223 Submission Committee	9	0	0	To consider all submissions made under section 223 of the Act
Planning Services Committee ¹	11	0	0	To determine strategic and statutory planning application and scheme amendments
Forward Planning Committee	11	0	0	To discuss items of a strategic and policy nature.

¹ Has delegated functions, duties or powers

Councillor Code of Conduct

The Act requires councils to develop and approve a Councillor Code of Conduct within 12 months after each general election. On 20 February 2017, Council adopted a revised Councillor Code of Conduct which is designed to:

- Outline standards of conduct expected of elected representatives;
- Foster good working relationships between Councillors to enable Councillors to work constructively together in the best interests of the local community; and
- Mandate Councillor conduct designed to build public confidence in the integrity of local government.

Conflict of Interest

Councillors are elected by the 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. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and Committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests. During 2018/19, 17 conflicts of interest were declared at Council and Special Committee meetings.

Councillor Allowances

In accordance with Section 74 of the Act, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is also 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 Mornington Peninsula Shire Council is recognised as a category three Council.

The following table contains details of current allowances and superannuation guarantee equivalent paid for the Mayor and Councillors during the year.

Councillor	Allowance \$	Superannuation \$	Total \$
Cr Bev Colomb	30,577	3,632	34,209
Cr Rosie Clark	30,577	3,632	34,209
Cr Sam Hearn	30,577	3,632	34,209
Cr Kate Roper	30,577	3,632	34,209
Cr Bryan Payne	54,890	7,552	62,442
Cr Huge Fraser	30,577	3,632	34,209
Cr David Gill	73,348	7,695	81,043
Cr Antonella Celi	30,577	3,632	34,209
Cr Frank Martin	30,577	3,632	34,209
Cr Simon Brooks	30,577	3,632	34,209
Cr Julie Morris	30,577	3,632	34,209

Councillor Expenses

In accordance with Section 75 of the Act, Council is required to reimburse a Councillor for expenses incurred whilst performing her or his duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors.

The details of the expenses including reimbursement of expenses for each Councillor and member of a Council committee paid by Council for the 2018/19 year are:

Councillor	CC \$	CM \$	CT \$	IC \$	TR \$	OT \$	Total \$
Cr Bev Colomb		5,016		1,837		88	6,942
Cr Rosie Clark			1,845	1,014	170	792	3,821
Cr Sam Hearn				964	-	41	1,005
Cr Kate Roper		7,428	925	1,334	47	562	10,296
Cr Bryan Payne		3,286	5,479	2,789	359	2,275	14,188
Cr Hugh Fraser		6,244	5,470	1,716	54	1,651	15,134
Cr David Gill				1,960			1,960
Cr Antonella Celi		11,668	2,878	2,272	162	1,160	18,139
Cr Frank Martin		7,705	91	970	19	393	9,178
Cr Simon Brooks		3,783	1,469	986	155	203	6,597
Cr Julie Morris	11,040	3,326		701		28	15,095

Legend: TR-Travel CM-Car Mileage CC-Child Care IC-Information and Communication expenses CT-Conferences and Training expenses OT Other (including memberships, meals, uniforms and stationery). Note: No expenses were paid by Council including reimbursements to members of Council committees during the year

Audit and Risk Committee

The Audit and Risk Committee's role is to oversee and monitor the effectiveness of Council in carrying out its responsibilities for accountable financial management, good corporate governance, maintaining an effective system of internal control and risk management and fostering an ethical environment. The Audit and Risk Committee consists of three independent members and two Councillors. The independent members for 2018/2019 financial year were:

Ms Lisa Woolmer (Chair)	Appointed February 2016 for a three-year term and extended to October 2019 in 2017
Ms Andrea Hassett	Re-appointed in October 2015 for a three-year term and retired September 2018
Ms Lisa Tripodi	Appointed September 2017 for a three-year term
Mr Tom Kaewkhampa	Appointed October 2017 for a three-year term

The Councillor members for 2018/2019 financial year were:

Councillor Bryan Payne	Appointed November 2018 for a one-year term
Councillor Hugh Fraser	Appointed November 2017 for a one-year term and re-appointed November 2018 for a one-year term
Councillor Frank Martin	Appointed November 2017 for a one-year term and retired November 2018

Independent members are appointed for a three-year term, with a maximum of two terms.

The Audit and Risk Committee meets five times a year. The Chief Executive Officer, Chief Financial Officer / Director of Corporate Services, Financial Controller and Governance Manager attend all Audit and Risk Committee meetings. Other management representatives attend as required to present reports. The external auditors and outsourced internal auditors also attend each meeting. Recommendations from each Audit and Risk Committee meeting are subsequently reported to and considered by Council.

Internal Audit

Council's internal audit function provides independent and objective external assurance that the appropriate processes and controls are in place across Council. The internal audit function is resourced by an external provider which was Crowe Horwath for the 2018/2019 financial year. Council's Finance team coordinates the process as well as following up the closure of internal audit recommendations. A three-year Strategic Internal Audit Plan (SIAP) is revised and endorsed by the Audit and Risk Committee annually to ensure the audit resources remain focused on the

appropriate areas. The review process considers Council's risk framework, the Council Plan, prior audit coverage and management input.

A report is prepared for each Audit and Risk Committee meeting that comments on the status of the SIAP and an update on the implementation of audit recommendations based on discussions with the responsible managers. The Internal Auditor also presents findings of completed reviews with all audit issues identified being risk rated. The Manager for each area reviewed is required to attend the Audit and Risk Committee meeting to respond to questions in relation to the review. Quality assurance is measured through client satisfaction surveys for each review, the annual Audit and Risk Committee self-assessment and completion of the internal audit plan.

The SIAP for 2018/2019 was completed with the following reviews finalised:

- Corporate Governance (including Delegations)
- Document (records) Management
- Asset Management (Infrastructure)
- Various Financial Functions (purchasing cards, Councillor expenses, accounts receivable – sundry debtors)
- Social Media

External Audit

For the 2018/19 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General. The external auditors attend all Audit and Risk Committee meetings and 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.

Risk Management

In June 2017, Council adopted a revised Risk Management Framework representing Council's commitment to risk management. The Framework has been designed in line with the *Australian Standard (AS) / New Zealand Standard (NZS) ISO 31000:2009 Risk management - Guidelines* and consists of the following components:

- Risk Management Policy;
- Risk Management Process; and
- Risk Management Plan.

Council adopted this simplified structure in line with best practice, but also as a result of feedback that the prior framework was overly complex.

During 2018/19, Council progressed an Enterprise Risk Management (ERM) Improvement Plan, which has established and progressed a fully integrated and enterprise-wide risk management solution which enables Officers to be prepared for risk and confidently anticipate risk and opportunities, in pursuit of Shire's strategy. The ERM Improvement plan comprises six risk domains: Risk Culture, Governance and Accountability, Resource and Capability (includes systems and tools supporting the risk management process, and risk reporting), Risk Management Process (includes RM incorporated into Business/Corporate Planning and Risk Appetite), Assurance and Monitoring Performance, and Managing Shared Risk. The ERM Improvement plan aims to cement a common and clear view of the purpose of risk management, while also establishing a roadmap to build risk management capability over time. The capacity to manage and mitigate risk is a critical element of good governance and organisational practice. Effective risk management will enable the Shire to achieve its community outcomes more effectively and efficiently and will enable the Shire to better leverage opportunities.

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed 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)	Draft policy in place and used by staff. Formal adoption of policy expected in FY20.
2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Draft guidelines in place and used by staff. Formal adoption of guidelines expected in FY20.
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: 11 June 2019
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: 11 June 2019
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).	Buildings, Drainage, Parks & Open Space, and Roads Asset Management Plans all last updated and approved 14 March 2017
6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of adoption: 11 June 2019
7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of adoption: 13 June 2017
8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 2 August 2016
9 Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 27 November 2015.

Governance and Management Items	Assessment
10 Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Act Date of approval: 23 October 2018
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)	Date of adoption: 8 August 2016
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)	Date current plan approved: 28 July 2014 Updated plan expected to be completed in first half of 2018/19.
13 Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Risk Management Strategy Date of adoption: 13 June 2017
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 operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 11 June 1996
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)	Current provider Crowe Horwath. Date commenced 1 July 2017
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 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 on the Council Plan is included in the CEO Quarterly Performance Report to Council Date of reports: 8 August 2018 (Q4), 5 February 2019 (Q1-Q2), and 30 April 2019 (Q3).

Governance and Management Items	Assessment
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. Date statements presented: 24 July 2018, 23 October 2018, 29 January 2019 and 23 April 2019.
19 Risk reporting (six-monthly reports of strategic risks to council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Date of reports: 08/08/2018, 12/12/2018, 28/02/2019 and 30/05/2019
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)	Quarterly reports to the Audit and Risk Committee Date of reports: 5 September 2017, 13 December 2018, 28 February 2019 and 30 May 2019
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).	Considered at a meeting of Council in accordance with section 134 of the Act on 23 October 2018
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)	Reviewed in accordance with Section 76C of the Act Date of adoption: 20 February 2017
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)	Dates of review: 14/08/2018 (Council to Officers) & 12/03/2019 (Council to Officers)
24 Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting Procedures Protocol 2018 adopted by Council 11 December 2018 and incorporated into Meetings Procedure and Common Seal Local Law 2012. Meetings Procedure and Common Seal Local Law 2012 is made under Section 91(1) and Section 111 of the <i>Local Government Act 1989</i> . Local Law made by resolution of Council on 24 September 2012 and commenced 5 October 2012. From the commencement of the Meetings Procedure Protocol – 2018 on 29 January 2019 the Meetings Procedure Protocol – 2012 was repealed.



John Baker
Chief Executive Officer
Dated: 10 September 2019



Cr David Gill
Mayor
Dated: 10 September 2019

Statutory Information

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

Documents Available for Public Inspection

In accordance with regulation 12 of the Local Government (General) Regulations 2015 the following are prescribed documents that are available for public inspection via the Shire website or copies of the documents can be obtained for the purposes of section 222 of the Act at 90 Besgrove Street, Rosebud:

- 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 Councillor or any member of Council staff in the previous 12 months
- 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 a part of a meeting which was closed to members of the public under section 89 of the Act and 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 and 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 the 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.

Best Value

In accordance with section 208B(f) of the Act, at least once every year a council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation which is supported by our Sustainable Excellence Program. To further reflect council's commitment to Best Value, council has commenced the design and planning of a Service Planning Program which is being rolled out to the whole organisation. This program provides additional review and improvement mechanisms to ensure that Council's services achieve best practice standards in regard to service performance.

The following Best Value initiatives were undertaken during 2018/19:

- budget process – development of guidelines and processes for fees and charges
- business planning – development and implementation of integrated approach to business planning
- council reform project – review of processes and procedures relating to council agenda and minutes
- customer correspondence centralisation project – improve timelines and accountability for resolving customer enquiries.

Carers Recognition

Council is committed to supporting carers in our community and acknowledges the invaluable role they play in supporting our more vulnerable community members.

Council has promoted the principles of the *Carers Recognition Act 2012* to the carers of community members receiving Council services, to other residents in care relationships who do not receive Council services, and to the wider community by:

- Distributing printed material through relevant Council services
- Providing information to organisations represented in council/community networks

Council has taken all practicable measures to ensure staff and volunteers are informed about the principles and obligations of the Act by including information on the care relationship in:

- Council induction and training programs for staff working in Aged and Disability Services
- Induction and training programs for volunteers working directly with the community

Council has taken all practicable measures to review and modify policies, procedures and supports to include recognition of the carer relationship and has provided the following additional activities and resources to recognise the care relationship:

- Provision of respite services for carers
- Provision of respite accommodation at Police Point Shire Park for carers
- Recognition of carers during National Carers Week

- Provision of financial support and room bookings for local carers groups to hold AGMs, housing forums and other meetings (Frankston Peninsula Carers, Peninsula Carer Council and Community Lifestyle Accommodation)
- Supporting information sessions and workshops about the NDIS for carers
- Sending out monthly email bulletins to carers about news and events relating to disability on the Mornington Peninsula
- Recognising the role of carers in the Terms of Reference for Council's All Abilities Consultative Committee

Council also:

- Held a morning tea at The Corner for carers, family and supporters to launch a mural that had been created by artists with disabilities through the Outcrop Program.
- Supported Carer groups at their AGMs through room bookings and catering, and a small grant to pay for overheads. The groups we supported were:
 - CLA (Community Lifestyle Accommodation)
 - PCC (Peninsula Carer Council)
 - FPC (Frankston Peninsula Carers)
- Promoted the screening of a film called "Time to Care" that was put on by Carers Victoria in Mornington, and by Uniting Care in Rosebud.
- Supported a storytelling workshop for older carers in Rosebud as part of world storytelling day (provided catering).

Contracts

During the year MPSC did not enter into any contracts valued at \$150,000 or more for goods and services or \$200,000 or more for works or more without engaging in a competitive process.

Mornington Peninsula Shire Council entered into the following contract in accordance with section 186(5) (c) of the *Local Government Act 1989*. This contract was entered into in reliance on Ministerial exemption:

- Ministerial Exemption – SKM Industries Pty Ltd
- Contract Title – Recyclable Acceptance and Sorting

Disability Action Plan

In accordance with section 38 of the *Disability Act 2006*, Council must report on the implementation of its Disability Action Plan in its Annual Report. Council has prepared a Disability Action Plan and implemented the following actions:

- Universal Design Training has been added to the internal Learning and Development Calendar.
- Infrastructure Planning Unit has embedded Universal Design into their Business Plan and work plans.
- Draft background paper developed to look at best locations for Changing Places toilets.
- Pedestrian Access Strategy adopted by Council and work commenced to prioritise development of accessible footpaths.
- Partnership Agreement signed between Mornington Lifesaving Club and Shire to expand the accessible beaches project to Mills Beach Mornington.
- More beach matting purchased – some for use at Mills Beach, and some donated to Camp Manyung (YMCA) for use at Sunnyside Beach, Mt Martha.
- Submission made by members of the Disability Advisory Committee and Shire to the Australian Building Codes Board to inform new universal housing design guidelines.
- Mobility Maps updated and reprinted for Hastings. Mornington has been audited for a new map, Rosebud and Rye will be reviewed next.
- Shire Style Guide updated to ensure colour contrast and other features are accessible.
- In house training delivered on creating accessible content for web content developers.
- Resource created for staff with list of guidelines and help to make web content accessible.
- Fit and Fun program won VicSports award for Local Government Initiative of the Year, is being replicated by other Leisure Centres and continues to be popular at Civic Reserve with 40 people attending every Wednesday.
- All Abilities Day was delivered at Civic Reserve in December 2018 in partnership with Belgravia, focus, GenU, Special Olympics Victoria and local sports clubs, with approx. 450 people in attendance.
- Members of the Disability Advisory Committee were consulted in the design stages of the pool, as well as a qualified access consultant, resulting in a range of accessible features including Changing Places facility, ramps and hoists into all pools, a safe area for assistance animals, accessible counter-tops.
- Somerville Rec Centre built to include a Changing Places facility as well as accessible features and Belgravia is working to deliver inclusive, accessible programs/activities.
- Library staff (two) have completed online Library Services for people with a disability course.
- Libraries provide a range of accessible formats such as large print, audio-books, eBooks, eMusic and other digital resources, as well as providing items to people in the home through their outreach program.

- Dromana Visitors Centre has completed Communication Access Network training and is working towards becoming accredited.
- Members of the Disability Advisory Committee continue to participate in judging the Access category for Best Bites.
- Disability Inclusion training on internal Learning and Development Calendar
- Membership requirements of Australian Network on Disability explored
- Expression of Interest submitted to MAV to look at joint local government initiative for employing people with disabilities
- People under 65 years receiving support services from the Shire were supported to transition to the NDIS (National Disability Insurance Scheme) if eligible.
- Appropriate Home-Based Services for residents eligible for the HACC-PYP program delivered.
- Reports submitted to NDIA and DHHS to support the Metro Access program
- Email Bulletins about Disability News and Events sent out monthly to 350 recipients.
- Disability Advisory Committee involved in development of Disability Action Plan and Annual Action Plan.
- Disability and Carer Groups were supported to hold information sessions, AGMs and other activities
- Shire supported workshop for older carers to do storytelling on World Storytelling Day – 20 March – lead by Rosebud Uniting.
- Working on beach wheelchairs being available & insured by council.
- Providing information on best practice access & inclusion to businesses, general practitioners, cafes restaurants.
- Wrote a paper on accessible picnic tables to discuss with infrastructure department.
- Supported council staff & employment agencies on finding voluntary & paid employment.

Domestic Animal Management Plan

The Domestic Animal Management Plan has been reviewed and was subject to a community consultation process prior to adoption by Council in October 2017 and remains in force until 2021.

- Extended opening hours at the Animal Shelter implemented from Sep 2018.
- Implementation of the 'Who's for Cats' initiative has been implemented at the Shelter for stray semi-owned cats.
- Increased cat trapping and placing the program under direct ranger control has reduced the time taken to apprehend wandering cats in contravention of the cat curfew.
- A number of new programs promoting responsible pet ownership have been introduced.
- Reducing the number of unclaimed and surrendered pets being euthanised by increasing our work with Rescue Groups, updating and improving the Council adoption and lost pet pages on the web and continuing to use the PetRescue website;
- Introduced 'Dealing with a barking dog' booklets to assist the community in dealing with barking dog issue Reviewing dog leash-free and prohibited areas to accommodate better access, design and management reducing impact on non-pet owners.
- Conducting activities to increase rates of desexing and microchipping to increase reuniting rates to owner and reduce the number of unclaimed pets.
- Continuing to enhance the Shire's animal management services and facilities throughout the Peninsula.
- Raising community awareness about feral and semi-owned cat populations and seeking improved compliance with confinement which improves the cats' welfare.
- Introduced a compliance policy to enforce dogs on DELWP beaches – MOU signed off.
- Agreements under section 84Y of the *Domestic Animals Act* signed between Council and vets located in the shire to return animals to owners.

Food Act Ministerial Directions

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any Ministerial Directions received during the financial year in its Annual Report. No such Ministerial Directions were received by Council during the financial year.

Freedom of Information

The *Freedom of Information Act 1982* (Vic) promotes openness, accountability and transparency in the Victorian public service by giving the public the right to access government information.

The object of the Act is to 'extend as far as possible the right of the community to access documents in the possession of the Government of Victoria'.

All members of the public have the right to apply for access to documents about their personal affairs and the activities of Council unless that information is deemed exempt under the Act. Certain exemptions exist to protect interests such as the personal privacy of individuals and trade secrets of businesses.

During the 2018/19 period the Mornington Peninsula Shire received 67 Freedom of Information Requests. Outcomes of these requests received in the period 1 July 2018 to 30 June 2019 are provided in the tables below:

Freedom of Information Requests

Requests Received	67
Access granted in full (no exempt material)	9
Access granted in part (some exempt material)	18
Access denied in full (all material exempt)	0
Other:	
Withdrawn	1
Not proceed with	2
Act does not apply	4
Not processed	0
No documents	5
Outside the act	7
Not yet finalised	21

Office of the Victorian Freedom of Information Commissioner Reviews & Complaints

OVIC Reviews Received	1
Outcome of OVIC Review Received 2018/19 period	OVIC Decision – overruled original decision
OVIC Complaints Received	3
Outcome of OVIC Complaints Received 2018/19 period	1 Complainant agreed to close complaint 1 OVIC Decision to Withdraw 1 OVIC Decision Complaint Dismissed

VCAT Reviews

VCAT Appeals Arising from Decisions on Access	1
Outcomes of VCAT Appeals	1 VCAT ORDER – granting the applicant leave to withdraw the application 24/09/2019

Further information is available on Freedom of Information requests processed by the Mornington Peninsula Shire for the 2018/19 financial year through the OVIC Annual Report. The report is currently being prepared and can be accessed through the following link <https://ovic.vic.gov.au/about-us/annual-reports/>. Further information on Freedom of Information is available on the web site of the Office of the Victorian Information Commissioner through the link provided.

Protected Disclosure Procedures

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures.

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

To access the Shire's Protected Disclosure Procedures, please go to mornpen.vic.gov.au and put 'protected disclosure' in the search box.

During the 2018/19 year no disclosures were made to Council officers appointed to receive disclosures or to the Independent Broad-based Anti-Corruption Commission.

Materiality Thresholds

This section is provided to set out the quantitative materiality thresholds used for explaining material variations in the performance section.

Service/indicator/measure	Measure expressed as:	Materiality threshold:
Aquatic Facilities		
Service Standard		
Health inspections of aquatic facilities	Number of health inspections per Council aquatic facility	Movement of +/- 1
Reportable safety incidents at aquatic facilities	Number of WorkSafe reportable aquatic safety incidents	Movement of +/- 2
Service Cost		
Cost of indoor aquatic facilities	\$ direct cost less any income received of providing indoor aquatic facilities per visit	Movement of +/- \$1
Cost of outdoor aquatic facilities	\$ direct cost less any income received of providing outdoor aquatic facilities per visit	Movement of +/- \$2.50
Utilisation		
Utilisation of aquatic facilities	Number of visits to aquatic facilities per head of municipal population	Movement of +/- 2 visits
Animal Management		
Timeliness		
Time taken to action animal requests	Number of days taken to action animal requests	Movement of +/- 1 day
Service Standard		
Animals reclaimed	% of collected animals reclaimed	Movement of +/- 7.5%
Service Cost		
Cost of animal management service	\$ direct cost of the animal management service per registered animal	Movement of +/- \$5
Health and Safety		
Animal management prosecutions	Number of prosecutions	Movement of +/- 10 prosecutions
Food Safety		
Timeliness		
Time taken to action food complaints	Number of days taken to action food complaints	Movement of +/- 1 day
Service Standard		
Food safety assessments	% of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment	Movement of +/- 10%
Service Cost		
Cost of food safety service	\$ direct cost of the food safety service per registered food premises	Movement of +/- \$75
Health and Safety		
Critical and major non-compliance notifications	% of critical and major non-compliance outcome notifications that are followed up by Council	Movement of +/- 10%

Service/indicator/measure	Measure expressed as:	Materiality threshold:
Governance		
Transparency		
Council resolutions at meetings closed to the public	% of Council resolutions made at meetings closed to the public	Movement of +/- 1.5%
Consultation and Engagement		
Satisfaction with community consultation and engagement	Satisfaction rating out of 100	Movement of +/- 5
Attendance		
Council attendance at Council meetings	% of Council attendance at ordinary and special Council meetings	Movement of +/- 10%
Service Cost		
Cost of governance	\$ direct cost of the governance service per Councillor	Movement of +/- \$5000
Decision-making		
Satisfaction with Council decisions	Satisfaction rating out of 100	Movement of +/- 5
Libraries		
Utilisation		
Library collection usage	Number of library collection item loans per library collection item	Movement of +/- 0.5 loans
Resource Standard		
Standard of library collection	% of the library collection that has been purchased in the last 5 years	Movement of +/- 7.5%
Service Cost		
Cost of library service	\$ direct cost of the library service per visit	Movement of +/- \$1
Participation		
Active library members	% of the municipal population that are active library members	Movement of +/- 5%
Maternal and Child Health		
Satisfaction		
Participation in first MCH home visit	% of infants enrolled in the MCH service who receive the first MCH home visit	Movement of +/- 5%
Service Standard		
Infant enrolments in the MCH service	% of infants enrolled in the MCH service	Movement of +/- 5%
Service Cost		
Cost of the MCH service	\$ cost of the MCH service per hour of service delivered	Movement of +/- \$10
Participation		
Participation in MCH service	% of children enrolled who participate in the MCH services	Movement of +/- 5%
Participation in MCH service by Aboriginal children	% of Aboriginal children enrolled who participate in the MCH service	Movement of +/- 10%

Service/indicator/measure	Measure expressed as:	Materiality threshold:
Roads		
Satisfaction of Use		
Sealed local road requests	Number of sealed local road requests per 100 kilometres of sealed local road	Movement of +/- 20 requests
Condition		
Sealed local roads below the intervention level	% of sealed local roads that are below the renewal intervention level	Movement of +/- 5%
Service Cost		
Cost of sealed local road reconstruction	\$ direct reconstruction cost per square metre of sealed local roads reconstructed	Movement of +/- \$15
Cost of sealed local road resealing	\$ direct resealing cost per square metre of sealed local roads resealed	Movement of +/- \$2
Satisfaction		
Satisfaction with sealed local roads	Satisfaction rating out of 100	Movement of +/- 5
Statutory Planning		
Timeliness		
Time taken to decide planning applications	Days between receipt of a planning application and a decision on the application	Movement of +/- 10 days
Service Standard		
Planning applications decided within required time frames	% of planning application decisions made within required time frames	Movement of +/- 7.5%
Service Cost		
Cost of statutory planning service	\$ direct cost of the statutory planning service per planning application	Movement of +/- \$250
Decision-making		
Planning decisions upheld at VCAT	% of decisions subject to review by VCAT that were not set aside	Movement of +/- 10%
Waste Collection		
Satisfaction		
Kerbside bin collection requests	Number of kerbside bin collection requests per 1000 kerbside bin collection households	Movement of +/- 10 requests
Service Standard		
Kerbside collection bins missed	Number of kerbside collection bins missed per 10,000 scheduled kerbside collection bin lifts	Movement of +/- 5 bins
Service Cost		
Cost of kerbside garbage collection service	\$ direct cost of the kerbside garbage bin collection service per kerbside garbage collection bin	Movement of +/- \$10
Cost of kerbside recyclables collection service	\$ direct cost of the kerbside recyclables collection service per kerbside recyclables collection bin	Movement of +/- \$5
Waste Diversion		
Kerbside collection waste diverted from landfill	% of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill	Movement of +/- 10%

Performance Statement

ROSEBUD
AQUATIC CENTRE



MORNINGTON
PENINSULA
Shire



Independent Auditor's Report

To the Councillors of Mornington Peninsula Shire Council

Opinion	I have audited the accompanying performance statement of Mornington Peninsula Shire Council (the council) which comprises the: • description of municipality for the year ended 30 June 2019 • sustainable capacity indicators for the year ended 30 June 2019 • service performance indicators for the year ended 30 June 2019 • financial performance indicators for the year ended 30 June 2019 • other information for the year ended 30 June 2019 (basis of preparation) • certification of the performance statement. In my opinion, the performance statement presents fairly, in all material respects, the performance of the council for the year ended 30 June 2019, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.
Basis for Opinion	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. My independence is established by the <i>Constitution Act 1975</i>. My staff and I 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. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the performance statement	The Councillors of the council 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 determine 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.
Auditor's responsibilities for the audit of the performance statement	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. 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. 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 the 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
25 September 2019


Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Performance Statement

For the year ended 30 June 2019

Description of Municipality

Mornington Peninsula Shire covers 723 square kilometres of land with a coastline that extends for 192 kilometres (approximately 10 per cent of Victoria's total). The region is one of Victoria's premier holiday and retirement destinations and has magnificent landscapes, coasts and beaches that are of state significance and attract 6.3 million visitors every year.

Our Community

The Shire has 40 towns and villages spread across the peninsula, with the majority of the residential population living along the coastline. The Shire has an estimated permanent resident population of 168,522, as well as a non-resident population who spend part of the week, or their holidays, on the peninsula. Many beach holiday houses are based along the Port Phillip coastline, with the population swelling by up to 30 per cent in the summer months.

Our Environment

Approximately 70 per cent of the Shire is retained as rural land within the Green Wedge planning zone, whilst the other 30 per cent is taken up by towns and villages. Within the Green Wedge, there are areas of highly productive farmland as well as highly significant landscapes and ecosystems. The Mornington Peninsula and Western Port have become part of the world-wide network of biosphere reserves recognised by the United Nations. The region has been recognised for its: high biological diversity; many significant, rare native plants and vegetation; wetlands; sites of geomorphological significance; remnant indigenous vegetation; highly scenic landscape values; and sites of historic importance.

Our Economy

The Shire has a strong \$14.9 billion local economy, with \$7.8 billion in GRP (Gross Regional Product). There are over 15,000 businesses from a diverse range of industries including retail, manufacturing, construction and business services. The region also has a distinguished agricultural history, including beef, viticulture (grapes) and horticulture (fruit, vegetables and flowers), with the existing food and wine producers being recognised as world class and industry leaders in their respective fields. Tourism is another sector that plays a significant role in our local economy; contributing 11 per cent (directly and indirectly) to the region's Gross Regional Product and employment.

Sustainable Capacity Indicators

For the year ended 30 June 2019

<i>Indicator / measure</i>	Results				Material Variations and Comments
	2016	2017	2018	2019	
Population					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,288.86	\$1,285.65	\$1,302.00	\$1,388.31	
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$7,767.51	\$7,909.56	\$8,312.01	\$8,354.51	
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	90.49	94.68	95.86	97.14	
Own-source revenue					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,172.34	\$1,185.13	\$1,199.04	\$1,233.01	
Recurrent grants					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$141.58	\$161.89	\$140.32	\$131.36	
Disadvantage					
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	8.00	8.00	8.00	8.00	

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council

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

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

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

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

Service Performance Indicators

For the year ended 30 June 2019

Service / indicator / measure	Results				Material Variations and Comments
	2016	2017	2018	2019	
Aquatic facilities					
Utilisation					
Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	1.76	1.62	1.35	1.31	The decrease in utilisation can be attributed to a municipal population increase; and an overstatement of attendance figures in 2017/18 due to a software fault with our previous point-of-sale system.
Animal management					
Health and safety					
Animal management prosecutions [Number of successful animal management prosecutions]	40.00	52.00	43.00	52.00	Due to the high number of dog attacks reported in previous years, the Community Safety Team increased their compliance and enforcement program in animal management. Maintaining this high standard is resulting in more fines and more prosecutions.
Food safety					
Health and safety					
Critical and major non-compliance notifications [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about a food premises] x100	89.55%	93.17%	99.56%	98.51%	
Governance					
Satisfaction					
Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	56.00	52.00	53.00	55.00	
Libraries					
Participation					
Active library members [Number of active library members / Municipal population] x100	19.31%	19.09%	16.73%	15.76%	Whilst active library members have decreased, our collection usage remains stable with program attendance, door counts and digital usages increasing. This indicates more people are using the library for various reasons but not necessarily joining the Library with a membership.

Service / indicator / measure	Results				Material Variations and Comments
	2016	2017	2018	2019	
Maternal and child health					
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	74.55%	71.96%	70.98%	75.83%	
Participation					
Participation in the MCH service by Aboriginal children	69.03%	73.25%	77.93%	89.19%	The increased participation and engagement of Aboriginal children in the Maternal Child Health (MCH) service is largely due to new State Enhanced MCH guidelines from which we have developed a new program that ensures all Aboriginal children are linked into either the Universal MCH service or the Enhanced MCH service, and our ability to offer a more flexible approach to service delivery, including: an outreach service to childcare centres and to families with children who have identified as Aboriginal and cannot/choose not to attend a MCH centre; monitoring client attendance and actively contacting clients who are overdue for their KAS (Key Age Stage) appointments; and an increase in governance over diary management, including streamlining meetings and clinical supervision resulting in more available appointment times.
[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					
Roads					
Satisfaction					
Satisfaction with sealed local roads	55.00	54.00	53.00	57.00	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT	67.65%	66.67%	64.94%	32.35%	The percentage of the Shire's planning decisions upheld at VCAT in FY19 has decreased by 33%. Out of the 69 decisions set aside by VCAT, 61 (88%) were against Council decisions to refuse a planning application. This is largely due to Council continuing to hold its position regarding the Localised Planning Statement and the Housing Settlement Strategy.
[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					

Service / indicator / measure	Results				Material Variations and Comments
	2016	2017	2018	2019	
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	50.01%	50.95%	52.53%	53.62%	

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

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

"critical non-compliance outcome notification" means a notification received by council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to council by an 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*

"HACC program" means the Home and Community Care program established under the Agreement entered into for the purpose of the Home and Community Care Act 1985 of the Commonwealth

"HACC service" means home help, personal care or community respite provided under the HACC program

"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

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

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

Financial Performance Indicators

For the year ended 30 June 2019

Dimension / indicator / measure	Results				Forecasts				Material Variations and Comments
	2016	2017	2018	2019	2020	2021	2022	2023	
Efficiency									
Revenue level									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,455.96	\$1,510.42	\$1,630.55	\$1,645.74	\$1,724.95	\$1,760.93	\$1,797.81	\$1,835.62	
Expenditure level									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$1,933.77	\$2,079.29	\$2,103.20	\$2,256.99	\$2,224.31	\$2,288.19	\$2,236.17	\$2,280.40	
Workforce turnover									
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	15.65%	13.05%	19.06%	10.94%	11.30%	11.30%	11.30%	11.30%	2018 saw the outsourcing of sport and leisure staff to Belgravia Leisure which artificially inflated the terminations for that year. The 2019 figure has reverted back to a business as usual figure.
Liquidity									
Working capital									
<i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	189.63%	198.89%	214.08%	203.86%	158.46%	135.15%	130.04%	128.24%	

Dimension / indicator / measure	Results				Forecasts				Material Variations and Comments
	2016	2017	2018	2019	2020	2021	2022	2023	
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	131.93%	-7.97%	23.80%	69.47%	88.14%	59.02%	55.17%	53.17%	Approximately \$20m in assets are being invested in short term deposits due to the low interest rate offerings by the banks. In the previous year these investments were in longer term deposits, excluding them from being considered unrestricted cash.
Obligations Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	58.80%	86.67%	70.51%	93.28%	64.42%	57.26%	59.62%	61.77%	While depreciation expense has increased slightly, capital renewal projects have increased by \$8m in the 2019 financial year. This increase is due to the rebuild of the Somerville Recreation Centre.
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	18.33%	12.33%	10.00%	7.53%	18.23%	24.43%	21.66%	19.48%	The current decrease of 25% is in line with the Council's loan schedules. Increases forecasted for 2019-20 and 2020-21 are due to loans being committed for the construction of the new Rosebud Aquatic Centre.
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	6.24%	5.73%	5.20%	2.67%	3.02%	3.48%	3.27%	2.62%	The current decrease of 49% is in line with the Council's loan schedules for financing activities.

Dimension / indicator / measure	Results				Forecasts				Material Variations and Comments
	2016	2017	2018	2019	2020	2021	2022	2023	
Indebtedness									
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	13.77%	9.48%	9.68%	8.35%	18.25%	22.13%	20.27%	18.66%	The current decrease of 25% is in line with the Council's loan schedules, offset by the year on year rates charge increases. Increases forecasted for 2019-20 and 2020-21 are due to loans being committed to for the construction of the new Rosebud Aquatic Centre.
Operating position									
Adjusted underlying result									
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	3.56%	5.12%	3.39%	-0.94%	3.80%	2.89%	4.71%	5.49%	The underlying surplus is effected by the Net Loss on disposal of property, infrastructure, plant equipment which is \$7M higher than last year. The main driver is the disposal of drainage based on the Vic Roads ownership assessment.
Stability									
Rates concentration									
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	74.73%	71.88%	73.85%	76.00%	77.32%	78.01%	80.69%	80.82%	
Rates effort									
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.25%	0.24%	0.25%	0.20%	0.21%	0.21%	0.21%	0.21%	Total property values in the municipality have increased from \$66 billion to \$85 billion year on year, forcing the 17% decrease in rates ratio for 2019.

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.

Other Information

For the year ended 30 June 2019

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Planning and Reporting) Regulations 2014.

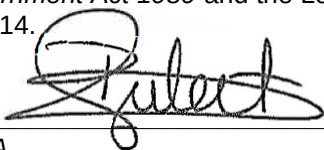
Where applicable the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by 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 in the budget on 11 June 2019. 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*.



Bulent Oz, CPA

Chief Financial Officer

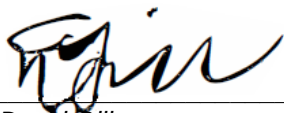
Dated: 10 September 2019

In our opinion, the accompanying performance statement of the Mornington Peninsula Shire Council for the year ended 30 June 2018 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.

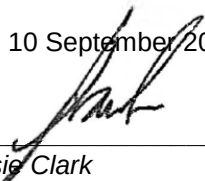
We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr David Gill

Mayor

Dated: 10 September 2019



Cr Rosie Clark

Deputy Mayor

Dated: 10 September 2019



John Baker

Chief Executive Officer

Dated: 10 September 2019

Financial Statements

ROSEBUD
AQUATIC CENTRE



MORNINGTON
PENINSULA
Shire



Mornington Peninsula Shire

Financial Report

Table of Contents

	Page
Certification of the Financial Statements	98
Victorian Auditor-General's Office Audit Report	99
 Financial Statements	
Comprehensive Income Statement	101
Balance Sheet	102
Statement of Changes in Equity	103
Statement of Cash Flows	104
Statement of Capital Works	105
 Overview	106
 Notes to the Financial Statements	
Note 1 Performance against budget	107
1.1. Income and expenditure	107
1.2. Capital works	109
Note 2 Analysis of Council results by directorate	111
Note 3 Funding for the delivery of our services	113
3.1. Rates and charges	113
3.2. Statutory fees and fines	113
3.3. User fees	113
3.4. Funding from other levels of government	114
3.5. Contributions	115
3.6. Net loss on disposal of property, infrastructure, plant and equipment	115
3.7. Other income	116
Note 4 The cost of delivering services	116
4.1. Employee costs	116
4.2. Materials and services	116
4.3. Depreciation and amortisation	116
4.4. Borrowing costs	117
4.5. Other expenses	117
Note 5 Our financial position	117
5.1. Financial assets	117
5.2. Non-financial assets	119
5.3. Payables	120
5.4. Interest-bearing liabilities	121
5.5. Provisions	121
5.6. Unearned income	122
5.7. Financing arrangements	122
5.8. Commitments	123
Note 6 Assets we manage	125
6.1. Property, infrastructure plant and equipment	125
6.2. Investment property	132
6.3. Fair value adjustments for investments	132
Note 7 People and relationships	133
7.1. Council and key management remuneration	133
7.2. Related party disclosure	135
Note 8 Managing uncertainties	136
8.1. Contingent assets and liabilities	136
8.2. Change in accounting standards	137
8.3. Financial instruments	138
8.4. Fair value measurement	139
8.5. Events occurring after balance date	140
Note 9 Other matters	141
9.1. Reserves	141
9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	143
9.3. Superannuation	143
9.4. Prior period adjustments	145

Certification of the 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*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Bulent Oz CPA
Principal Accounting Officer



Date : 10 September 2019
Rosebud

In our opinion the accompanying financial statements present fairly the financial transactions of Mornington Peninsula Shire for the year ended 30 June 2019 and the financial position of the Council as at that date.

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

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

Cr David Gill
Councillor
Date :
Rosebud



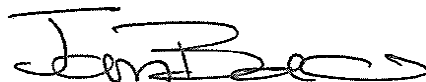
10 September 2019

Cr Rosie Clark
Councillor



Date : 10 September 2019
Rosebud

John Baker
Chief Executive Officer



Date : 10 September 2019
Rosebud

Independent Auditor's Report

To the Councillors of Mornington Peninsula Shire Council

Opinion	I have audited the financial report of Mornington Peninsula Shire Council (the council) which comprises the: • balance sheet as at 30 June 2019 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.
Basis for Opinion	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. My independence is established by the <i>Constitution Act 1975</i>. My staff and I 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 financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Councillors' responsibilities for the financial report	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. In preparing the financial report, the Councillors are responsible for assessing the council'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.

**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 council'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 council'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 council 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.

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
25 September 2019



Jonathan Kyvelidis
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Income			
Rates and charges	3.1	173,333	162,371
Statutory fees and fines	3.2	7,343	7,101
User fees	3.3	19,501	19,569
Grants - operating	3.4	22,189	20,695
Grants - capital	3.4	13,519	9,599
Contributions - monetary	3.5	6,424	6,555
Contributions - non monetary	3.5	7,433	4,839
Fair value adjustments for investments	6.3	-	823
Other income	3.7	4,283	4,381
Total income		254,025	235,933
Expenses			
Employee costs	4.1	76,033	72,959
Materials and services	4.2	106,148	98,674
Depreciation and amortisation	4.3	31,355	30,120
Borrowing costs	4.4	811	974
Other expenses	4.5	5,302	5,289
Fair value adjustments for investments	6.3	390	-
Net loss on disposal of property, infrastructure, plant and equipment	3.6	10,174	3,024
Total expenses		230,213	211,040
Surplus for the year		23,812	24,893
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation (decrement)/increment	6.1	(2,613)	182,994
Total comprehensive result		21,199	207,887

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

Balance Sheet As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	35,619	13,618
Trade and other receivables	5.1 (c)	14,864	13,170
Other financial assets	5.1 (b)	32,582	54,580
Other assets	5.2	2,283	3,584
Total current assets		85,348	84,952
Non-current assets			
Trade and other receivables	5.1 (c)	366	366
Other financial assets	5.1 (b)	39	44
Property, infrastructure, plant and equipment	6.1	2,435,953	2,414,416
Investment property	6.2	9,064	9,300
Intangible assets	5.2	1,080	1,261
Total non-current assets		2,446,502	2,425,387
Total assets		2,531,850	2,510,339
Liabilities			
Current liabilities			
Trade and other payables	5.3	17,837	18,881
Trust funds and deposits	5.3	4,802	4,173
Unearned Income	5.6	1,797	-
Provisions	5.5	12,697	12,513
Interest-bearing liabilities	5.4	4,734	4,116
Total current liabilities		41,867	39,683
Non-current liabilities			
Trust funds and deposits	5.3	1,731	648
Provisions	5.5	7,019	6,166
Interest-bearing liabilities	5.4	8,315	12,124
Total non-current liabilities		17,065	18,938
Total liabilities		58,932	58,621
Net assets		2,472,918	2,451,718
Equity			
Accumulated surplus		1,043,592	1,019,703
Reserves	9.1	1,429,326	1,432,015
Total Equity		2,472,918	2,451,718

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

Statement of Changes in Equity For the Year Ended 30 June 2019

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2019					
Balance at beginning of the financial year		2,451,718	1,019,703	1,430,855	1,160
Surplus/(deficit) for the year		23,812	23,812	-	-
Net asset revaluation decrement	6.1	(2,613)	-	(2,613)	-
Transfers from other reserves	9.1	-	76	-	(76)
Balance at end of the financial year		2,472,918	1,043,592	1,428,242	1,084
2018					
Balance at beginning of the financial year		2,235,815	986,794	1,247,861	1,160
Prior year adjustment *	9.4	8,018	8,018	-	-
Balance at beginning of the financial year as restated		2,243,833	994,812	1,247,861	1,160
Surplus/(deficit) for the year		24,891	24,891	-	-
Net asset revaluation increment	6.1	182,994	-	182,994	-
Balance at end of the financial year		2,451,718	1,019,703	1,430,855	1,160

* Council has restated the Statement of Changes in Equity to correct errors detailed in Note 9.4

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

Statement of Cash Flows For the Year Ended 30 June 2019

	Note	2019 Inflows/ (Outflows) \$'000	2018 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		172,733	162,076
Statutory fees and fines		6,446	7,144
User fees		20,766	23,643
Grants - operating		21,259	20,777
Grants - capital		13,519	9,599
Contributions - monetary		8,221	6,556
Interest received		2,095	1,806
Dividends received		3	2
Trust funds and deposits received		1,770	-
Other receipts		2,283	872
Net GST refund/payment		16,249	12,410
Employee costs		(74,889)	(73,174)
Materials and services		(116,984)	(108,738)
Other payments		(5,502)	(5,289)
Net cash provided by operating activities		67,969	57,684
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(64,596)	(47,024)
Proceeds from sale of property, infrastructure, plant and equipment		694	995
Payments for investments		(142,503)	(119,604)
Proceeds from sale of investments		165,058	123,990
Net cash used in investing activities		(41,347)	(41,643)
Cash flows from financing activities			
Finance costs		(873)	(1,030)
Proceeds from borrowings		-	3,964
Repayment of borrowings		(3,748)	(7,407)
Net cash used in financing activities		(4,621)	(4,473)
Net increase in cash and cash equivalents		22,001	11,568
Cash and cash equivalents at the beginning of the financial year		13,618	2,050
Cash and cash equivalents at the end of the financial year	5.1	35,619	13,618
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.

Statement of Capital Works For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Property			
Land		82	4,213
Buildings		21,968	13,954
Total property		<u>22,050</u>	<u>18,167</u>
Plant and equipment			
Plant, machinery and equipment		436	453
Fixtures, fittings and furniture		176	66
Computers and telecommunications		3,119	380
Art works		37	-
Library books		895	817
Total plant and equipment		<u>4,663</u>	<u>1,716</u>
Infrastructure			
Roads		9,490	11,310
Drainage		3,931	3,135
Bridges		35	49
Footpaths and cycleways		2,429	3,491
Recreational, leisure and community facilities		8,793	1,516
Parks, open space and streetscapes		5,629	6,935
Marine structures		1,703	188
Other infrastructure		-	504
Total infrastructure		<u>32,010</u>	<u>27,128</u>
Total capital works expenditure		<u>58,723</u>	<u>47,011</u>
Represented by:			
New asset expenditure		7,000	9,213
Asset renewal expenditure		29,079	21,108
Asset expansion expenditure		1,206	1,864
Asset upgrade expenditure		21,438	14,826
Total capital works expenditure		<u>58,723</u>	<u>47,011</u>

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

OVERVIEW

Introduction

The Mornington Peninsula Shire 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 90 Besgrove Street, Rosebud.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 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 landfill provisions (refer to Note 5.5)
- the fair value of investment property (refer to Note 6.2)
- the allocation of council assets by program (refer to Note 2)

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

The comparative figures have been reclassified from the prior year audited financial statements with explanation of the adjustments and their amounts disclosed in Note 9.4:

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 the lower of 10 percent or \$1 million where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

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

1.1 Income and expenditure

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance %	Ref
Income					
Rates and charges	171,525	173,333	1,808	1%	1
Statutory fees and fines	6,736	7,343	607	9%	
User fees	19,155	19,501	346	2%	
Grants - operating	19,856	22,189	2,333	12%	2
Grants - capital	5,681	13,519	7,838	138%	3
Contributions - monetary	4,876	6,424	1,548	32%	4
Contributions - non monetary	1,000	7,433	6,433	643%	5
Other income	3,252	4,283	1,030	32%	6
Total income	232,081	254,025	21,943	9%	
Expenses					
Employee costs	76,243	76,033	210	0%	
Materials and services	99,970	106,148	(6,178)	(6%)	7
Depreciation and amortisation	28,185	31,355	(3,170)	(11%)	8
Borrowing costs	1,011	811	201	20%	9
Other expenses	6,492	5,302	1,190	18%	10
Fair value adjustments for investments	-	390	(390)	100%	11
Net loss on disposal of property, infrastructure, plant and equipment	-	10,174	(10,174)	100%	12
Total expenses	211,901	230,213	(18,313)	(9%)	
Surplus for the year	20,180	23,812	3,632	18%	

1.1 (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Variance Fav / Unfav	Explanation
1	Rates and charges	Fav	Unbudgeted revenue from Speedwell Street Somerville special charge scheme. Building of road commenced in 2017/18 with project carried forward and was completed in 2018/19. Additional revenue from supplementary notices (for subdivisions, building improvements and new dwellings) higher than budget, and higher than budgeted revenue from "Opt-in Green Waste" service.
2	Grants - operating	Fav	Operating grants are higher than budget due to higher than expected growth for the Home and Community Care commonwealth grant and additional state grants received in relation to Corridors of Green, School Focussed and Coastal Villages and Neighbourhood Strategy.
3	Grants - capital	Fav	Capital grants are higher than budget due to additional funding from Department of Environment, Land, Water and Planning for the development of a new community centre in Mornington sports lighting, funding from VicRoads for pedestrian safety improvements and funding from Department of Health for the relocation of the Rosebud Youth Hub.
4	Contributions - monetary	Fav	Monetary contributions were higher than budget due to increased building/development activity across the Shire resulting in increased financial contributions (this amount is also budgeted conservatively).
5	Contributions - non monetary	Fav	Non monetary contributions is greater than budget mainly due to increased level of development activity which has resulted in additional revenue from contributed Infrastructure assets; mainly roads and drains.
6	Other income	Fav	Other income is higher than budget due to interest earned from funds allocated to projects that have been carried forward (i.e. not completed in 2018/19), and a stronger than budgeted opening cash position.
7	Materials and services	Unfav	Materials and services are higher than budget due to increased Safer Local Roads Program contract caused by shortfall in indexation, unexpected Planning legal expenses, renewal of street sweeping contract at a higher cost and completion of the street lighting bulk LED upgrade in 2018/19 instead of scheduled completion in 2017/18.
8	Depreciation and amortisation	Unfav	Depreciation higher than expected due to unbudgeted additions and disposals, mainly in Infrastructure assets.
9	Borrowing costs	Fav	Borrowing costs lower than budget due to delay of the loan for Rosebud Aquatic Centre which will now be drawn down in 2019/20 instead of in the last half of 2018/19.
10	Other expenses	Fav	Other expenses lower than budget due to lower payment of family day care fee relief caused by lower amount of carers than expected as well as lower staff training and uptake of outplacement services.
11	Fair value adjustments for investments	Unfav	Investment property and shares has been decreased in fair value due to valuation conducted at year-end for investment property and share value adjustments.
12	Net (gain)/loss on disposal of property, infrastructure, plant and equipment	Unfav	A number of existing assets (mainly infrastructure assets) were disposed/replaced as part of Council's Capital Works Program, \$5.8 million drainage assets were assessed to be the responsibility of VicRoads and taken off the Asset Register.

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2019 \$'000	Actual 2019 \$'000	Variance 2019 \$'000	Variance 2019 %	Ref
Property					
Land	150	82	(68)	(45%)	1
Buildings	19,573	21,968	2,394	12%	2
Total property	19,723	22,050	2,326	12%	
Plant and equipment					
Plant, machinery and equipment	475	436	(39)	(8%)	
Fixtures, fittings and furniture	180	176	(4)	(2%)	
Computers and telecommunications	2,000	3,119	1,119	56%	3
Library books	895	895	(1)	(0%)	
Art Works	25	37	12	49%	4
Total plant and equipment	3,575	4,663	1,088	30%	
Infrastructure					
Roads	7,784	9,490	1,707	22%	5
Bridges	40	35	(5)	(13%)	6
Footpaths and cycleways	1,325	2,429	1,104	83%	7
Drainage	2,825	3,931	1,106	39%	8
Recreational, leisure and community facilities	8,632	8,793	161	2%	
Parks, open space and streetscapes	5,082	5,629	547	11%	9
Marine structures	480	1,703	1,223	255%	10
Total infrastructure	26,168	32,010	5,841	22%	
Total capital works expenditure	49,466	58,723	9,255	19%	
Represented by:					
New asset expenditure	17,926	7,000	(10,926)	(61%)	
Asset renewal expenditure	24,276	29,079	4,804	20%	
Asset expansion expenditure	1,301	1,206	(95)	(7%)	
Asset upgrade expenditure	5,963	21,438	15,475	260%	
Total capital works expenditure	49,466	58,723	9,257	19%	

1.2 (cont'd)

(i) Explanation of material variations

Variance Ref	Item	Variance	Explanation
		Fav / Unfav*	
1	Land	Fav	Land is lower than budget due to delay of design approval for Rye Landfill cell 3.
2	Buildings	Unfav	Buildings is higher than budget due to an increased scope for the Somerville Recreation Centre rebuild as well as additional projects carried forward from 2017/18 completed in 2018/19 including Citation Reserve, Mt Martha.
3	Computers and telecommunications	Unfav	2017/18 budget was underspent due to the timing of the Business Transformation project. This expenditure was incurred in the 2018/19 year due to having a dedicated Team and establishment of contracts.
4	Art Works	Unfav	While budget is put forward at the start of the year as an estimate, purchases are made in line with the exhibition program.
5	Roads	Unfav	Roads is higher than budget due to additional projects carried forward from 2017/18, completed in 2018/19 including Two Bays Road and expenditure towards pedestrian safety in Mornington. This is partially offset by lower expenditure for Safer Local Roads program as works began later in the year than expected due to weather conditions.
6	Bridges	Fav	Bridges is lower than budget due to less than estimated bridge renewals/upgrades.
7	Footpaths and cycleways	Unfav	Footpaths and cycleways is higher than budget due to additional projects carried forward from 2017/18 completed in 2018/19, including Coppin Road, Sorrento footpath and Point Nepean Road, Rye-Blairgowrie footpath.
8	Drainage	Unfav	Drainage higher than budget due to higher than expected contract cost for Flinders Catchment. Also due to additional projects carried forward from 2017/18 completed in 2018/19 including Cook Street Outfall Upgrade, Muir Court Pump Station and Roberts Road Drainage Improvement. This is partially offset by the delay of Boneo Road Drain Catchment due to different flood mitigation options being explored.
9	Parks, open space and streetscapes	Unfav	Parks, open space and streetscapes higher than budget due to expenditure for Truemans Road Oval rehabilitation being higher than expected as this was a previous landfill site. Also due to additional projects carried forward from 2017/18 completed in 2018/19 including Rye Foreshore Master Plan.
10	Marine structures	Unfav	Marine structures is higher than budget due to additional projects carried forward from 2017/18 completed in 2018/19 including Rye Boat Ramp reconfiguration.

*Note: Unfavourable variances indicate additional spend above budget on Capital Works program due to carry forwards of prior year and grants received during the financial year.

The variances between budget and actual categories (new, renewal, expansion and upgrade) are caused by estimated budget splits at the point of adoption where actual reflects works performed including carry forwards for the financial year.

Note 2 Analysis of Council results by directorate.

Council delivers its functions and activities through the following directorates.

2 (a) Chief Executive Office

The Chief Executive Office sits over the following units in an executive function, with each of their Directors and select others involved in the Executive Leadership Team for decision making, leadership and collaboration. The Communications & Events, Innovation & Advocacy and Governance & Democratic Support team also sit within this directorate, auxiliary to the five key departments, with a focus on supporting the strategic communication, transparency and ethical decision making of Council.

Communities

Family Services & Community Planning, Aged & Disability, Arts & Culture and Libraries make up the Communities directorate of Council. The focus is to provide inclusive, strong and connected communities for residents and visitors of the shire by linking critical services to those in need, providing and promoting opportunities for learning and giving everyone the opportunity to be involved.

Corporate Services

Corporate Services encompasses the core business functions of the Council including Information Services, Corporate Counsel, Finance and Customer Service. These units support the timely and effective adherence to regulation, legislative and financial reporting requirements as well as the development of strategic policies, delivery of quality service and effective information management.

Place

Previously known as Infrastructure, our directorate of Place encompasses all aspects of strategic Council asset management and development, natural resource conservation and stakeholder property services. This is broken down into Infrastructure Services, Infrastructure Strategy & Climate Change, Environment Protection Unit, Property & Strategy, Safety & Service Quality, The Briars and Project Delivery.

Performance & Development

The newly recognised Performance & Development directorate provides advice, guidance and support on all employee, health & safety and learning & development matters. The primary focus is on employee health and wellbeing, talent management, leadership development and ultimately building a capable and future ready workforce.

Planning & Compliance

The Planning & Compliance directorate of Council is the regulatory arm of all matters pertaining to planning scheme amendments, statutory planning applications, planning compliance, building records, building report and consent and building compliance. The units provide technical advice on planning and building legislation to achieve quality land use and development outcomes.

Note 2 Analysis of Council results by directorate
2 (b)

	Income	Expenses	Surplus/ (Deficit)	Capital expenses	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2019						
Chief Executive Office	552	10,523	(9,971)	-	15	-
Communities	16,773	32,821	(16,048)	932	14,243	1,910
Corporate Services	178,384	20,174	158,210	3,555	6,099	91,314
Place	50,159	150,872	(100,712)	54,236	15,051	1,373,614
Performance & Development	2	3,400	(3,398)	-	-	-
Planning & Compliance	8,155	12,423	(4,268)	-	300	1,065,012
	254,025	230,213	23,813	58,723	35,708	2,531,850
	Income	Expenses	Surplus/ (Deficit)	Capital expenses	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018						
Chief Executive Office	552	7,774	(7,222)	-	-	-
Communities	16,218	32,000	(15,782)	817	13,596	1,959
Corporate Services	171,513	21,708	149,806	833	5,752	91,617
Place	38,767	134,050	(95,283)	45,361	10,947	1,352,595
Performance & Development	0	3,682	(3,682)	-	-	-
Planning & Compliance	8,883	11,826	(2,943)	-	-	1,064,169
	235,933	211,040	24,893	47,011	30,294	2,510,339

Note: During the year directorates have been restructured and therefore the financial year 2018 do not directly align to 2019 for comparative purposes.

Note 3 Funding for the delivery of our services	2019	2018
3.1 Rates and charges	\$'000	\$'000

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

The valuation base used to calculate general rates for 2018/19 was \$84.091 billion (2017/18 \$65.257 billion).

General rates	141,887	135,920
Waste service charge	24,542	19,736
Service rates and charges (opt-in green waste)	4,687	4,229
Supplementary rates and rate adjustments	1,222	1,491
Culture and recreational	155	155
Revenue in lieu of rates	840	840
Total rates and charges	173,333	162,371

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2019.

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	1,440	1,477
Town planning fees	3,312	3,217
Land information certificates	202	233
Permits	2,004	1,853
Other fees and charges	385	322
Total statutory fees and fines	7,343	7,101

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

3.3 User fees

Aged and health services	1,890	1,837
Animal shelter fees	69	90
Art gallery fees	132	195
Building services	508	452
Child, youth and family care services	363	435
Events & festivals fees	60	58
Foreshore camping fees	3,172	2,900
Grounds and pavilions	128	153
Halls and community centres	485	518
Legal reimbursement	439	318
Leisure centre and recreation	857	1,215
Library fees and fines	131	131
Nursery and homestead	295	202
Parking and boat ramp	676	627
Planning fees	438	489
Registration and other permits	2,261	1,617
Tourism fees	18	29
Valuations and property	635	891
Waste management services	6,488	6,934
Other fees and charges	454	478
Total user fees	19,501	19,569

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

3.4 Funding from other levels of government	2019	2018
Grants were received in respect of the following :	\$'000	\$'000
Summary of grants		
Commonwealth funded grants	19,526	17,079
State funded grants	16,182	13,215
Total grants received	<u>35,708</u>	<u>30,294</u>
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grant	5,806	5,748
Family day care	886	823
Family and children	-	42
Aged Care	6,843	6,448
Indigenous Programs	84	83
	<u>13,619</u>	<u>13,144</u>
<i>Recurrent - State Government</i>		
Aged care	2,337	2,453
School crossing supervisors	459	393
Libraries	996	972
Maternal and child health	1,520	1,404
Community safety	158	145
Family and Children	736	575
Indigenous Programs	84	89
Other	453	165
	<u>6,743</u>	<u>6,196</u>
Total recurrent operating grants	<u>20,362</u>	<u>19,340</u>
<i>Non-recurrent - Commonwealth Government</i>		
Indigenous Programs	-	9
Other	14	41
	<u>14</u>	<u>50</u>
<i>Non-recurrent - State Government</i>		
Aged Care	4	-
Waste Management Services	214	215
Indigenous Programs	72	72
Environmental planning	511	220
Community safety	96	61
Maternal and child health	15	16
Family and children	537	412
Vegetation	343	160
Other	21	149
Total non-recurrent operating grants	<u>1,813</u>	<u>1,305</u>
Total operating grants	<u>22,189</u>	<u>20,695</u>

	2019 \$'000	2018 \$'000
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,421	2,294
Roads and intersections	-	1,260
Total recurrent capital grants	<u>1,421</u>	<u>3,554</u>
<i>Non-recurrent - Commonwealth Government</i>		
Community Safety	20	-
Recreation	2,700	650
Roads and intersections	-	280
Streetscape Works	-	650
Other	1,753	12
<i>Non-recurrent - State Government</i>		
Community Safety	55	156
Libraries	20	20
Recreation	2,685	1,779
Roads and Intersections	1,715	-
Drainage	50	150
Streetscape Works	147	1,991
Buildings	2,621	225
Other	332	132
Total non-recurrent capital grants	<u>12,098</u>	<u>6,045</u>
Total capital grants	<u><u>13,519</u></u>	<u><u>9,599</u></u>
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	5,555	4,678
Received during the financial year and remained unspent at balance date	6,368	4,460
Received in prior years and spent during the financial year	<u>(3,606)</u>	<u>(3,583)</u>
Balance at year end	<u>8,317</u>	<u>5,555</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal).

	2019 \$'000	2018 \$'000
3.5 Contributions		
Monetary	6,424	6,555
Non-monetary	<u>7,433</u>	<u>4,839</u>
Total contributions	<u><u>13,857</u></u>	<u><u>11,394</u></u>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	103	448
Buildings	19	-
Roads	3,107	1,497
Drainage	2,654	2,622
Land under roads	9	68
Footpaths & cycleways	804	158
Parks & open spaces	737	46
Total non-monetary contributions	<u>7,433</u>	<u>4,839</u>

Non monetary contributions are recognised as revenue when Council obtains control over the contributed asset.

3.6 Net loss on disposal of property, infrastructure, plant and equipment

Proceeds of sale	694	996
Written down value of assets disposed *	<u>(10,870)</u>	<u>(4,020)</u>
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	<u>(10,174)</u>	<u>(3,024)</u>

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

* \$5.8 million drainage assets were assessed to be the responsibility of VicRoads and taken off the Asset Register.

3.7 Other income	2019	2018
	\$'000	\$'000
Interest	1,997	1,948
Dividends	3	2
Investment property rental	2,234	1,998
Other rent	2	433
Other	47	-
Total other income	4,283	4,381

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.

Note 4 The cost of delivering services	2019	2018
4.1 (a) Employee costs	\$'000	\$'000
Wages and salaries	56,576	54,147
WorkCover	1,626	1,175
Casual staff	2,936	3,616
Superannuation	6,433	5,987
Fringe benefits tax	997	638
Annual leave and long service leave	6,895	6,236
Redundancies	572	1,160
Total employee costs	76,033	72,959

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	197	268
	197	268
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,996	3,720
Employer contributions - other funds	2,240	1,999
	6,236	5,719

Employer contributions payable at reporting date.	158	140
---	-----	-----

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

4.2 Materials and services

Contract payments	25,499	22,971
Rye landfill rehabilitation provision *	200	37
Building maintenance	7,964	7,737
General maintenance	43,612	40,514
Utilities	4,470	4,173
Parking and travel	1,055	1,085
Operating leases	1,646	1,472
Information technology	4,887	4,463
Insurance	1,398	1,242
Legal	2,221	1,634
Consultants	3,918	3,721
Priority Projects **	4,856	5,464
Other	4,422	4,162
Total materials and services	106,148	98,674

* Rye Landfill Rehabilitation provision for financial year 2019 has been adjusted to net present value. Prior year expenditure related to recognition of future rehabilitation expenditure. See note 5.5(b) for provision balance.

** Priority Projects are generally 'one-off' or non-recurring costs. Examples are Council election, strategy development, specific consultant's costs or works projects that do not add to the capitalised value of an asset. Information regarding priority projects are presented in the Monthly Community Reports.

4.3 Depreciation and amortisation

Property	5,339	5,032
Plant and equipment	1,601	1,619
Infrastructure	24,234	23,285
Total depreciation	31,174	29,936
Intangible assets	181	184
Total depreciation and amortisation	31,355	30,120

Refer to note 6.1 and 6.2(b) for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

	2019	2018
	\$'000	\$'000
4.4 Borrowing costs		
Interest - borrowings	811	974
Total borrowing costs	811	974

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.5 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	94	92
Auditors' remuneration - Internal	159	127
Councillors' allowances	452	433
Community grants, contributions and subsidies paid	2,081	1,917
Family day care fee relief paid (offset by income)	854	756
Indirect recruitment costs (recruitment, staff training and uniforms)	795	881
Insurance excess and small claims	98	77
Operating lease rentals	278	304
Training, conferences and seminars	74	133
Others	417	569
Total other expenses	5,302	5,289

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	15	15
Cash at bank	11,604	6,603
Short term deposits	24,000	7,000
Total cash and cash equivalents	35,619	13,618

(b) Other financial assets

Current

Term deposits	32,582	54,580
---------------	--------	--------

Non-Current

Shares	39	44
--------	----	----

Total other financial assets	32,621	54,623
------------------------------	--------	--------

Total financial assets	68,240	68,241
------------------------	--------	--------

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

- Trust funds and deposits (Note 5.3)	4,802	4,173
Total restricted funds	4,802	4,173
Total unrestricted cash and cash equivalents	30,817	9,445

Intended allocations

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

- cash held to fund carried forward capital works & priority projects	28,243	24,237
- include details of other allocated amounts	1,084	1,160
Total funds subject to intended allocations	29,327	25,398

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.

5.1 (c) Trade and other receivables	2019 \$'000	2018 \$'000
Current		
Statutory receivables		
Rates debtors	4,711	4,281
Rates Pensioner	946	896
Special rate assessment	557	492
Infringement debtors	2,198	1,302
Provision for doubtful debts - infringements	(1,926)	(978)
Grants - Government and Statutory Bodies	1,600	670
Net GST receivable	2,465	2,206
Non statutory receivables		
Other debtors	4,313	4,301
Total current trade and other receivables	14,864	13,170
Non-current		
Statutory receivables		
Special rate scheme	366	366
Total non-current trade and other receivables	366	366
Total trade and other receivables	15,230	13,536

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

(d) Ageing of Receivables

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

Current (not yet due)	3,317	1,607
Past due by up to 30 days	320	1,334
Past due between 31 and 180 days	84	390
Past due between 181 and 365 days	592	970
Total trade and other receivables	4,313	4,301

(e) Ageing of individually impaired Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 60 days	-	-
Past due by more than 61 days	1,926	978
Total trade & other receivables	1,926	978

5.2 Non-financial assets	2019	2018
(a) Other assets	\$'000	\$'000
Prepayments	792	1,276
Accrued income	1,343	1,817
Inventories held for sale	148	153
Non-current assets held for sale *	-	338
Total other assets	<u>2,283</u>	<u>3,584</u>

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

* Non-current assets held for sale relates to land asset category for prior year.

(b) Intangible assets

Software	1,080	1,261
Total intangible assets	<u>1,080</u>	<u>1,261</u>
	<u>Software</u>	
	<u>\$'000</u>	
Gross carrying amount		
Balance at 1 July 2018	4,545	
Balance at 1 July 2019	<u>4,545</u>	
Accumulated amortisation and impairment		
Balance at 1 July 2018	(3,284)	
Amortisation expense	<u>(181)</u>	
Balance at 1 July 2019	<u>(3,465)</u>	
Net book value at 30 June 2018	<u>1,261</u>	
Net book value at 30 June 2019	<u>1,080</u>	

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.

	2019	2018
5.3 Payables	\$'000	\$'000
(a) Trade and other payables		
Trade payables	11,235	7,837
Accrued expenses	6,602	11,044
Total trade and other payables	17,837	18,881
(b) Trust funds and deposits		
Current		
Refundable deposits	778	609
Fire services levy	317	374
Retention amounts	772	388
Bank guarantees	261	261
General	373	385
Hillview Quarries restoration fund	477	477
Rate recoveries	341	341
Subdivision maintenance deposits	1,483	1,338
Total trust funds and deposits	4,802	4,173
Non-current		
Refundable deposits	1,731	648
Total Non-Current	1,731	648
Total trust funds and deposits	6,533	4,821

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

Purpose and nature of items

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

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

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

Subdivision maintenance deposits - Council has the discretion on developments or subdivisions that create new roads, footpath, drainage, large landscaped areas, etc. to take a maintenance bond, generally 5% of the cost of the civil works. This is held for a prescribed maintenance period. This is to cover Council for any outstanding maintenance works that might occur over the initial period of 3 months after construction/statement of compliance is issued.

Notes to the Financial Report
For the Year Ended 30 June 2019

5.4 Interest-bearing liabilities	2019	2018
	\$'000	\$'000
Current		
Bank overdraft	924	367
Borrowings - Secured *	3,810	3,749
	<u>4,734</u>	<u>4,116</u>
Non-current		
Borrowings - Secured *	8,315	12,124
	<u>8,315</u>	<u>12,124</u>
Total	<u>13,049</u>	<u>16,240</u>

*Borrowings are secured by general rates.

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

Not later than one year	4,734	4,116
Later than one year and not later than five years	7,700	10,859
Later than five years	615	1,265
Total	<u>13,049</u>	<u>16,240</u>

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

5.5 Provisions

	Employee	Landfill restoration	Native vegetation management	Total
	\$ '000	\$ '000	\$ '000	\$ '000
2019				
Balance at beginning of the financial year	13,165	4,508	1,006	18,679
Additional provisions	1,038	200	16	1,254
Amounts used	-	-	(219)	(219)
Balance at the end of the financial year	<u>14,203</u>	<u>4,708</u>	<u>803</u>	<u>19,714</u>
2018				
Balance at beginning of the financial year	13,022	4,471	956	18,449
Additional provisions	6,235	37	169	6,441
Amounts used	(6,092)	-	(119)	(6,211)
Balance at the end of the financial year	<u>13,165</u>	<u>4,508</u>	<u>1,006</u>	<u>18,679</u>

	2019	2018
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled		
Annual leave	4,028	3,805
Long service leave	3,190	2,774
Redundancies	28	-
	<u>7,246</u>	<u>6,579</u>
Current provisions expected to be wholly settled after 12 months		
Annual leave	836	731
Long service leave	4,453	4,389
	<u>5,289</u>	<u>5,120</u>
Total current employee provisions	<u>12,535</u>	<u>11,699</u>
Non-current		
Long service leave	1,668	1,466
Annual leave	-	-
Total non-current employee provisions	<u>1,668</u>	<u>1,466</u>
Aggregate carrying amount of employee provisions:		
Current	12,535	11,699
Non-current	1,668	1,466
Total aggregate carrying amount of employee	<u>14,203</u>	<u>13,165</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, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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

Long service leave

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

Key assumptions:

- discount rate	1.04%	1.91%
- index rate	3.20%	3.20%
	2019	2018
	\$'000	\$'000

(b) Landfill restoration

Non-current	4,708	4,508
	<u>4,708</u>	<u>4,508</u>

Council is obligated to restore Rye landfill site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Provision for cell capping is based on the total cost using the Phytocap method opposed to a conventional capping. The Rye landfill does not currently have a final approved design for either a Phytocap or a conventional cap as designs are generally only approved immediately prior to cap construction. If a conventional cap was required an additional amount of approximately \$2,650,000 would be needed for a capping provision.

Key assumptions:

- discount rate	1.7% - 3.8%	2.4% - 4.7%
- inflation rate	1.2%	2.1%
- estimated cost to rehabilitate	\$3,251	\$3,251
	2019	2018
	\$'000	\$'000

(c) Native vegetation management

Current	162	814
Non-current	641	192
	<u>803</u>	<u>1,006</u>

5.6 Unearned income

Public open space contribution	1,797	-
Total Unearned Income	<u>1,797</u>	<u>-</u>

5.7 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2019

Bank overdraft	5,000	5,000
Bank Loans	12,125	15,873
Credit card facilities	200	200
Bank Guarantees	100	100
Asset Finance - Leasing	3,000	3,000
Total facilities	<u>20,425</u>	<u>24,173</u>
Used facilities	13,064	16,350
Unused facilities	<u>7,361</u>	<u>7,823</u>

5.8 Commitments

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

2019	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Cleansing	12,646	13,089	27,568	-	53,303
Parks and Roadsides	11,183	11,574	24,378	-	47,135
Furniture and Signs	3,983	4,122	8,682	-	16,787
Buildings	7,606	7,873	16,582	-	32,061
Safer Local Roads	11,702	12,111	-	-	23,813
Garbage Collection	9,032	9,348	13,057	-	31,437
Green Waste	1,204	1,246	-	-	2,450
Landfill & Transfer Station Management	1,928	-	-	-	1,928
Recycling	9,869	9,049	-	-	18,918
Recreation and Leisure	1,063	882	1,150	-	3,095
Telecommunications and IT	2,209	2,044	3,836	-	8,089
Consulting	799	302	-	-	1,101
Internal Audit	186	-	-	-	186
Total	73,409	71,640	95,252	-	240,301
Capital					
Buildings	1,012	-	-	-	1,012
Recreation Facilities	736	389	-	-	1,125
Roads	683	-	-	-	683
Footpaths & street scapes	476	-	-	-	476
Drainage	231	-	-	-	231
Total	3,139	389	-	-	3,528

2018	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Cleansing	8,143	8,428	27,094	9,671	53,336
Parks and Roadsides	10,678	11,052	35,531	12,682	69,943
Furniture and Signs	3,571	3,696	11,882	4,241	23,390
Buildings	7,232	7,485	24,065	8,590	47,372
Safer Local Roads	11,589	11,995	25,264	-	48,848
Garbage Collection	4,037	-	-	-	4,037
Green Waste	1,012	-	-	-	1,012
Landfill & Transfer Station Management	385	-	-	-	385
Recycling	4,116	4,260	-	-	8,376
Recreation and Leisure	1,296	1,063	2,032	-	4,391
Telecommunications and IT	46	46	46	-	138
Consulting	160	160	-	-	320
Internal Audit	182	-	-	-	182
Total	52,447	48,185	125,914	35,184	261,730
Capital					
Buildings	8,041	-	-	-	8,041
Recreation Facilities	5,498	994	624	-	7,116
Roads	-	-	-	-	-
Footpaths & street scapes	1,375	-	-	-	1,375
Drainage	344	-	-	-	344
Total	15,258	994	624	-	16,876

	2019	2018
	\$'000	\$'000
<i>Operating lease commitments</i>		

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

Not later than one year	2,577	2,348
Later than one year and not later than five years	2,036	2,894
Later than five years	-	-
Total	4,613	5,242

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

Operating lease receivables

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

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

	2019	2018
	\$'000	\$'000
Not later than one year	1,763	1,384
Later than one year and not later than five years	3,690	2,980
Later than five years	3,492	2,469
Total	8,945	6,833

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

6.1 Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2018 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfer to Held for Sale \$'000	Transfers \$'000	At Fair Value 30 June 2019 \$'000
Land	1,051,548	-	112	-	-	-	12	-	1,051,672
Buildings	151,700	-	18	-	(5,339)	(2,048)	-	26,329	170,660
Plant and Equipment	6,488	-	-	-	(1,601)	(37)	-	1,688	6,538
Infrastructure	1,169,169	-	7,303	(2,616)	(24,234)	(8,458)	-	36,416	1,177,580
Work in progress	35,511	58,425	-	-	-	-	-	(64,433)	29,503
	2,414,416	58,425	7,433	(2,616)	(31,174)	(10,543)	12	-	2,435,953

Summary of Work in Progress	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Buildings	12,514	22,421	(26,329)	8,607
Plant and Equipment	324	4,944	(1,688)	3,580
Infrastructure	22,673	31,060	(36,416)	17,317
Total	35,511	58,425	(64,433)	29,503

Notes to the Financial Report
For the Year Ended 30 June 2019

(a) Property

	Land - specialised \$'000	Land - non specialised \$'000	Land Under Roads \$'000	Total Land & Land Improvements \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2018	1,046,119	3,709	1,720	1,051,548	316,463	435	316,898	12,514	1,380,960
Accumulated depreciation at 1 July 2018	-	-	-	-	(164,856)	(341)	(165,197)	-	(165,197)
	1,046,119	3,709	1,720	1,051,548	151,607	94	151,701	12,514	1,215,763
Movements in fair value									
Additions	-	-	-	-	-	-	-	22,421	22,421
Contributions	103	-	9	112	19	-	19	-	131
Disposal	-	-	-	-	(3,143)	-	(3,143)	-	(3,143)
Transfer from Held for Sale	12	-	-	12	-	-	-	-	12
Transfers	-	-	-	-	26,329	-	26,329	(26,329)	-
	115	-	9	124	23,205	-	23,205	(3,908)	19,421
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(5,339)	-	(5,339)	-	(5,339)
Accumulated depreciation of disposals	-	-	-	-	1,095	-	1,095	-	1,095
Transfers	-	-	-	-	-	-	-	-	-
	-	-	-	-	(4,244)	-	(4,244)	-	(4,244)
At fair value 30 June 2019	1,046,234	3,709	1,729	1,051,672	339,668	435	340,102	8,607	1,400,380
Accumulated depreciation at 30 June 2019	-	-	-	-	(169,100)	(341)	(169,441)	-	(169,441)
	1,046,234	3,709	1,729	1,051,672	170,568	94	170,661	8,607	1,230,939

Notes to the Financial Report
For the Year Ended 30 June 2019

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Artworks	Library books	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	7,204	3,203	1,015	2,558	5,533	324	19,837
Accumulated depreciation at 1 July 2018	(5,765)	(2,747)	(940)	-	(3,573)	-	(13,025)
	1,439	456	75	2,558	1,960	324	6,812
Movements in fair value							
Acquisition of assets at fair value	-	-	-	-	-	4,944	4,944
Fair value of assets disposed	(111)	(0)	-	-	(1,315)	-	(1,426)
Transfers out of WIP	205	496	-	37	949	(1,688)	-
	94	496	-	37	(366)	3,256	3,518
Movements in accumulated depreciation							
Depreciation and amortisation	(373)	(195)	(35)	-	(998)	-	(1,601)
Accumulated depreciation of disposals	74	0	-	-	1,315	-	1,389
Transfers	-	-	-	-	-	-	-
	(299)	(195)	(35)	-	317	-	(212)
At fair value 30 June 2019	7,298	3,699	1,015	2,595	5,167	3,580	23,355
Accumulated depreciation at 30 June 2019	(6,064)	(2,942)	(975)	-	(3,256)	-	(13,238)
	1,234	757	40	2,595	1,911	3,580	10,118

Notes to the Financial Report
For the Year Ended 30 June 2019

(c) Infrastructure

	Roads	Drainage	Bridges	Footpaths and cycleways	Recreational, leisure and community	Parks open spaces and streetscapes	Marine Structures	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2018	925,047	581,273	2,001	107,730	26,557	94,268	4,880	22,673	1,764,430
Accumulated depreciation at 1 July 2018	(267,467)	(183,753)	(632)	(51,860)	(15,541)	(50,529)	(2,803)	-	(572,586)
	657,580	397,520	1,368	55,869	11,016	43,739	2,078	22,673	1,191,843
Movements in fair value									
Acquisition of assets at fair value	-	-	-	-	-	-	-	31,060	31,060
Contributed assets	3,108	2,654	-	804	-	737	-	-	7,303
Revaluation increments/decrements	(25,892)	15,034	121	21,958	(338)	3,124	(380)	-	13,623
Fair value of assets disposed	(3,473)	(8,639)	-	(90)	(1,588)	(1,599)	(359)	-	(15,749)
Transfers out of WIP	14,971	4,435	52	3,640	2,377	9,009	1,933	(36,416)	-
	(11,287)	13,483	172	26,312	451	11,270	1,194	(5,356)	36,236
Movements in accumulated depreciation									
Depreciation and amortisation	(10,667)	(6,125)	(26)	(2,373)	(986)	(3,963)	(94)	-	(24,234)
Accumulated depreciation of disposals	2,360	2,571	-	53	1,097	1,062	148	-	7,291
Revaluation increments/decrements	2,355	(5,817)	(40)	(11,424)	(36)	(1,180)	(96)	-	(16,239)
Transfers	-	-	-	-	-	-	-	-	-
	(5,952)	(9,371)	(66)	(13,745)	75	(4,080)	(43)	-	(33,182)
At fair value 30 June 2019	913,760	594,756	2,173	134,042	27,008	105,538	6,074	17,317	1,800,669
Accumulated depreciation at 30 June 2019	(273,419)	(193,125)	(698)	(65,605)	(15,466)	(54,610)	(2,845)	-	(605,768)
	640,341	401,631	1,475	68,436	11,542	50,928	3,229	17,317	1,194,901

Acquisition

Where assets are constructed by Council, costs include 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.

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
Land	-	1
Land improvements	-	1
Buildings		
Buildings	10 - 200 years	5
Plant and Equipment		
Plant, machinery and equipment	3 - 10 years	2
Furniture and fittings	3 - 10 years	2
Information technology	3 - 15 years	1
Artworks	-	1
Library books	3 - 5 years	1
Infrastructure		
Roads - pavements and substructure	21 - 230 years	15
Roads - kerb, channel and minor culverts and other	29 - 100 years	15
Drainage	10 - 100 years	15
Bridges - deck and substructure	50 - 80 years	15
Bridges - others	100 years	15
Footpaths and cycleways	10 - 93 years	15
Recreational, leisure and community facilities	2 - 70 years	15
Parks, open space and streetscapes	4 - 116 years	15
Marine structures	30 - 100 years	15
Intangible assets		
Intangible assets	3 - 15 years	1

Land under roads

Council recognises 'Land Under Roads' it controls at fair value, for land acquired after 30 June 2008.

Depreciation and amortisation

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

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

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 by Council's valuation team, qualified valuer Lauren Ashley AAPI (Associate of Australian Property Institute). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

Specialised land is valued at fair value using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the 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 the Council's land and buildings and information about the fair value hierarchy as at 30 June 2019 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land - Specialised	-	-	1,046,234	Jun-19
Land - Non Specialised	-	3,709	-	Jun-19
Buildings - Specialised	-	-	170,568	Jun-19
Buildings - Non Specialised	-	94	-	Jun-19
Land Under Roads	-	-	1,729	Jun-19
Total	-	3,803	1,218,531	

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.

Valuation of infrastructure

Valuation of infrastructure assets has been undertaken by Council's Asset Management Team in accordance with the valuation methodology. Council undertakes a formal revaluation of land and buildings every 2 (two) years, and infrastructure assets every 3 (three) years. The valuation is performed by experienced council officers.

The date of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year for Drains, Recreational, leisure and community, Parks open spaces and streetscapes & marine structures.. This valuation was based on data from Australian Bureau of Statistics (ABS), a full revaluation of these assets will be conducted within the next 2 years.

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

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

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	640,341	Jun-19
Bridges	-	-	1,475	Jun-19
Footpaths and cycleways	-	-	68,436	Jun-19
Drainage	-	-	401,631	Jun-19
Recreational, leisure and community facilities	-	-	11,542	Jun-19
Parks, open space and streetscapes	-	-	50,925	Jun-19
Marine structures	-	-	3,229	Jun-19
Total	-	-	1,177,580	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$4.86 and \$4,550 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 \$150 to \$6,250 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of 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 2 years to 230 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2019	2018
Reconciliation of specialised land	\$'000	\$'000
Land under roads	1,729	1,720
Parks and reserves	1,046,234	1,046,119
Total specialised land	1,047,963	1,047,839

	2019 \$'000	2018 \$'000
6.2 Investment property		
Balance at beginning of financial year	9,300	8,514
Capital improvements	149	-
Fair value adjustments	(385)	786
Balance at end of financial year	<u>9,064</u>	<u>9,300</u>

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property has been determined by qualified Council valuer Lauren Ashley AAPI (Associate of Australian Property Institute) who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Shares

Balance at beginning of financial year	44	8
Fair value adjustments	(5)	36
Balance at end of financial year	<u>39</u>	<u>44</u>

6.3 Fair value adjustments for investments

Investment property	(385)	786
Shares	(5)	36
	<u>(390)</u>	<u>823</u>

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Mornington Peninsula Shire is the parent entity

Subsidiaries and Associates

Mornington Peninsula Cemetery Trust

By virtue of the fact that some councillors of Mornington Peninsula Shire form the whole of the Board of Trustees of the Mornington Peninsula Cemetery Trust, this entity is considered to be a controlled entity under AASB 10: Consolidated Financial Statements. Its operating results, assets and liabilities have not been included in the accounts on the basis that they are not material individually or in aggregate.

(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:

	2019	2018
	No.	No.
Mayor David Gill		
Councillor Antonella Celi		
Councillor Bev Colomb		
Councillor Bryan Payne		
Councillor Frank Martin		
Councillor Hugh Fraser		
Councillor Julie Morris		
Councillor Kate Roper		
Councillor Rosie Clark		
Councillor Sam Hearn		
Councillor Simon Brooks		
Chief Executive Officer		
Director Place (previously Chief Operating Officer)		
Chief Information Officer (finished 10/05/19)		
Director Corporate Services (started 08/05/19)		
Chief Financial Officer (finished 26/04/19)		
Director Performance & Development (previously Executive Manager Human Resources)		
Director Communities		
Corporate Council		
Manager of Governance (finished 21/08/18)		
Director Planning & Compliance (started 10/04/19)		
Total Number of Councillors	11	11
Total of Chief Executive Officer and other Key Management Personnel	12	11
Total Number of Key Management Personnel	23	22

(c) Remuneration of Key Management Personnel	2019 No.	2018 No.
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,514	2,219
Long-term benefits	29	46
Post employment benefits	254	213
Termination benefits	554	195
Total	<u>3,351</u>	<u>2,673</u>

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

\$30,000 - \$39,999	10	9
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	2
\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	2	-
\$90,000 - \$99,999	-	1
\$120,000 - \$129,999	-	1
\$140,000 - \$149,999	-	1
\$210,000 - \$219,999	-	3
\$230,000 - \$239,999	1	1
\$240,000 - \$249,999 *	2	-
\$250,000 - \$259,999 *	1	-
\$280,000 - \$289,999	1	1
\$320,000 - \$329,999 *	1	-
\$330,000 - \$339,999	1	-
\$350,000 - \$359,999 *	1	-
\$400,000 - \$409,999	-	1
\$440,000 - \$449,999 *	1	-
	<u>23</u>	<u>22</u>

* These amounts include paid out annual leave, long service leave and termination payments.

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

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

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

Income Range:	2019 No.	2018 No.
\$0 - \$99,999	6	2
\$100,000 - \$109,999	-	-
\$110,000 - \$119,999	-	1
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	2	-
\$140,000 - \$149,999	-	1
\$150,000 - \$159,999	2	1
\$160,000 - \$169,999	1	5
\$170,000 - \$179,999	3	2
\$180,000 - \$189,999	4	2
\$190,000 - \$199,999	3	2
\$200,000 - \$209,999	2	-
\$210,000 - \$219,999	-	1
\$220,000 - \$229,999	3	1
	<u>27</u>	<u>18</u>

Total Remuneration for the reporting year for Senior Officers included above, amounted to 4,078 2,938

7.2 Related party disclosure

(a) Transactions with related parties

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

Responsible Officer	Position Held (including related parties of responsible officer)	Supplier / Entity	Nature of Transactions (on normal commercial terms)	Transaction Amount (\$'000)
Councillor Antonella Celi Councillor Frank Martin Councillor Kate Roper	Trustees	Mornington Peninsula Cemetery Trust	Trustees	27
Josef Oduwo (Chief Information Officer)	Spouse of an Employee	Deloitte Risk Advisory Pty Ltd	Professional Consulting	31
Mark Brady (Director Corporate Services)	Partner	The Four Leadership Group	Professional Consulting	14

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

Nil

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows:

Nil

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

Nil

Note 8 Managing Uncertainties

8.1 Contingent assets and liabilities

(a) Contingent assets

There were no contingent assets to disclose for 2018/2019.

(b) Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Liability Mutual Insurance

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

Other

Due to the nature of business operations, Council has a number of outstanding insurance claims/court cases at balance date of which a portion may result in legal proceedings to determine liability. At balance date, Council is unable to reliably measure outstanding insurance/court claims.

(c) Guarantees for loans to other entities

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

	2019 \$'000	2018 \$'000
The Mornington Peninsula Shire has guaranteed loans of: *	Loan Balance	Loan Balance
Mornington District Basketball Association \$650,000	182	237
Rosebud Beach Community Bowls Club \$130,000	127	-
Mt Martha Bowls Club Inc. \$170,000	30	55
Somers Tennis Club \$50,000	22	-
Mt Eliza Bowls Club \$364,000	9	90
Somerville Bowls Club \$140,000	4	19
Mornington Bowls Club \$132,000 (partial drawdown)	1	41
Balnarring Bowls Club \$100,000 (yet to be drawn down)	-	-
Hastings Bowls Club Inc. \$300,000	-	1
Total	376	443

*Note: Terms of guarantee do not allow redraw of loan.

8.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2019 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has elected to adopt the modified retrospective approach to the transition to the new lease standard. This will mean that only existing operating leases for non low value assets, with remaining terms greater than 12 months, will be recognised on transition (1 July 2019). Based on our current lease commitments and an assumption of a continuation of the current leasing arrangements Council expects that the transition to the new standard will see the initial recognition of \$9.04 million in lease related assets and an equivalent liability

Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)

This standard is expected to apply to certain transactions currently accounted for under *AASB 1004 Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

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

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

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), 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% and -0.5% in market interest rates (AUD) from year-end rates of 1.29%.

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

8.4 Fair value measurement

Fair value hierarchy

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

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

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

8.4 (cont'd)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use 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 and buildings every 2 (two) years, and infrastructure assets every 3 (three) 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, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2019			
Property			
Land and land improvements	809,838	-	809,838
Land Under Roads	645	-	645
Buildings	57,236	-	57,236
	867,719	-	867,719
Infrastructure			
Roads	243,886	(21,917)	221,969
Drainage	266,188	9,216	275,405
Bridges	540	81	621
Footpaths and cycleways	27,871	10,553	38,424
Recreational, leisure and community facilities	8,672	(374)	8,297
Parks, open space and streetscapes	13,242	2,187	15,429
Marine Structures	856	(476)	380
Other infrastructure	1,883	(1,883)	-
	563,138	(2,613)	560,524
Total asset revaluation reserves	1,430,856	(2,613)	1,428,243
2018			
Property			
Land and land improvements	694,970	114,866	809,838
Land Under Roads	249	396	645
Buildings	47,995	9,241	57,236
	743,214	124,503	867,719
Infrastructure			
Roads	195,319	48,567	243,886
Drainage	258,674	7,514	266,188
Bridges	470	70	540
Footpaths and cycleways	23,777	4,094	27,871
Recreational, leisure and community facilities	7,212	1,460	8,672
Parks, open space and streetscapes	16,590	(3,348)	13,242
Marine Structures	723	133	856
Other infrastructure	1,883	-	1,883
	504,648	58,490	563,138
Total asset revaluation reserves	1,247,862	182,994	1,430,856

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

Notes to the Financial Report
For the Year Ended 30 June 2019

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
9.1 (cont'd)				
(b) Other reserves				
2019				
Sustainability energy fund	721	-	(76)	645
Recreation land Reserve	39	-	-	39
Municipal emergency reserve	400	-	-	400
Total Other reserves	1,160	-	(76)	1,084
2018				
Sustainability energy fund	721	-	-	721
Recreation land Reserve	39	-	-	39
Municipal emergency reserve	400	-	-	400
Total Other reserves	1,160	-	-	1,160

Sustainable Energy (Fund) Reserve

The purpose of this reserve is to provide funds to sustainably reduce the impact of energy use on the Global Warming effect through the implementation of:

- a) program of Shire wide energy reduction measures;
- b) energy production initiatives; and educational programs.

Recreation Land Reserve

The purpose of this reserve is to provide for the purchase of land and/or improvements to places of recreation.

Municipal Emergency Reserve

The purpose of this reserve is to have an ability to finance the recovery response from unplanned emergency management events.

	2019	2018
	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus		
Surplus for the year	23,812	24,891
Depreciation/amortisation	31,355	30,120
Loss on disposal of property, infrastructure, plant and equipment	10,174	3,024
Fair value adjustments for investment property	390	(823)
Rye landfill rehabilitation provision	200	37
Employee Provisions	1,038	143
Native vegetation management	(203)	50
Contributions - non-monetary assets	(7,433)	(4,839)
Other	1,027	1,053
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(1,694)	(574)
(Increase)/decrease in other assets	958	(740)
Increase/(decrease) in trade and other payables	(1,045)	4,448
Increase/(decrease) in trust funds and deposits	1,713	899
Increase/(decrease) in GST on capital purchases	5,872	-
Increase/(decrease) in unearned income	1,797	-
(Increase)/decrease in inventories	6	(5)
Net cash provided by operating activities	67,967	57,684

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 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% as required under Superannuation Guarantee legislation).

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. For the year ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018).

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.

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

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

Vision Super has advised that the actual VBI at 30 June 2019 was 107.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2018 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2018 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year AASB 119 148 (a) ended 30 June 2019, this rate was 9.5% of members' salaries (9.5% in 2017/2018). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2018 interim actuarial investigation surplus amounts

An interim investigation was conducted as at 30 June 2018 and a full actuarial investigation was conducted as at 30 June 2017.

A VBI surplus of \$131.9 million

A total service liability surplus of \$218.3 million.

A discounted accrued benefits surplus of \$249.1 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018. Council was notified of the 30 June 2018 VBI during August 2018 (2017: August 2017).

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2018.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2018.

The 2019 interim actuarial investigation

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

9.4 Prior period adjustments

During the year, clarifications of specific infrastructure assets' ownership was received and applied resulting in \$5.5m worth of assets recognised as Shire owned. These were mainly retaining walls and drainage assets along public roads. Additionally, Council has continued the process of capturing all assets with spatial reference in the asset register and further identified and recognised assets of \$2.5m due to mismatch in the asset register. These errors have been corrected by restating each of the affected financial statement line items for the prior year. The impact is set out in the table below:

Balance Sheet Extract	As reported \$'000	Prior Period Error \$'000	Restated \$'000
Non-current assets			
Property, infrastructure, plant and equipment	2,406,398	8,018	2,414,416
Total non-current assets	2,417,369	8,018	2,425,387
Total assets	2,502,321	8,018	2,510,339
Net assets	2,443,700	8,018	2,451,718
Equity			
Accumulated surplus	1,011,685	8,018	1,019,703
Total Equity	2,443,700	8,018	2,451,718