

Frankston City Council Annual Report

2017 – 2018



opportunity » growth » lifestyle



BALLAM PARK EAST PAVILION

Welcome to Frankston City

Frankston City Council acknowledges the Traditional Owners of the land, this special place now known by its European name, Frankston. We offer our respect to their Elders and through them, all Aboriginal and Torres Strait Islander people.



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Introduction

Frankston City Council is committed to transparent reporting and accountability to the community. The Report of Operations 2017–2018 is the primary means of advising the Frankston City community about Council’s operations and performance during the financial year.

Snapshot

Council purpose

Our vision

Lifestyle Capital of Victoria

Our mission

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

Our values

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

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

About Frankston City

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



Frankston City comprises the suburbs of Frankston, Frankston South, Frankston North, Seaford, Carrum Downs, Langwarrin, Langwarrin South, Karingal, Sandhurst and Skye. It is strategically placed as the regional centre for the Mornington Peninsula and the south-east growth corridor of Melbourne. Main industries include health and community services, manufacturing, retail trade, education and training. Frankston is recognised for its parks, natural reserves, vibrant lifestyle, diverse community and growing business and arts sectors.

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

Frankston City Demographic profile

(*Source ABS Data - Census 2016)

- Frankston City has a population of 140,708*, forecast to grow to 159,929 people by 2036 (.id forecast)
- There are 53,858 dwellings*
- 40.64 per cent of people are in the process of buying their own home (paying off a mortgage), 26.48 per cent own their own homes and 28.7 per cent are renting*
- Health and social assistance (20.4 per cent) is the largest employment sector, followed by retail trade (13.1 per cent) and construction (12.2 per cent) (REMPLAN data incorporating ABS and June 2016 Gross State Product)
- The unemployment rate was 7 per cent for the March 2018 quarter (latest figures), compared to the Greater Melbourne rate of 5.9 per cent (Federal Government Department of Employment)
- Of the income ranges for households, the largest group (10.9 per cent) earn between \$2,000 and \$2,499 a week. Followed by households earning between \$1,000 and \$1,249 a week (8.9 per cent)*
- 16,805 people regularly volunteer with an organisation or group, do unpaid work such as looking after children, or provide unpaid assistance to a person with a disability*
- 21 per cent of residents (aged 15 and over) have a vocational qualification. 16.8 per cent have a Bachelor or higher degree and 17 per cent have an Advanced Diploma or Diploma*
- 80.4 per cent of residents only speak English at home. Other languages include Mandarin 1.2 per cent, Greek 1 per cent, Malayalam 0.7 per cent, Italian 0.6 per cent and Russian 0.5 per cent

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

- 425 reserves
- 74 sportsgrounds
- 972 km of pathways
- 701 km of local roads
- 110 bridge and pedestrian structures
- 932 km stormwater drains
- 34,948 stormwater management pits
- 347 buildings, including community, family and youth centres, park and leisure facilities, Civic Centre, aged service buildings, Frankston Arts Centre and libraries

Fast facts

During 2017–2018 in Frankston City, there were:

- 1,112 four-year olds and 419 three year olds enrolled in kindergarten
- 71 active school crossings manned by 87 School Crossing Supervisors
- 16,419 visits to Maternal and Child Health (MCH) centres and 1,848 home visits to First Time Parents
- 2,871 infants and 6,646 secondary students who attended immunisation sessions
- 622 parents who attended a parent education program session
- 40,724 attended Youth Services activities, events and Youth Hangout programs
- 102,112 hours of ageing and disability care support provided
- 40,374 Meals on Wheels meals provided
- 6,047 passengers on community transport buses
- 4,669,334 bins emptied (residential, commercial and public place bins)
- Approximately 400 cubic metres of litter removed from Frankston and Seaford Foreshore
- A heightened emphasis was placed on turf renewal and sports ground renovations at Council's reserves and Golf Course in 2017-2018

resulting in improved conditions for Frankston's sporting communities.

- 351 Public Health and Wellbeing inspections
- 1,724 Food Act inspections
- 755 planning applications received and 656 planning decisions made by Council
- 1,700 fire hazard inspections undertaken
- An extremely high volume of storm-related tree maintenance requests were addressed in March and April with 140 per cent of the annual average across these two months alone
- 25,540 pets registered: 18,911 dogs, 6,629 cats
- 374,359 visits to Frankston City libraries
- 162,326 Frankston Arts Centre attendances
- An estimated 312,990 people who participated in local tourism, festivals and events
- 1,870 Animal Management requests responded to by Council officers
- 84 Community Grants issued through Council's Community Grants Program
- 91,235 people were involved in community engagement activities at community centres
- 20,541 km roads swept
- 11.5 km of footpath repaired and replaced
- 35,458m² of graffiti removed

Highlights of the year

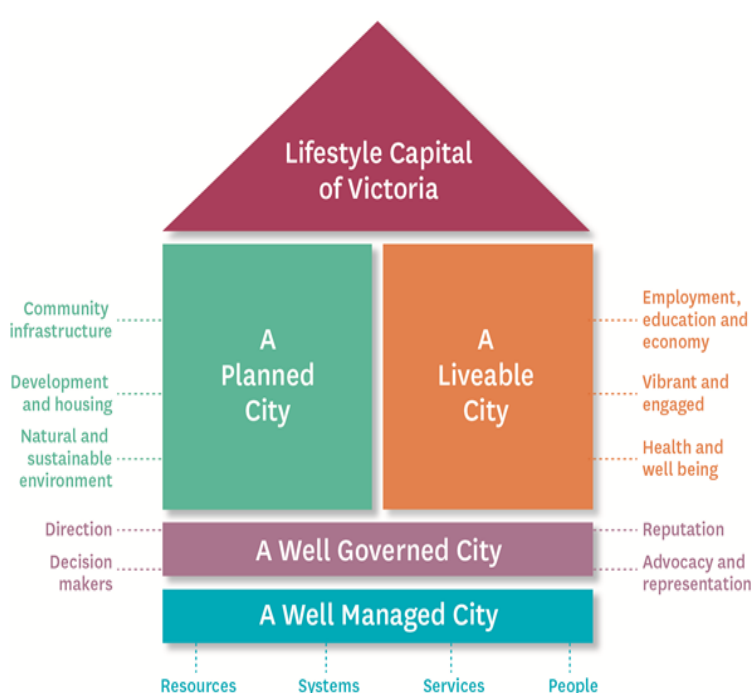
Long-term community outcome one: A Planned City

- The revised Housing Strategy was adopted by Council on 4 June 2018
- Over 210,000m² of Council road has been resealed under the annual Road Renewal Program this year
- Delivery of the Jubilee Park Netball Stadium has commenced, with a preferred concept design selected, costed and approved. Council has requested that existing Victorian and Federal Government funds previously allocated to the Frankston District Basketball Stadium Expansion Project be redirected towards the project
- Following on from Council's advocacy work the Victorian Government has engaged the Level Crossing Removal Authority to undertake a business case for the electrification to Baxter Rail. In recent months both the Federal Government and Victorian Opposition have committed \$225 million each towards the project, with the Federal Opposition indicating their support by bringing Federal funding forward to complete the project sooner

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

Long-term community outcome two: A Liveable city

- There were 374,359 physical visits to Frankston Library, with an additional 337,641 visits through the library's online services
- The HATCH continued to support four contemporary artists via a mentor program,
- The Waterfront Festival and Queen's Baton Relay events were successfully delivered in February
- 10 local events promoting inclusion, equity and engagement were hosted



- The development of autism-friendly social scripts for the Frankston Arts Centre and Cube 37
- Delivery of tobacco education to 140 city centre food businesses has been completed
- A number of successful events and programs were facilitated including 16 Days of Activism to eliminate violence against women
- Funding was secured from VicHealth and the Department of Health and Human Services increase the availability of healthy food and drink choices to children
- Seven per cent increase in participants to Koori Playgroup
- Seven events were hosted through the Tourism Event Attraction Program
- An online mapping system was developed through GIS that can be customised to feature Frankston City's numerous contemporary arts and culture trails
- The Visit Frankston website received a significant upgrade to improve user experience
- Following a review of the Business Grants program the pool has doubled to a total of \$120,000 with eligible businesses receiving up to \$30,000
- 86 businesses attended Small Business Grants Program information sessions
- New sports pavilions were constructed at Carrum Downs Recreation Reserve and Ballam Park East, to better meet community needs. Features include female-friendly change rooms and other facilities to increase female participation in sport as well as community meeting spaces

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

Long-term community outcome three: A Well Governed City

- Introduced live streaming to Council meetings enabling residents to view meetings from home or a mobile device

- An Information Technology Strategy is being finalised to guide Council's use of technology into the future
- Over 450 decisions made by Council
- Work has progressed on the implementation of Council's Digital Strategy, a dedicated team is now in place to deliver the strategy
- The development of the Workforce Plan is underway and due to be completed by December 2018
- The Governance Local Law No 1 was endorsed by Council in June 2018
- The Councillor Training and Development Policy was adopted by Council in December 2017
- Strong diversion from landfill continues and is ahead of a target of 52 per cent, partly due to a strong education program
- Council's draft Energy and Emissions Reduction Plan has been finalised which includes an analysis of Council's greenhouse gas emissions

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

Long-term community outcome four: A Well Managed City

- FRRRC achieved record tonnes of waste and customers for this financial year, thanks to an extensive marketing campaign
- A committee to oversee the future use and management of Belvedere Reserve has been established
- A business case is being undertaken for catalyst development in Frankston's City centre
- A Service Planning and Costing Framework was developed
- The Customer Focused Strategy is being refreshed and will be updated to align with the Digital Strategy and the Human Resources Strategies.
- Upgrades to Langwarrin Service Centre and the Civic Centre foyer areas made the areas more accessible and welcoming to customers.

- Undertook a Procurement Skills Gap Analysis to identify ways to improve Council's procurement process
- Assisted with the communications and provided project advice to the Level Crossing Removal Authority on the following projects:
 - Level crossing removals at Sky/Overton Road and Seaford Road
 - Frankston Station Redevelopment
 - Young Street Redevelopment

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

Challenges and future outlook

Challenges

During the next five years Council will face considerable pressure on its financial position, particularly in the face of predicted ongoing cost shifting by the Victorian and Federal Governments to the entire Victorian local government sector. This will push all councils to rely on rates and charges only to fund existing and new services and programs.

The Victorian Government has implemented a rate capping policy preventing councils from raising rates by more than inflation from 1 July 2016. Council has met this rate cap for the past two years while continuing to deliver the programs and services needed by our community.

Outstanding financial management means we are in a strong position, allowing us to operate as usual in the coming year while we explore other ways to deal with future funding shortfall. As a responsive Council we will continue to review all of our services in order to cater for these changed circumstances. Council will find a solution in order to keep enhancing our municipality.

Frankston Basketball Stadium redevelopment (FDBD)

It was unfortunate that in November 2017, Council was forced to withdraw from the stadium redevelopment project for reasons beyond its control. Council worked tirelessly and cooperatively with the Frankston District Basketball Association (FDBA) during 2016–2017 and 2017–2018 to progress the delivery of a new state-of-the-art basketball facility, of which Council committed approximately \$4 million of ratepayer funding. The Federal Government had also committed funding to the project.

Following more than two years of negotiations with the FDBA, Victorian and Federal funding was placed in breach of guidelines as milestones passed. Furthermore, building costs escalated due to the delay in signing a new lease which further added to Council's decision to withdraw funding from the project.

Council requested of the Victorian and Federal Government that these funds be diverted to create a regional sports centre at Jubilee Park. Working with local clubs, Council has developed a plan to transform Jubilee Park indoor stadium. Council has invested in completing all major planning work, consulted with key stakeholders and committed nearly \$10.5 million to get the facility built. Redesigned from the ground-up, this project will make Frankston a regional hub for netball, football, basketball and cricket.

Tourism

After 11 years of calling Frankston City home and welcoming over 1.1 million visitors, Sand Sculpting Australia completed its final summer season. With the contract for Frankston City's signature event up for review and a change in Sand Storm Event's company structure, Council is now looking at new opportunities to attract visitors. This comes after more than three years of assisting Sand Storm Events to find a permanent, year-round location to establish elsewhere in the municipality.

During 2017-2018 Council completed a review of its tourism and visitor services. This review recognised the changing way that visitors gather information and make choices about travelling, and the significant role that mobile technology is playing. The review acknowledged that the way Council provides services to visitors (including the role of its award winning Visitor Information Centre) needed to change to continue to be relevant - supporting visitor's needs, while helping to grow the tourism sector. The findings of the review are now being progressively implemented.

Future outlook

Frankston City is driving future growth by attracting new investment, new businesses and new developments of government and commercial offices, all of which will create jobs and bring more people to the city.

Following on from Council's advocacy work, the Victorian Government has engaged the Level Crossing Removal Authority to undertake a business case for extending electric trains from Frankston towards the Mornington Peninsula (Baxter). In recent months, both the Federal Government and Victorian Opposition have committed \$225 million each towards the project, with the Federal Opposition indicating their support by bringing Federal funding forward to complete the project sooner.

Employment opportunities will also grow through the expansion of prominent local industries including health and education, and the further exploration of the tourism and sport sectors.

Peninsula Health is undertaking a feasibility study for a future health and education precinct which includes a partnership with Monash University. Seven new operating theatres, 115 more beds and an expanded maternity department are part of a proposed \$200-\$300 million dollar expansion of Frankston Hospital. The expansion will transform the hospital into a world-leading teaching hospital and research institution, which will be integral to

meeting the community's health care needs over the next two decades. Peninsula Health will seek approval and funding from the Victorian Government, with the aim of starting construction in 2019 and completion in 2021.

City centre revitalisation efforts will continue, along with the activation of city centre spaces — complementing the Victorian Government's \$63 million Frankston Station and Young Street redevelopment. Council aims to leverage this and the \$70.5 million upgrade to Chisholm TAFE's Frankston campus to enhance local education opportunities.



We will continue to attract more multi-level developments, and will build on Frankston City's reputation as an events, arts and culture hotspot by further developing the city's street art collection.

The care and promotion of Frankston City's 55-plus natural reserves and 11 kilometres of coastline will remain at the forefront, as will green wedge preservation and strategic planning.

The year in review

Mayor and CEO message

On behalf of Frankston City Council it is a pleasure to present Council's 2017–2018 Annual Report.

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

The Council Budget details how Council will fund community services, infrastructure, capital works and other programs over the next 12 months.

Council is confident it has produced a balanced budget that meets community expectation, and which is capable of withstanding the Victorian Government's imposed rate cap.

As a direct result of rate capping, our city can expect a funding shortfall of around \$17 million over the next five years, so achieving this will become more challenging in the future.

Now to reflect on last year's achievements.

Council's strong advocacy position has resulted in a number of major commitments to Frankston City. Both the Federal Government and Victorian Opposition have committed \$225 million each towards a project to electrify the train line to Baxter. The Federal Opposition have indicated their support by bringing Federal funding forward to complete the project sooner. The Victorian Government has also committed to improve Latham's Road, Seaford and Golf Links Road, Langwarrin South.

Also as part of Council's advocacy campaign, \$15 million has been committed towards creating two regional community and sports hubs at Centenary Park and Jubilee Park. This will help towards future-proofing sport in our region.

More than \$2 million has been invested into improvement works on the Frankston Waterfront, which is one of Victoria's most visited destinations. This year Council started a number of improvement works along the Waterfront, including upgrades to

the Waterfront Playground, Landmark Bridge, Boardwalk, BBQ Shelter, Long Island Redevelopment Work delivered by Melbourne Water and restoration of the Sightline.

Frankston's inaugural Big Picture Fest was held in March, featuring seven headline and 29 local artists. Visitors had the chance to see the amazing transformation of Frankston's City centre buildings.

Carrum Downs Recreation Reserve received Victorian Government funding of \$500,000 towards a new synthetic oval as part of the redevelopment. The \$2.3 million project, which Council is contributing \$1.7 million towards, will deliver a synthetic multipurpose sporting field, central cricket wicket, sports field lighting, fencing and various line markings.

The Faces of Frankston campaign resulted in a series of photographic exhibitions celebrating the tens of thousands of people who live, work and study in Frankston City, including an exhibition on Metro Trains.

At the Aquatic and Recreation Victoria (ARV) Awards, the Pines Forest Aquatic Centre won the Facility Management Award (Seasonal) and Tabitha Cauchy from Peninsula Aquatic Recreation Centre (PARC) won the 2018 Swim Teacher of the Year Award.

Council will continue to work hard for the community, advocate to all levels of government and engage with residents to ensure non-essential services are reviewed and community priorities are identified.



Cr Colin Hampton
Mayor



Dennis Hovenden
Chief Executive Office

Financial summary

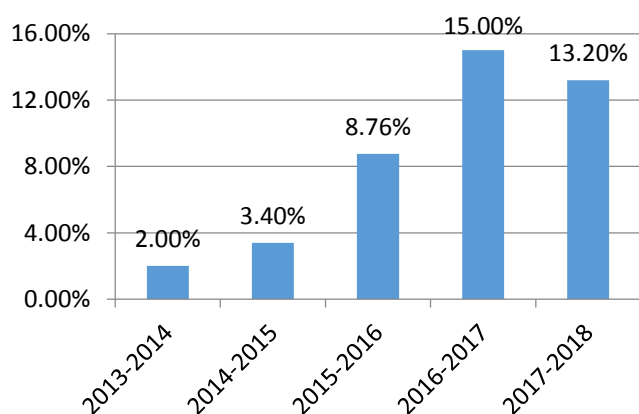
Council's financial position remains sound. A summary of Council's performance is outlined below and detailed information is included in the Financial Statements and Performance Statement.

Operating position

Council achieved a surplus of \$30.727 million in 2017-2018. This surplus compares unfavourably to the surplus of \$32.994 million in 2016-2017. This variation is mainly due to the minimal increase in rates capped at 2.5 per cent being much lower than the operational cost increases during the year such as the cost of material and waste disposal escalating at a higher rate. It is expected that the trend of reducing surpluses will continue in the future.

The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$23.280 million or 13.20 per cent when compared to adjusted underlying revenue. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to renew the \$1.682 billion of community assets under Council's control. Figure 1 below shows the adjusted underlying result ratio since 2013-2014.

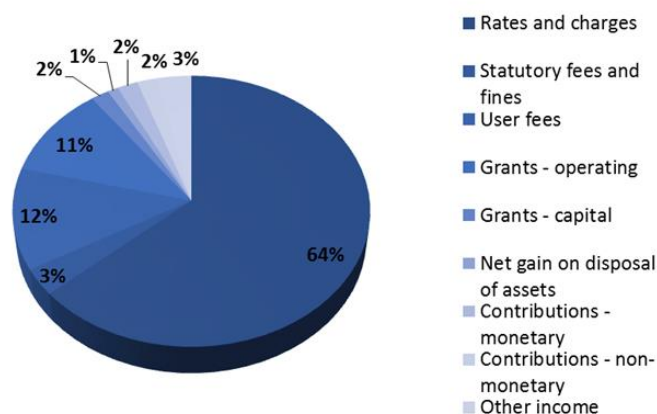
Figure 1: Adjusted underlying result ratio



Operating Income 2017-2018

The total operating income for the year was \$183.944 million, derived from a number of sources as shown in Figure 2 below.

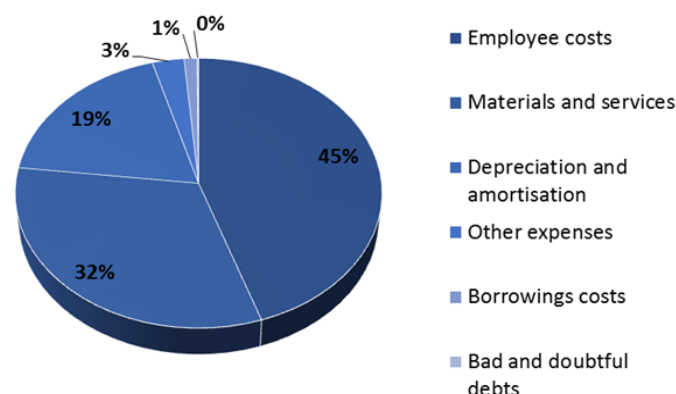
Figure 2: Sources of operating income



Operating Expenditure 2017-2018

The total operating expenditure for the year was \$153.217 million comprised of the following main categories (see Figure 3 below).

Figure 3: Categories of operating expenditure

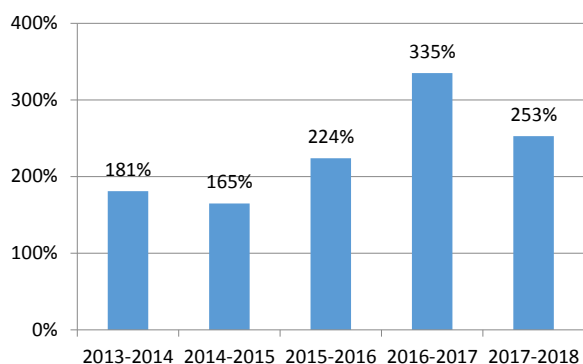


Liquidity

Cash has increased by \$1.613 million from 2017-2018 mainly due to surplus funds being invested for longer terms. 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 253 per cent is an indicator of a satisfactory financial position and well above the target range of 120 to 200 per cent (see Figure 4 below).

Figure 4: Working capital ratio

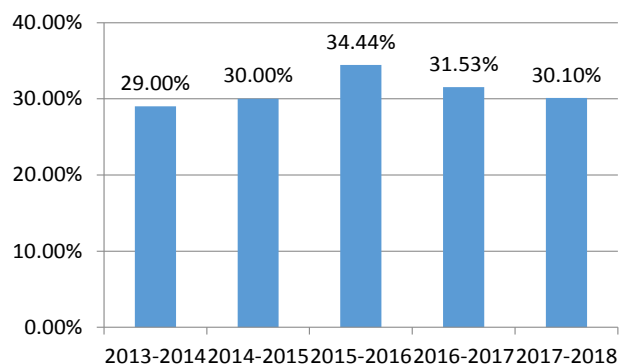


Obligations

Council aims to maintain its infrastructure assets while also continuing to deliver services needed by the community. Council invested \$25.490 million in asset renewal works during 2017-2018. This was funded from operational budgets (\$25.110 million) and cash reserves (\$0.380 million).

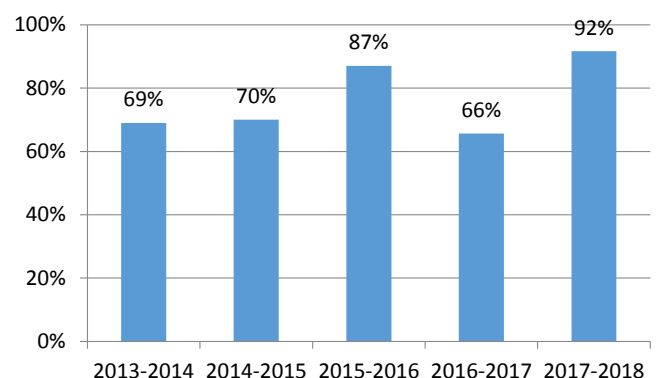
At the end of 2017-2018 Council's debt ratio – which is measured by comparing interest bearing loans and borrowings to rate revenue – was 30.10 per cent, which was within the target range of 20 to 60 per cent. This is a decrease on 2016-2017 (see Figure 5 below).

Figure 5: Debt ratio



Council's asset renewal ratio – measured by comparing asset renewal expenditure to depreciation – was 92 per cent which is within the target range of 90 to 110 per cent. Figure 6 shows Council's asset renewal ratio for the past five years has been low, with the exception of 2015-2016 and 2017-2018.

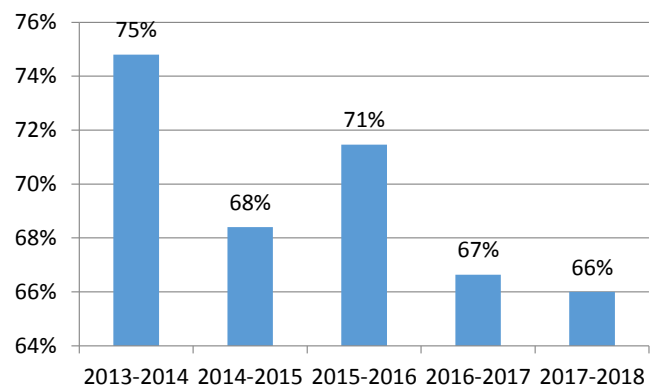
Figure 6: Asset renewal ratio



Stability and efficiency

Council receives revenue from a wide range of sources including rates, user fees, fines, grants and contributions. Despite this, Council's rates concentration – which compares rate revenue to adjusted underlying revenue – was 66 per cent for 2017-2018. This is toward the middle of the target range of 40 to 80 per cent. The decrease from 2017-2018 was one per cent (see Figure 7 below).

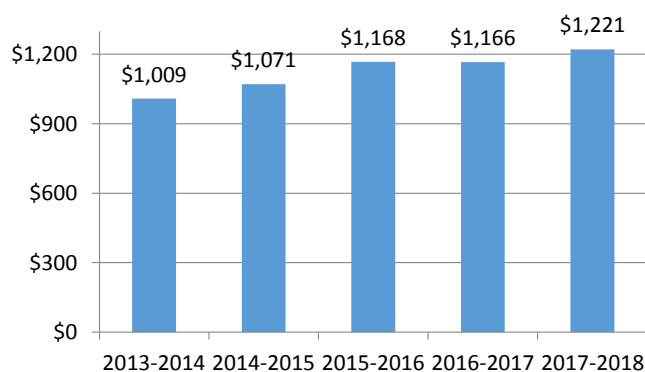
Figure 7: Rates concentration ratio



Council has continued to focus on broadening its revenue base and for 2017-2018 was able to keep

its rate increase to 2.5 per cent. This resulted in an average residential rate per residential assessment of \$1,221 which compares favourably to similar councils in the outer metropolitan area. Figure 8 below shows the average residential rate per assessment over the last five years.

Figure 8: Average residential rate per assessment



Service planning

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

Description of operations

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

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

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

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

Economic factors

Low interest rates on borrowings continued to result in a favourable budget variance of \$0.09 million.

The performance of the share market has underpinned the sustainability of the Vision Super Defined Benefit fund and Council was advised there would be no call for additional funds in 2017-2018.

Major capital works

During 2017-2018 major capital works included:

Eric Bell Reserve Netball Court and Car Park Construction

The project involved significant reduction in the use of drinking water for irrigating recreational fields. Key features include:

- Construction of an asphalt paved car park
- A new single acrylic-coated netball court
- Additional lighting

Construction commenced in October 2017 and was completed in June 2018. Total budget for the Council funded project was \$415,513. The finished cost was \$413,057.

Frankston Arts Centre Car Park Access Controls

The Frankston Arts Centre has upgraded the car park with a new entry/exit and payment system. This has made entry to the car park easier and improved traffic control during large events.

Key features include:

- Improved methods for parking fee payment
- Ability to pre-book parking via Web Link using Licence Plate Recognition
- Payment by 'Tap & Go'
- Repainting of the car park

Construction commenced in May 2018 and was completed in June 2018. The total project budget is \$431,000 funded by Council. Final cost of the project was \$415,000.

Bowerbird Kindergarten Refurbishment

Bowerbird Kindergarten has undergone a refurbishment to create a larger and more modern facility. The upgrade and extension works has greatly improved functionality and accessibility to the existing kindergarten.

Key features include:

- New accessible car parking, walkways and toilet
- New designated foyer/waiting space for parents
- New separate children's locker area
- Additional children's toilet facilities
- New Staff office incorporating a small meeting place

Construction commenced in December 2017 with works completed in April 2018. The project was entirely funded as part of the \$1,409,444 Family Support and Aged Services Renewal Program. The total cost of the project was \$397,911

Frankston South Community and Recreation Centre - Training Café

Frankston City Council is developing a training café at the centre for youth. A registered training organisation will be engaged to provide barista and retail training to young people to enable them to acquire employable skills. Young people will be able to obtain casual work to assist them financially whilst they study or permanent work (some may go on to start their own café s). The community can enjoy a café in a community setting in an area where this doesn't currently exist.

Key features include:

- Construction of a commercial kitchen
- Coffee servery area
- Lounge
- Outdoor decking area

Construction commenced in February 2018 with completion in June 2018. The total project budget was \$290,000 funded by Council. The final project cost was \$302,159.

Bayport Preschool Refurbishment

Bayport Kindergarten has undergone a refurbishment to create a larger and more modern facility. The upgrade and extension works have greatly improved functionality and accessibility to the existing kindergarten.

Key features include:

- Disability access, designated foyer (drop off and waiting space for parents)
- Separate children's locker area
- Improved access and visibility to the outdoor space from the children's bathroom and additional children's toilet facilities
- New staff office catering for four adults and incorporating a small meeting space for use by visiting parents

Construction commenced in December 2017 with works completed in June 2018. The project was entirely funded as part of the \$1,409,444 Family Support and Aged Services renewal program. The total cost of the project was \$444,587.

Nepean Highway (east side)

This project included construction of a footpath which was the connection of a missing link along Nepean Highway, allowing pedestrians to navigate safely through to Frankston foreshore.

Key features include:

- Construction of 600m by 1.5m wide footpath from Orchard Grove to Fleetwood Crescent

The project budget was \$108,499 funded by Council. The actual project cost was \$76,873.

Five Reserves Playgrounds Renewal

The project involved the removal and replacement of ageing play equipment at five reserves. The works included the installation of new play equipment to current Australian Standards, construction of accessible pathways, park furniture upgrades and landscape enhancements.

Key features include:

Armata Park

- New Shade Sails
- Footpath upgrades
- New play equipment
- Soft landscaping

Brolga Park

- Footpath upgrades
- New play equipment
- Soft landscaping

Northgateway Reserve

- Footpath upgrades
- New play equipment
- Feature rock retaining walls
- New park furniture
- Soft landscaping

Riviera Reserve

- New play equipment
- Feature rock work
- Soft landscaping

Whistlestop Reserve

- New play equipment
- Feature rock work and dry creek bed
- New park furniture including picnic tables

- Footpath upgrades
- Soft landscaping
- Sub-surface drainage

Construction commenced in July 2017 and the playgrounds were complete by March 2018.

The project was funded by Council; a breakdown of costs is below:

Playground Construction works:	\$578,121
Footpath improvements:	\$45,737
Shade Sail supply and install:	\$27,400
Total Project cost:	\$651,258

Josephine Street Langwarrin Streetscape Upgrade

The project involved upgrading the local neighbourhood shopping strip by improving accessibility and aesthetics.

Key features included:

- New exposed aggregate pavement with embedded drainage
- Kerb and channel realignment
- Sustainable garden bed planting with feature trees
- Installation of new street furniture including bins and seating along the pavement
- Repainting of shop apron fascia to match the new immediate pavement

Construction commenced in April 2017 and was completed in May 2017. Total budget for the project was \$150,000. The upgrade has been well accepted by the community and traders making this project a good outcome.

Robinson Reserve Water Recycling Scheme

The project involved upgrading the use of recycled water to reduce the reliance on drinking water supplied by continuing irrigation of sporting fields.

Key features included:

- Class C recycled water being pumped from the South East Trunk outfall at Baxter Park to a holding tank
- The recycled water is then transported via a new pump and pipe system from Baxter

Park to the Robinson Road Reserve and Frankston Golf Club

- The water is then used for irrigating sporting fields and contributes to the irrigation of the Baxter Park playing fields

Construction commenced in April 2017 and was completed in October 2017. Total budget for the project was \$415,513 with Frankston Golf Club contributing \$146,000 and Council contributing the balance. Total project cost was \$406,550.

Baxter Park Soccer Car Park Upgrade

The project involved construction of a new car park around the existing pavilion and soccer field continuing the implementation of the Baxter Park Master plan.

Key features include:

- Construction of sealed car park areas with a capacity for 102 vehicles
- Sealed access roads to enable a circular vehicle path, associated drainage and kerb works and lighting
- Improved car park spacing and access roads delivered a fit for purpose for the needs of the clubs

Construction commenced in October 2017 and was completed in June 2018. Total budget for the project was \$838,000. The final cost of the project was \$563,459.

Woodlands Precinct Local Area Traffic Management

The project encourages more organisations and schools to implement Green Travel Plans and expands the footpath network connectivity and improve the safety of local streets.

Key features include:

- Installation of notifications to road users that they are entering a shared area at major entrances into the area
- Installation of traffic management treatments
- Installation of slow points and vegetation
- Installation of footpaths and additional street lighting

Construction commenced in December 2018 and was completed in June 2018. Total budget for the project was \$1,000,6442. The final cost was \$814,430.

Major changes

A number of significant developments will be taking place in Frankston City over the next few years. Among them are the redevelopment of Young Street, the Frankston Station redevelopment, rail level crossing removals at Eel Race Road, Seaford Road and Overton Road, and investigation into the electrification of the rail line to Baxter and a third rail line into Melbourne. With other private sector developments, this equates to an investment of over \$500 million.

To ensure Council leverages the optimal outcomes from these investments, temporary changes to the organisational structure were implemented from January 2016. The Central Activity Area Directorate was established to enable a core group of Council officers to focus on the planning and scoping of works required to ensure projects deliver the best outcome for the Frankston City community.

Major achievements

New policies and strategies adopted

- Frankston's Biodiversity Policy was adopted in February 2018
- The Frankston Metropolitan Activity Centre (FMAC) Parking Precinct Plan was adopted by Council in August 2017. It provides a comprehensive car parking strategy for Frankston's main commercial centre
- Council adopted the introduction of a cash-in-lieu of car parking scheme for the Frankston city centre area
- The Activity Centre Zone and height controls for the business precincts adjacent to the Frankston Station were adopted by Council on 3 April 2018
- The FMAC Illustrative Guidelines were also adopted by Council on 3 April 2018. These provide guidance for the design of new development in Frankston's City centre
- The Frankston Housing Strategy 2018 was adopted by Council on 4 June 2018. It provides a comprehensive overview of housing initiatives underway in Frankston, including affordable housing pilot projects
- Council endorsed the new Domestic Animal Management Plan in November 2017
- Council undertook a review of how illegally dumped rubbish is managed across the city, a new policy was adopted by Council and more resources allocated to manage this illegal activity



City profile

Frankston City is located on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne CBD. The city covers an area of about 131 square kilometres from the Seaford Wetlands in the north, to Frankston South in the South and the Western Port Highway in the east. The western boundary of the city is made up of 11 kilometres of coastline. The Estimated Resident Population (ERP) is 140,708 and is forecast to grow to 159,929 by 2036 as of March 2018.

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

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

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

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

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

Our Council

Council offices

Frankston Civic Centre

30 Davey Street, Frankston
PO Box 490, Frankston VIC 3199
Phone: 1300 322 322
Website: frankston.vic.gov.au
Email: info@frankston.vic.gov.au
Hours: Monday to Friday 8.30am–5pm

Langwarrin Customer Service Centre

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

Seaford Customer Service Centre

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

Frankston Library

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

Carrum Downs Library

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

Seaford Library

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

Frankston Visitor Information Centre

7N Pier Promenade, Frankston Waterfront
Phone: 1300 322 842
Website: visitfrankston.com
Hours: Monday to Sunday 10am–4pm

Our Councillors

Frankston City is divided into three electoral wards with three Councillors elected to represent each ward. The current Council was elected by the Frankston City community in November 2016 for a four-year term. The nine Councillors represent all

residents and ratepayers across the Frankston City, and are responsible for setting the strategic direction for the municipality, providing services and facilities for the community, improving and developing the municipality and governing the local area.

South Ward: Langwarrin South, Frankston City Centre, Frankston South, Frankston



Cr Brian Cunial

0400 236 977

crcunial@frankston.vic.gov.au

Elected to Council: 2016, 2012 and 2008



Cr Quinn McCormack

0419 446 930

crmccormack@frankston.vic.gov.au

Elected to Council: 2016



Cr Steve Toms

0418 953 576

crtoms@frankston.vic.gov.au

Elected to Council: 2016

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



Cr Sandra Mayer

0400 236 107

crmayer@frankston.vic.gov.au

Elected to Council: 2016, 2012 and 2008

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



Cr Colin Hampton - Mayor

0400 236 109

crhampton@frankston.vic.gov.au

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



Cr Michael O'Reilly – Deputy Mayor (from June 2018)

0418 721 679

coreilly@frankston.vic.gov.au

Elected to Council: 2016 and 2012

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



Cr Glenn Aitken

03 9786 3247

PO Box 490, Frankston VIC 3199

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



Cr Kris Bolam JP

0417 921 644

crbolam@frankston.vic.gov.au

Elected to Council: 2016 and 2008



Cr Lillian O'Connor – Deputy Mayor (November 2017–June 2018)

03 9786 3274

councillors.office@frankston.vic.gov.au

Elected to Council: 2016

Our people

Organisational structure

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

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

Details of the CEO and senior officers reporting directly to the CEO are set out below.

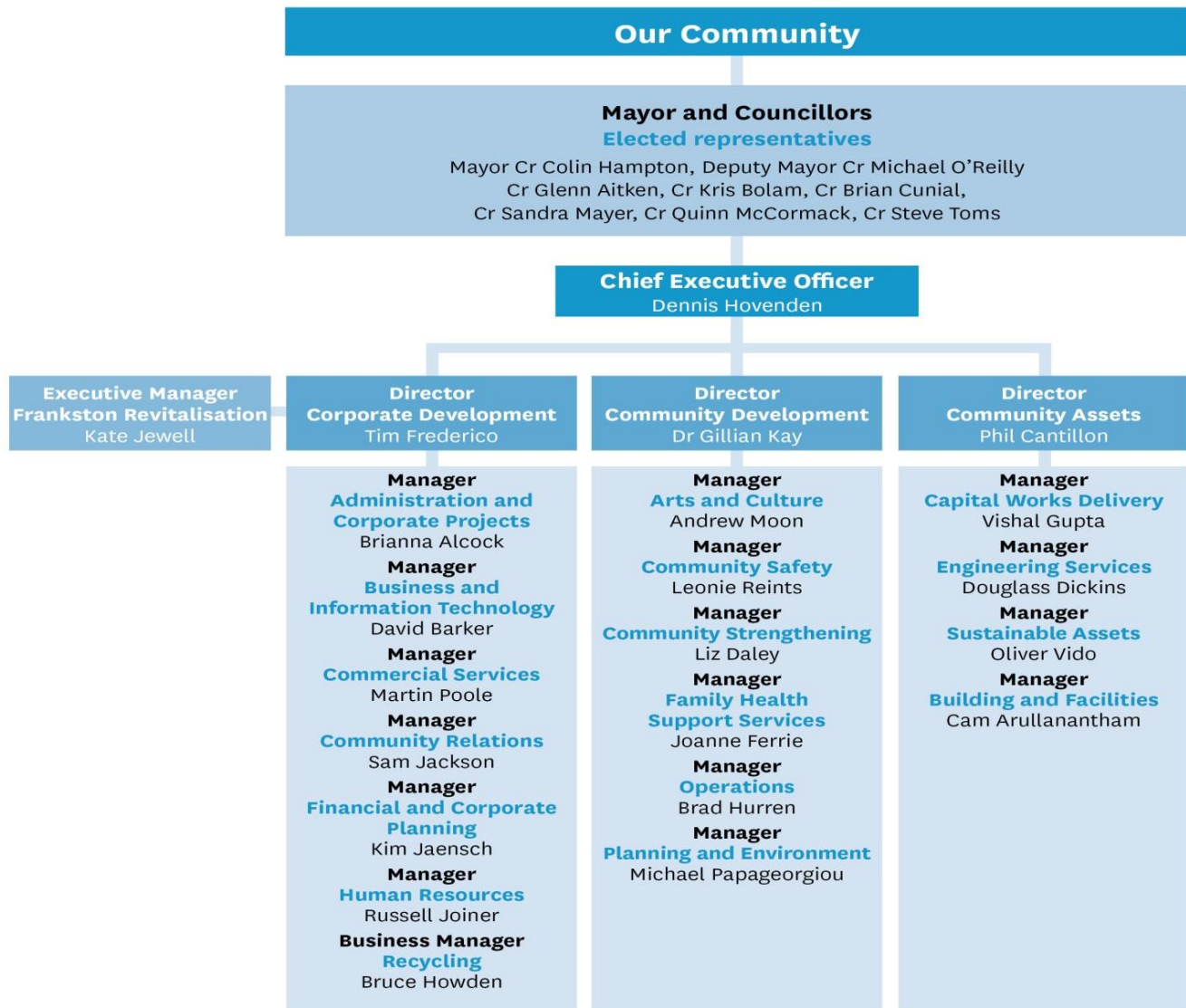
Dennis Hovenden Chief Executive Officer		
Tim Frederico Director Corporate Development Areas of responsibility: <ul style="list-style-type: none"> • Administration and Corporate Projects • Business and Information Technology • Commercial Services • Community Relations • Financial and Corporate Planning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

The Executive Manager Frankston Revitalisation also reports directly to the CEO.

Organisational chart

The organisational structure of Frankston City Council is shown below in Figure 9.

Figure 9: Frankston City Council organisational structure at 30 June 2018



Council workforce

There have been further changes in the organisational structure during 2017–2018.

The Community Assets Directorate was established in October 2017, combining the engineering, capital works, buildings and facilities, and assets management functions and responsibilities of Council.

It was recognised that there was a need to provide a focus on these areas and to ensure that there was effective and professional leadership and support for the Departments. It was also identified that there was a need for professional capability and responsibility in the Executive Management Team for the engineering and infrastructure functions and activities of Council.

The Departments included in the Community Assets Directorate are: Capital Works Delivery, Engineering Services, Sustainable Assets, and Buildings and Facilities.

Responsibility for overseeing the redevelopment of the city centre and Frankston Transit Interchange project was transferred to the Executive Manager

Frankston Revitalisation. This role continues to report to the CEO and works closely with the Victorian Government to maximise the benefits for the Frankston community from the investment in these and related projects, and to ensure the decisions and concerns of Council are incorporated in the planning for all works to be undertaken.

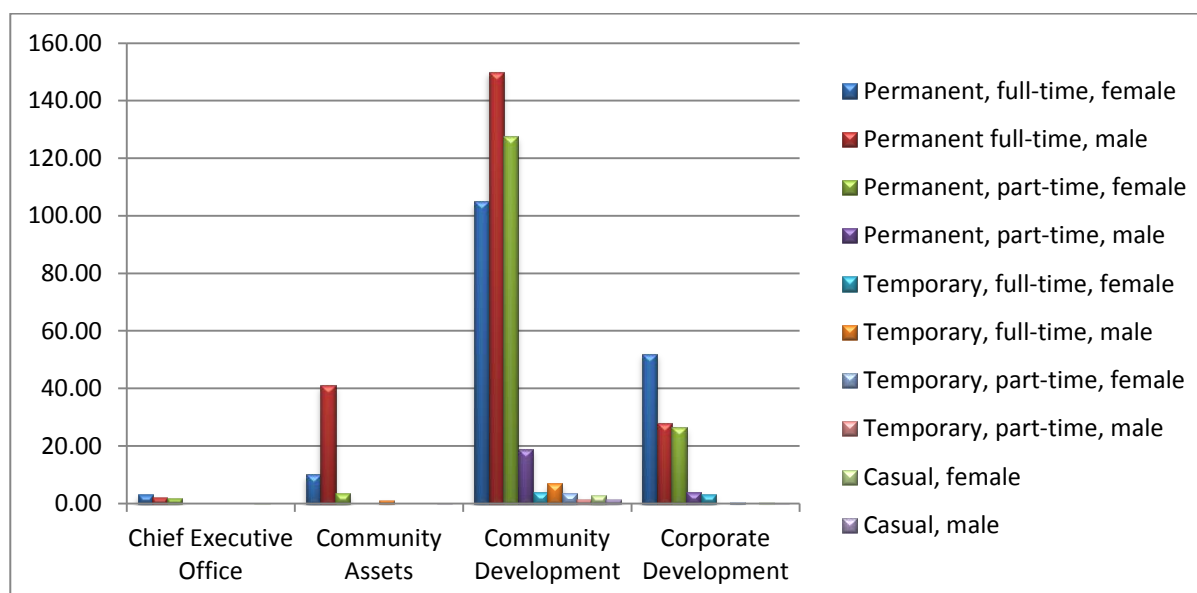
As at 30 June 2018, Frankston City Council employed 945 employees comprising full-time, part-time, temporary and casual employees. In 2017–2018, the turnover of permanent employees was 13.24 per cent, which is lower than the 2016–2017 figure of 14.9 per cent.

Council continues to review and consider feedback from departing employees through exit questionnaires and interviews, and other feedback, to improve our working environment and conditions. A summary of the number of full-time equivalent (FTE) Council employees by organisational structure, employment type and gender is set out in Table 1 and Figure 10.

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

Employee type and gender	CEO Office	Community Assets	Community Development	Corporate Development	Total
Permanent full-time, female	3.00	10.00	104.92	52.00	169.92
Permanent full-time, male	2.00	41	150.00	28.00	221.00
Permanent part-time, female	1.82	3.49	127.52	26.40	159.23
Permanent part-time, male	0.00	0.00	18.88	4.02	22.89
Temporary full-time, female	0.00	0.00	4.00	3.00	7.00
Temporary full-time, male	0.00	1.00	7.00	0.00	8.00
Temporary part-time, female	0.00	0.00	3.67	0.53	4.19
Temporary part-time, male	0.00	0.00	1.41	0.00	1.41
Casual, female	0.05	0.00	2.87	0.24	3.16
Casual, male	0.00	0.03	1.32	0.11	1.45
Total	6.87	55.52	421.58	114.30	598.25

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

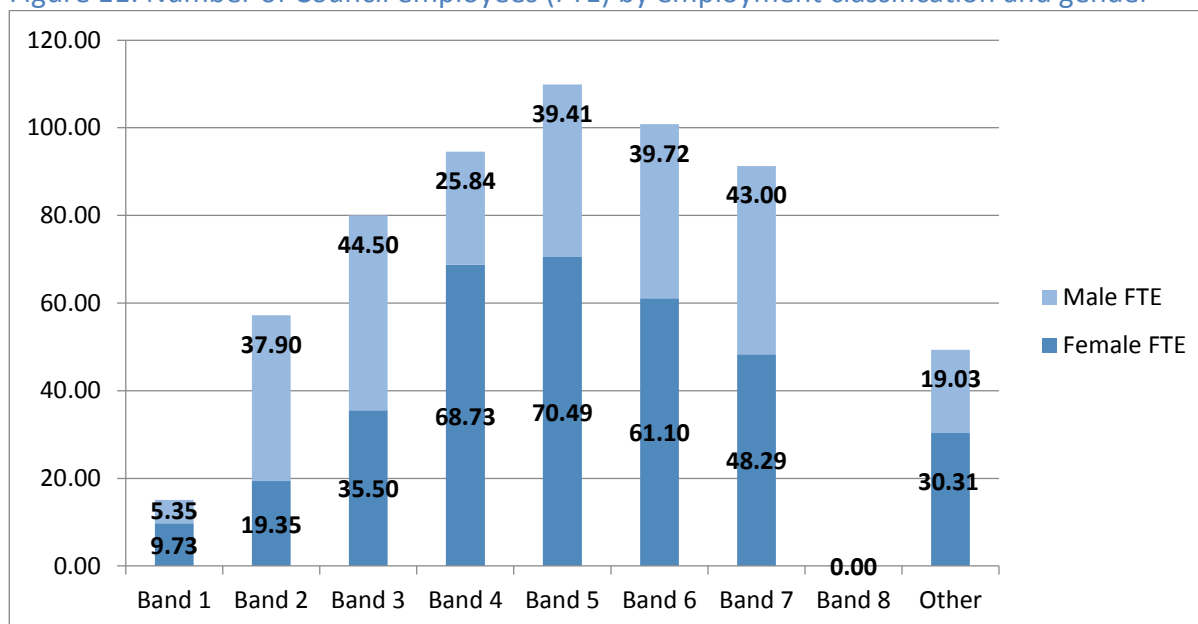


A summary of the number of FTE employees categorised by employment classification and gender is set out below in Table 2 and Figure 11.

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

Employee classification	Female FTE	Male FTE	Total FTE
Band 1	9.73	5.35	15.08
Band 2	19.35	37.9	57.25
Band 3	35.50	44.50	80.00
Band 4	68.73	25.84	94.57
Band 5	70.49	39.41	109.90
Band 6	61.10	39.72	100.82
Band 7	48.29	43.00	91.29
Band 8	-	-	-
Other	30.31	19.03	49.34
Total	343.50	254.75	598.25

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



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

Equal Employment Opportunity

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

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

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

The Victorian Human Rights and Equal Opportunity Commission delivered this section of the Induction

Program to highlight the importance placed on it by Council.

In 2018–2019, Council will review and update the Staff Code of Conduct and Workplace Behaviour Guidelines, to ensure they reflect contemporary requirements and statutory obligations.

Under the Enterprise Agreement adopted during this year, the Consultative Committee will have an additional focus on issues relating to gender equity in the workplace.

A network of trained Contact Officers will be established in 2018-2019, to assist and support employees in need, and to assist in identifying and addressing workplace issues.

Other employment matters

Human Resources Strategy

The Human Resources Strategy 2017–2021 was endorsed by the Executive Management Team in

November 2017. The Strategy focusses on four key pillars:

- Culture
- Leadership
- People
- Environment

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

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

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

The Strategy sets out priorities and actions which will facilitate achievement of the recommendations of the report by Council's Internal Auditors on Workforce Planning.

We have also monitored the progress of the *Local Government Bill 2018*, currently before Victorian Parliament, which, if it comes into effect, will make a number of significant changes to employment related matters.

Enterprise Agreement

Council's Enterprise Agreement was adopted by an overwhelming vote of employees in December 2017, after protracted negotiations, and approved by the Fair Work Commission in May 2018.

The Agreement formally came into operation on 29 May 2018, with a nominal expiry date of 31 March

2019. The Enterprise Agreement is very different both in its format and in the contents, compared to Council's previous Enterprise Agreements and is:

- A simplified, consolidated and accessible document expressed in Plain English and is easy to read and understand
- Current and accurate, with all irrelevant and obsolete provisions deleted
- Integrated – one document applies to all employees (except the CEO)
- Standardised - terms and conditions of employment have been made consistent for all employees, wherever possible

Implementation of the new Enterprise Agreement will be a priority over the next 12 months. Under the Agreement, negotiations on the next Enterprise Agreement must commence at least three (3) months before the expiry of the current Agreement i.e. in December 2018, at the latest.

Learning and Development

The implementation of the Learning and Development Framework continued during 2017–2018. The Learning Program focussed on ensuring employees had the core competencies they required to perform their roles effectively and efficiently. This included a focus on increasing IT and systems knowledge, generic skills development, improved inductions and OH&S and compliance training.

Council's commitment to Learning and Development was strengthened by the creation of two dedicated permanent positions in the Learning and Development Team. The Coordinator Learning and Development commenced in June 2018.

In 2018-2019 the Leadership Program will be reinvigorated, with new Managers going through a Master Class Series, as well as a customised program for Coordinators and Emerging Leaders.

This will ensure a consistent expectation around Leadership as well as an increase in leadership capability across the organisation.

Planning commenced to procure a Learning Management System (LMS) which will improve the variety of training offered, provide a flexible platform for employees to learn “anywhere” at “anytime” as well as improving the efficiency of training administration, records and reporting. This will be delivered during 2018-2019.

Consultative Committee

The Consultative Committee was re-established during 2017–2018, after being in suspension during Enterprise Agreement negotiations. An election was conducted to elect the two employee representatives to the Committee. The Committee met twice this year and has set a work program and priorities for 2018-2019.

Continuing the example established during the enterprise bargaining process, regular updates and bulletins will be provided to ensure employees are informed of the issues under consideration by the Committee.

The Enterprise Agreement allocates a number of new or additional responsibilities to the Consultative Committee, including providing advice on the development, and monitoring the implementation of strategies to achieve gender equity. These issues will be addressed by the Committee in 2018-2019.

Induction

Effective and engaging Induction is the key to creating a positive and welcoming environment for new employees and ensuring that new employees have an understanding of their rights and responsibilities as employees of Council. Induction sessions were conducted in May and June.

The Human Resources Department is continuing to review and improve the Corporate Induction

Program. Feedback and evaluation assessments from those sessions will be used to inform changes and improvements to ensure that we provide a valuable and beneficial Induction for all new employees.

Human resources policies and procedures

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

The aim is to develop a comprehensive procedures manual. This will provide clarity and support for managers and employees, to ensure consistency in the implementation of various policies and procedures.

The new Enterprise Agreement requires amendments to some existing policies and procedures to reflect the changed provisions or entitlements in the Agreement. The Human Resources Department will focus on implementing the new Enterprise Agreement, including new or amended policies and procedures, during 2018–2019.

Establishment management and workforce reporting

Positioning establishment management has continued to be a focus during 2017–2018, particularly improving data accuracy and integrity.

Enhanced reporting templates have been developed to better support workforce planning and inform management decision making. Some key-management issues have been identified, which managers and human resources employees continue to work together to resolve. Analysis of organisational demographics and specific workforce trends will continue to be enhanced throughout 2018–2019.

Staff Engagement and Alignment Survey

A Staff Engagement and Alignment Survey was undertaken during February and March 2018. All employees were invited to participate in the Survey, either online or in hard copy. A total of 465 responses were received, a statistically valid response rate of 48 per cent.

The survey was conducted by Insync, following an open tender process. Insync has extensive experience in conducting staff engagement and alignment surveys, including in local government both in Victoria and nationally.

The results of the Survey were presented to the Council and Executive Management Team in June 2018. One of the major priorities for 2018-2019 will be developing action plans and strategies for responding to the outcomes of the Survey, and addressing issues raised by employees.

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

Payroll

A payroll review was undertaken by Pitcher Partners, Council's Internal Auditors, to assess the progress on the implementation of actions to address previous reports. The report of this review will be considered and implemented in 2018–2019. During this year, considerable work has continued to improve:

- Data entry – accuracy and integrity
- Payroll system set up
- Procedures, forms and processes

All payroll and human resources forms were reviewed and updated to ensure that they reflect the new Enterprise Agreement, current statutory requirements and Council procedures, and include more stringent authorisation and accountability requirements.

The implementation following the review of system integrity has continued, with segregation of duties now implemented in relation to the on-boarding of all new employees.

Processing the back payments as a result of the approval of the Enterprise Agreement was a major undertaking this year. Implementing the changes in the Enterprise Agreement has required a review of all the Salary Rates and Allowances and the creation and setting up of new Allowances. While the Agreement was standardised and simplified, the changes required a considerable amount of time to set up in the Payroll system. Council has committed capital works funding in 2018-2019 to support a major review of the Payroll system (CHRIS 21).

Some of the specific procedures and practices reviewed during the year include:

- Digitisation of all personnel files
- Electronic document management of all human resources and payroll paperwork
- Refining the on-boarding process of new employees
- Updated Payroll checklists including Month-end, Year-end, Termination and Payrun checklists

Audit reports

An Internal Audit reviewing Human Resource Management and Workforce Planning was completed in 2015–2016. The audit report made a number of recommendations relating to:

- Workforce planning
- Recruitment procedures, including probation management
- Learning and development
- Human Resources policies, procedures and training
- Performance management and appraisals
- Documents management and protocols
- Governance and management of training

During 2016–2017 the Human Resources Department developed a new set of forms which were released to the organisation and meet audit recommendations. These forms can be completed and approved online, to support the digitisation of personnel records.

Additionally, Council has addressed the Internal Auditor's recommendations relating to fraud management, with the establishment of a Fraud and Corruption Prevention Working Party, comprised of relevant managers and coordinators from across Council. This Working Party has reviewed the procedures relating to fraud management in response to recommendations from the Independent Broad-based Anti-corruption Commission. Remaining recommendations are reflected in the Human Resources Strategy and will continue to be addressed progressively.

Occupational Health and Safety (OH&S)

This year the OH&S Team conducted an in-depth analysis into incident and injury reporting to identify the key contributing factors in injuries to employees. The analysis identified a number of areas for improvement:

- Knowledge and understanding of legislative requirements for injury reporting and management
- Employee compliance with injury reporting processes
- Communication issues across all areas of injury reporting and injury management

In response to the identified issues a number of improvement strategies have been implemented. These include:

- Increased workstation ergonomic assessments
- Information sessions on injury reporting and management delivered at team meetings
- Guidance documents developed and delivered to employees, managers and team leaders
- Improved injury analysis reporting to managers in monthly reporting

- Increased training in manual-handling techniques delivered to relevant departments
- Increased number of workplace inspections and involving managers in the process.

Council's OH&S team will continue to actively engage with employees, team leaders and managers to develop improvement strategies developed to suit departments and their individual needs and requirements.

In the coming year the team will increase their participation in team meetings to further develop relationships, building trust and improving communication on safety and wellbeing issues throughout Council. They will also focus on:

- Educating and empowering leaders of their health and safety responsibilities
- Continuing to review the Safety Management System to ensure that Health and Safety documents contain compliant, clear and accessible content.

Injury management

Council's Early Intervention Program has been reviewed. The program continues to be effective in managing minor injuries. However, close scrutiny of the service has shown that employees are sometimes better served by attending a medical clinic before any physiotherapy is conducted.

Analysis of the last 12 months of employee injuries has shown that seeking an early opinion from a doctor can identify potential barriers to injury recovery, which may not be evident in immediate assessment by a physiotherapist. Improved communication with injured employees is a key factor in identifying which injuries may require an immediate medical opinion.

WorkCover and Return To Work

Council undertook a review of its WorkCover insurance arrangements and changed insurers in February 2018, to provide improved support for

injured employees, improved responsiveness to issues raised by Council, and enhanced management of WorkCover claims and issues.

The new provider, Allianz, has facilitated a major review of all WorkCover claims and closed off many older claims which finalises the cost estimate for those claims. They have also been vigilant in managing current claims more effectively to obtain better results for the injured employee and the organisation.

Although Council's Long-Term Injury Frequency Rate (LTIFR) has increased, there has been a considerable improvement in reducing the length of time injured employees are off work or on modified duties.

Reducing the LTIFR and continuing effective WorkCover claims management continue to be priorities for 2018–2019.

Health and wellbeing

The WorkSafe Victoria Health and Safety Week ran in October 2017. Representatives from Peninsula Aquatic Recreation Centre (PARC), Council's Employee Assistance Program (EAP) provider, D'Accord, and other service providers participated in an employee benefits show to promote and encourage workplace health and wellbeing.

Employees also had access to a range of benefits, including the opportunity to undergo a "health check", have a 10 minute massage, and obtain general wellbeing advice during the promotion. Employees also participated in a "clean up day" and were provided with healthy snacks. At the Operations Centre, employees enjoyed a healthy breakfast while engaging in other Health and Safety day activities.



The focus for 2018-2019 will be implementing the current Enterprise Agreement and commencing the next Enterprise Agreement, building organisational capabilities including leadership development, statutory responsibilities and compliance.

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

- Reviewing policies and procedures to ensure role clarity and increased accountability
- Implementing the Human Resources Strategy
- Enhancing the professional development and capacity of our employees
- Addressing issues identified in the Staff Engagement and Alignment Survey
- Organisational demographic data and analysis to facilitate workforce planning and enhanced decision making
- Further improving human resources reporting and information for management to facilitate workforce planning and enhanced decision making
- Strengthening Council's hazard and risk identification program to be a more proactive process

- Delivering a positive OH&S culture change program for all employees
- Reducing the Lost Time Injury Frequency Rate (LTIFR)
- Reviewing Council's Payroll system and Human Resources Information System (HRIS)
- Better communication with injured employees to improve and facilitate return to work arrangements
- Initiating negotiations on the new Enterprise Agreement – Enterprise Agreement No 9
- Monitoring the status of the Local Government Bill 2018 and preparing for the implementation of a new Act, if it progresses through Parliament
- To support Induction and provide information and resources to employees, we will develop a comprehensive Employee handbook as a self-help resource for employees, setting out their entitlements and terms and conditions of employment
- While improving the content, format and presentation of the Induction Program we will also use the Learning Management System to complement face-to-face Induction sessions and provide an online verification of undertaking the relevant course together with an assessment to ensure that new employees understand their responsibilities



Our performance

Planning and Accountability Framework

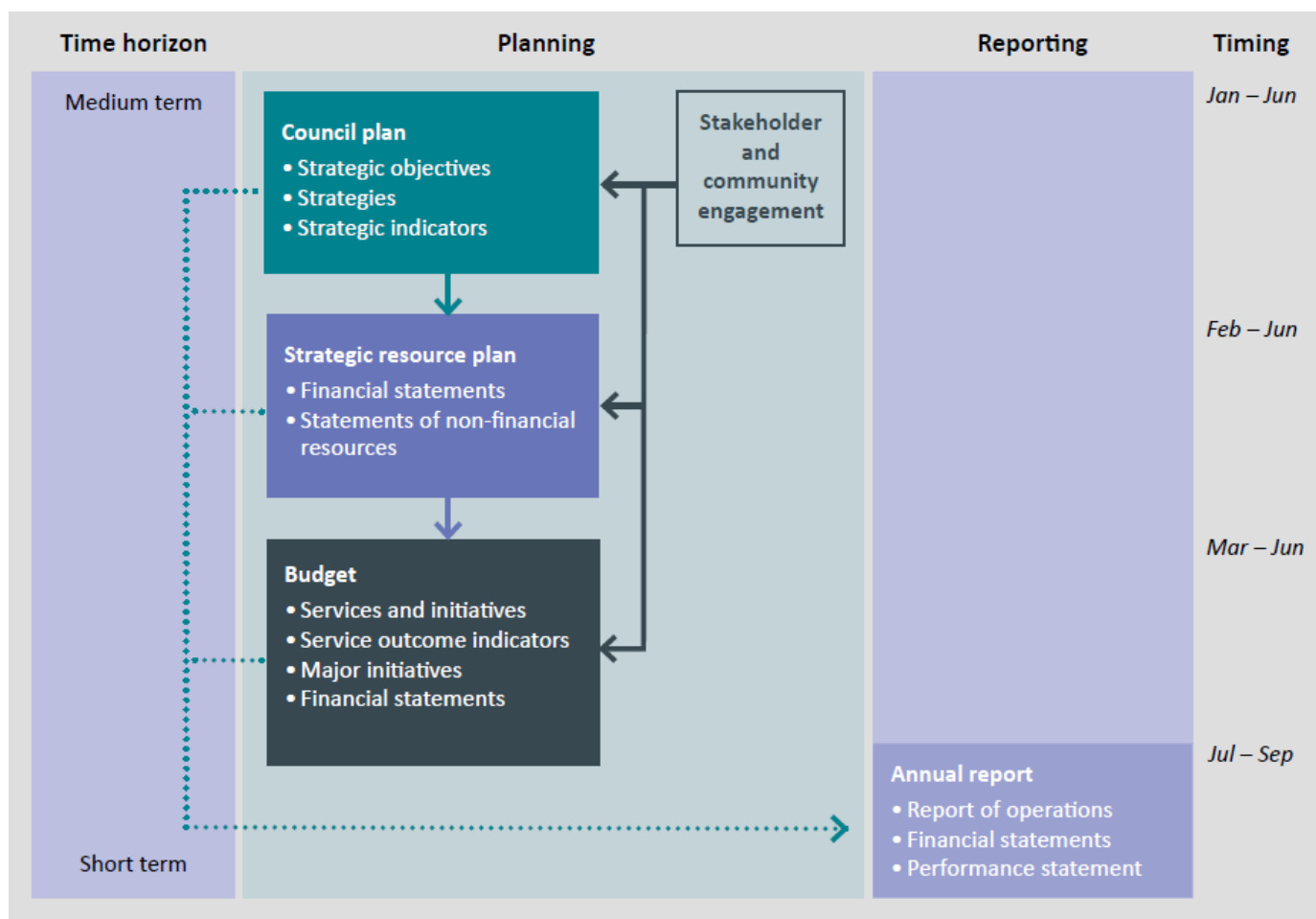
The Planning and Accountability Framework is found in Part 6 of the *Local Government Act 1989* (the Act). The Act requires councils to prepare the following planning and reporting documents:

- A Council Plan within six months after each general election or by 30 June, whichever is later

- A strategic resource plan for a period of at least four years and include this in the Council Plan
- A budget for each financial year
- An annual report in respect of each financial year

Figure 13 below shows the relationships between the key planning and reporting documents that make up the Planning and Accountability Framework for Local Government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.

Figure 13: Planning and Accountability Framework



Council Plan

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

The Council Plan includes:

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

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

Long-term community outcome one: A Planned City

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

Long-term community outcome two: A Liveable City

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

Long-term community outcome three: A Well Governed City

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

Long-term community outcome four: A Well Managed City

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

Performance

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

Performance has been measured as follows:

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

Long-term community outcome one: A Planned City

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

Table 3: A Planned City – strategic indicators

Strategic Indicator	2017–2018	Progress comments
New dwellings in Frankston Metropolitan Activity Centre (FMAC)	29	The future pipeline of projects should see an increase in the number of new dwellings in future years.
Council's greenhouse gas emissions	16,218 (2016–2017 new baseline year)	The new baseline year for managing and reporting on greenhouse gas emissions has been proposed, based on reliable data gathered for the 2016–2017 financial year. A Councillor briefing is scheduled for September 2018.
Kerbside collection waste diverted from landfill	53%	Strong diversion from landfill continues and is ahead of a target of 52 per cent, partly due to a strong education program.
Adopt a Green Wedge Management Plan	In Progress	Stage One was adopted by Council at its meeting held on 2 July 2018.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017–2018 Budget.

Table 4: A Planned City – Major Initiatives

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2017–2018 Year One	Progress comments
Work with the Victorian Government to develop a business case for a catalyst development as a further stage of the Frankston Station Precinct Redevelopment	Work with the Victorian Government to develop a business case for a catalyst development as a further stage of the Frankston Station Precinct redevelopment	Council is exploring the relocation of some services into the city centre. This will allow the services to be collocated with some existing Council services and a Federal Government department. Discussions with the Victorian Government are ongoing.
	Finalise a business case for a catalyst development in Frankston City Centre	A business case is being developed, which will be used to seek Federal and Victorian Government funding.
Redevelop the existing Frankston Arts Centre and Civic Centre precinct to attract a 5 star hotel	Redevelop the existing Frankston Arts Centre and Civic Centre precinct to attract a 5 star hotel	A range of opportunities are being explored including leveraging of the catalyst development priority referred to in the Council Plan. A City Deal proposal has been requested by the Federal Government.
Undertake a feasibility study to relocate Council's Operations Centre and allow for an exemplar urban renewal project	Undertake a feasibility study to relocate Council's Operations Centre and allow for an exemplar urban renewal project	A draft feasibility study has been received outlining the potential relocation options and land uses for the current Operations Centre.

The following statement reviews the progress of Council in relation to initiatives identified in the 2017–2018 Budget.

Table 5: A Planned City – initiatives

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Advocate to Government for: Electrification to Baxter Rail Funding for regional sporting facilities, including: Belvedere Reserve Jubilee Park Netball Stadium Centenary Park Regional Tennis facility National Broadband Network (NBN) Rollout	Commence delivery of the Jubilee Park Netball Stadium	A preferred concept design has been selected, costed and approved. Council has requested that existing Victorian and Federal Government funds previously allocated to the Frankston District Basketball Stadium Expansion be redirected towards the project.
	Complete business case for electrification of Baxter Rail	The Victorian Government has engaged the Level Crossing Removal Authority to undertake the business case. Following on from Council's advocacy work, the Victorian Government has engaged the Level Crossing Removal Authority to undertake a business case for extending electric trains from Frankston towards the Mornington Peninsula (Baxter). In recent months, both the Federal Government and Victorian Opposition have committed \$225 million each towards the project, with the Federal Opposition indicating their support by bringing Federal funding forward to complete the project sooner. Detailed design work is nearing completion. Council has pledged funding to this project and is advocating to both Victorian and Federal Government for matching funding.
Ensure community infrastructure and services match community needs	Prepare a 20 year Community Infrastructure Plan based on fit for purpose requirements for: Accessible universal services Projected leisure and recreational facilities Early years facilities	A long term infrastructure plan is currently under development in time for the 2019–2020 budget process.

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Attract high density residential apartments and commercial office accommodation	Attract high density residential apartments, including affordable housing in and around the Frankston Metropolitan Activity Centre (FMAC)	One city centre development is nearing completion with several mixed use developments now progressing through Council approval processes.
	Develop a Development Contributions Plan	An Open Space Contributions Plan has been completed. A Councillor briefing has been booked for 7 July 2018.
Ensure built form displays architectural excellence and embodies creative urban design	Adopt a Housing Strategy	The revised Housing Strategy was adopted by Council on 4 June 2018.
Improve public car parking options	Finalise the cash in lieu parking scheme	Amendment C111 to introduce a cash in lieu scheme for car parking in the city centre was adopted by Council on 14 May 2018. It has now been referred to the Minister for Planning for consideration and is to be gazetted.
Reduce Council's energy use and greenhouse emissions and progress towards carbon neutrality	Refresh the Energy and Emissions Reduction Plan	Council's draft Energy and Emissions Reduction Plan has been finalised which includes an analysis of Council's greenhouse gas emissions, review of Council's reporting methodology, identification of energy and emission reduction actions and development of a four year prioritised plan. The draft plan is scheduled for a Councillor briefing in September 2018.

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
	Educate and engage the community through Council's Greening our Future community events and information	877 people were engaged through Council's Greening Our Future events and through community outreach and environmental programs for local schools supported by Council. Highlights included the Frankston Indigenous Nursery Opening Day, a Solar and Batteries session, plus a Waste Wise Living event for World Environment Day.
Protect the values of the Green Wedge and implement a management plan	Develop the Green Wedge Management Plan	The report on public consultation for the Green Wedge Management Plan was presented to Council on 21 May 2018. The plan will be completed by December 2018.

The following statement provides information about the services funded in the 2017–2018 Budget and the persons or sections of the community who are provided the service.

Table 6: A Planned City – services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Engineering services	Provides traffic management solutions, strategic transportation planning, road safety programs, management of public spaces and quality control on subdivisional and commercial developments including protection of Council's assets.	3,202 (279) 2,923
Capital Works Delivery	Delivers project and contract management for the design and construction of infrastructure projects in the capital works program to provide quality services and facilities to the community. The projects include new, upgrades, expansions, renewals and compliance projects.	1,137 (0) 1,137 Capital Works 50,856
Planning and Environment	Researches and prepares land use, development and environmental strategies for the municipality. Undertakes timely assessment of development, land use, subdivision and tree removal proposals. Develops and implements integrated nature conservation and biodiversity protection strategies and action plans. Educates and enforces (in close cooperation with Council's Community Safety officers) to ensure that all land use and development within Frankston fully complies with approvals and relevant legislation.	3,583 (1,094) 2,489
Community Relations	Provides the first point of contact for our communities, including residents, visitors, businesses, investors, media and internal departments. Manages Frankston City's and the organisation's reputation, disseminates key messages to our communities and positions the municipality as the preferred place to live, learn, work, visit and invest.	3,006 (5) 3,001

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

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

Service/Indicator/measure	Results				Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	
Roads					
Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	128	87	100	93	618 sealed road related requests were received from the community in 2017–2018, which is down from the previous year.
Condition Sealed local roads below the intervention level [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	98%	97%	95%	92%	There has been a slight reduction in the length of roads below the renewal intervention level.
Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$102	\$69	\$91	N/A	No road reconstruction works were undertaken in 2017–2018.
Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$22	\$24	\$23	\$22	Over 210,000m ² of Council road has been resealed under the annual Road Renewal Program this year.

Service/Indicator/measure	Results				Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	
Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	64	63	59	64	A significant amount of resealing roads has been undertaken in 2017–2018.
Statutory Planning					
Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	105 days	96 days	93 days	105 days	Recent improvements to assessment processes have yet to deliver a sustained reduction in gross processing times, however work continues in this area.
Service standard Planning applications decided within 60 days [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	68%	48%	56%	34%	These results show that there are still areas of improvement that can be made to increase the number of outcomes decided within the required 60 days.
Service cost Cost of statutory planning service [Direct cost of statutory planning service / Number of planning applications received]	\$1,729	\$1,760	\$1,867	\$2,264	There has been a small increase in unit processing costs, partly related to the increase in the number of complex applications being received.

Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	45%	56%	41%	44%	Approximately half of Council's decisions were set aside. This figure includes outcomes where applications are modified to address Council concerns before being approved by the Victorian Civil and Administrative Tribunal (VCAT). Council continues to note the outcomes of matters referred to VCAT and to consider rulings made by VCAT in its future decision making.
Waste Collection Satisfaction Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	101	96	114	118	The number of new bin requests is consistent with the new developments coming into the municipality and the increase in the user-pays green organics service collection.
Service standard Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	1	1	1	2	Number of missed bins is consistent and is low due to the good customer service received from the kerbside collection contractors.

Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
Service cost					
Cost of kerbside garbage collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$83	\$91	\$92	\$94	Slight increase due to higher disposal costs.
Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$19	\$17	\$17	\$30	Additional costs for processing of recyclables commenced early 2018.
Waste Diversion					
Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54%	53%	54%	53%	Diversion from landfill continues with a supporting education program.

Long-term community outcome two: A Liveable City

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

Table 8: A Liveable City – strategic indicators

Strategic Indicators	2017–2018	Comments
Jobs in Frankston City	8,303	The goal is to achieve 5,000 jobs by 2021. Last Census data (2016) indicated 8,303 jobs had been created locally between 2011 and 2016.
Degree courses on offer in Frankston City	18	There are currently 18 degree courses on offer in Frankston City. This is predicted to increase in 2019–2020.
Five star accommodation	In progress	The development of five star accommodation is intrinsically linked to the development of the business case for the catalyst development. When this is completed work on this project can commence.
Frankston Arts Centre, festivals and events attendance	250,326	Target participation of 305,000 was not met due to a change of date for the Waterfront Festival to accommodate Commonwealth Baton Games and inclement weather.
0-1 infants enrolled in Maternal Child Health (MCH) service	1,897	The annual total includes newborn infants and babies under one year of age that have moved to Frankston City.
Service utilisation per funded hours through Home and Community Care (HACC) and Commonwealth Home and Support Programme (CHSP)	77,348	The change in hours are influenced by the introduction of the National Disability Insurance Scheme (NDIS) and clients transitioning to the scheme as well as the reduction in both Respite Care and Personal Care referrals for both Home and Community Care Programs for Younger People and CHSP.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017–2018 Budget.

Table 9: A Liveable city – major initiatives

Four Year Priorities Council Plan 2017–2021	Major Initiatives 2017–2018 Year One	Progress comments
Develop a knowledge, creativity and skills based economy to generate employment opportunities	Expand and enhance business programs including: Business Investment Program Build Your Business Program	The expansion of the Small Business Mentoring program saw 53 businesses participating in the year. The program now also includes a Specialist Business Coaching Service where skilled coaches visit businesses and work one on one with operators. This addition to the program attracted 21 participants. A total of 86 businesses attended Small Business Grants Program information sessions, with 17 eligible applications received and two business grants issued.
Attract industry and employment in the health and education sectors	Facilitate an environment that supports start-up businesses	To build upon its success, Council has increased the 2018–2019 Business Grants Program from \$60,000 to \$120,000.
Facilitate the delivery of a health services hub in the health precinct	Facilitate the delivery of a health services hub in the health precinct	A proposal for a City Deal incorporating a health services hub has been submitted to the Federal Government at their request.

The following statement reviews the progress of Council in relation to initiatives identified in the 2017–2018 Budget.

Table 10: A Liveable city – initiatives

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Facilitate the development of industry informed education courses that meet employer industry needs	Work with education providers to further develop education courses	Council is working with tertiary providers and regional secondary schools. Workshops throughout early 2018 helped establish four key themes relating to student pathways. A framework will be developed later in the year.
Promote Frankston City's reputation as an arts, festivals and events destination	Expand the 2018 Waterfront Festival and promote the Queen's Baton Relay	The Waterfront Festival and Queen's Baton Relay events were successfully delivered in February. While the participation target was not met due to inclement weather; both events were well attended.
	Deliver the HATCH arts incubator program	The program is in its second and final stage supporting four contemporary artists via a mentor program, creative development space, production advice and professional development program throughout the year.
Engage and support Frankston City's local areas and diverse communities to optimise facility usage and enhance equitable access to services	Work with the community to deliver local initiatives in the Community Plan	To date, achieved Plan initiatives include the development of a Community Learning Program, youth training café at the Frankston North Community Centre and improvements to Gretana Park Reserve. Projects to engage new and existing communities through story sharing and digital newsletters are finalised for delivery in 2019.
Develop an education and library hub in Langwarrin	Complete a feasibility study for an education and library hub in Langwarrin	Detailed site analyses have been completed and a report will be presented to Councillors in September 2018.

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Enhance equitable access to sport and leisure opportunities	Improve club governance and upgrade facilities to enhance inclusion and participation	A number of successful events and programs were facilitated pertaining to club sponsorship attraction and retention, cultural inclusion and violence against women. Funding was also secured from VicHealth and the Department of Health and Human Services to work with local aquatic centres and 13 local sports clubs to increase the availability of healthy food and drink choices in their canteens. Five applications for community sporting facility upgrades in 2018–2019 were also successful.
Adopt a Health and Wellbeing Plan 2017–2021	Adopt the Health and Wellbeing Plan 2017-2021 and implement year one actions	Actions implemented to date include the delivery of 10 local events to promote inclusion, equity and engagement, the development of autism-friendly social scripts for the Frankston Arts Centre and Cube 37, completion of round one of the Baby Makes 3 antenatal trial and the delivery of tobacco education to 140 city centre food businesses.

Table 11: Liveable city – services

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

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Operations	Preserves local amenity and promotes a safe, clean and attractive city through maintaining civil infrastructure, shopping centre precincts, natural resources, foreshore infrastructure and recreation reserves. Provides services and strategies for emergency management.	22,270 (1,508) 20,762
Community Relations	Provides the first point of contact for our communities, including residents, visitors, businesses, investors, media and internal departments. Manages Frankston City's and the organisation's reputation, disseminates key messages to our communities and positions the municipality as the preferred place to live, learn, work, visit and invest.	1,470 (125) 1,345
Arts and Culture	Stimulates activity in the municipality through events, festivals, performing arts, public art, visual arts, libraries, library services and lifelong learning initiatives and community development programs. Provides facilities and services for events and functions.	8,416 (4,323) 4,093
Aquatics	Provision of indoor and outdoor Aquatic Centres to improve health and wellbeing in the community.	13,510 (13,455) 55
Community Safety	Ensures the safety of the community by managing school crossing supervision, animal registration, parking services, building services, planning enforcement, crime prevention and foreshore patrols. Undertakes local law prosecutions, emergency management and illegal dumping responses.	8,401 (7,679) 722

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Community Strengthening	Undertakes research and implements policies and programs to enhance community wellbeing, social inclusion, participation, empowerment and resilience. Community planning and engagement of local areas. Develops and implements the Municipal Health and Wellbeing Plan. Manages grants to support charities and community groups.	6,567 (796) 5,771
Recycling	Frankston Regional Recycling and Recovery Centre (FRRRC) offers the community a quick, easy, affordable and sustainable way to get rid of waste and recyclables. FRRRC is also home to a Treasure Chest shop. It sells recovered furniture, household goods and bric-a-brac for bargain hunters and anyone who has a good eye for items that can be restored/upcycled. Also provides strategies for the waste management needs of the municipality.	18,716 (3,772) 14,944
Family Health Support	Supports and enhances the health and wellbeing of families, children and young people through Maternal and Child Health and immunisation services, kindergarten infrastructure and central registration scheme for 3 and 4 year old kindergarten, childcare, youth services and advocacy. Supports other local providers of children's, family and youth services.	15,187 (9,235) 5,952
Building and Facilities	Delivers, maintains and retires facility buildings in Frankston City. Constructs new or develops old building facilities in the municipality to provide, accommodate and/or house a range of community groups. Provides cleaning, security and maintenance to about 300 Frankston City Council buildings including the Civic Centre, Library, the Frankston Arts Centre, public toilets, sporting pavilions, preschools and other community buildings.	5,892 (11) 5,881

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

Service/Indicator/measure	Results				Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	
Animal Management					
Timeliness Time taken to action animal requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	N/A ¹	8 days	5 days	5 days	Consistent performance highlights Council's commitment to customers.
Service standard Animals reclaimed [Number of animals reclaimed / Number of animals collected]	66%	64%	60%	52%	There was a decrease in animals reclaimed due to large quantities of cats surrendered to Council as part of two separate enforcement actions.
Service cost Cost of animal management service [Direct cost of the animal management service / Number of registered animals]	\$42 ²	\$54	\$50	\$48	Decrease in cost due to enhanced animal registration enforcement procedures.
Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	37	82	71	144	An increased number of complaints and improved internal processes have resulted in an increased number of prosecutions.

¹ This is a new measure reported in 2015-2016

² The result for 2014–2015 was incorrect; the actual result is \$60

Service/Indicator/measure	Results				Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	
Aquatic Facilities					
Satisfaction User satisfaction with aquatic facilities [User satisfaction with how Council has performed on provision of aquatic facilities]	NA	NA	NA	NA	Peninsula Leisure Pty Ltd conducted an in house survey and achieved a customer satisfaction rating of 8.2 out of 10.
Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	1	1	1	All Council owned aquatic facilities have been inspected.
Reportable safety incidents at aquatic facilities [Number of WorkSafe reportable aquatic facility safety incidents]	13 ³	3	1	0	No WorkSafe incidents have been reported.

³ The 2014–2015 result was incorrect. This has been noted in the 2015–2016 material variations. The result of 13 in 2014–2015 was incorrect due to the inclusion of minor incidents; the actual result is 5.

Results					
Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
Service cost Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$3	-\$0.15	-\$0.34	-\$0.30	A marginal profit per visit was recorded this year. It is lower than originally forecasted due to an unforeseen pool closure for an eight week period across October, November and December.
Cost of outdoor aquatic facilities [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$14	\$10.00	\$10	\$8	Visitation is up a further 16.7 per cent this year, allowing for a decrease in the cost per visit by \$2.11.
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4	6	7	6	Visitation was slightly lower than the previous year, with Peninsula Aquatic Recreation Centre (PARC) recording 899,037 annual visits. Pines Forest Aquatic Centre had 33,799 annual visits and opened one week earlier this year to accommodate the temporary pool closures at PARC.

Service/Indicator/measure	Results				Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	
Food Safety					
Timeliness Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	NA ⁴	2 days	2 days	2 days	Results remain positive with all food complaints having consistently been actioned in less than two days.
Service standard Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i>] x100	92%	98%	101%		
Service cost Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]	\$488	\$475	\$514	\$510	Service costs highlight consistent and efficient practices.

⁴ This is a new measure reported in 2015–2016.

Results					
Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x100	86%	99%	100%	95%	Strong work continues in this area with 257 of the 270 of the notifications that required follow up inspections completed.
Libraries					
Utilisation Library collection usage [Number of library collection item loans / Number of library collection items]	5	8	4 ⁵	4	Decreasing trend highlights a changing use of digital resources.
Resource standard Standard of library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	60%	57%	64%	62%	The physical and digital collection is refreshed annually with 62 per cent collection less than five years of age.

⁵ Definition of loan changed, did not include use of Local History images on Flickr in 2016-2017 (161,558 views).

Results					
Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
Service cost Cost of library service [Direct cost of the library service / Number of visits]	\$9	\$10	\$9	\$10	The result is consistent with previous years with 374,359 physical visits to the library. An additional 337,641 visits were made to the library's online services.
Participation Active library members [Number of active library members / Municipal population] x100	15%	14%	13%	12%	Decreasing trend in participation reflects the strong emergence of online materials. High level of participation in the facility is not reflected in the data.
Maternal and Child Health (MCH)					
Satisfaction Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x100	97%	105%	100%	98%	A Birth Notification Home Visiting strategy was implemented as part of the central booking process.
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	95%	99%	102%	101%	Enrolments were consistent with previous years and remain high even though birth notifications have reduced.
Service cost Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	N/A	\$65	\$61	\$63	MCH costs remain consistent to ensure a high level of MCH service is received.

Results					
Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
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	78%	75%	70%	74%	Improved result from previous year with focus on out of home care clients and outreach strategies. This included Best Start Strategies, SMS reminders and partnership with kindergartens and playgroups to improve participation for key age assessments.
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	74%	68%	69%	76%	Seven per cent increase in participants due to MCH officers attending Koori Playgroup, Gathering Place events and cultural awareness training.

Long-term community outcome three: A Well Governed City

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

Table 13: Sustainable city – strategic indicators

Strategic Indicators	2017–2018	Comments
Community satisfaction with Council decisions	52	Council has continued to work in the community's interest by making over 450 decisions during the year.
Councillor attendance at Council meetings	86%	Councillor attendance remains at a high level and has met the target of 85 per cent.
Councillor advocacy priorities	86% in progress	Implementation of the Advocacy Strategy is underway.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017–2018 Budget.

Table 14: A Well Governed City – initiatives

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
The elected representatives will provide: Clear and unified direction Transparent decision making Good governance	Implement live streaming of open Council meetings and recording of closed Council meetings	Live Streaming has been implemented since 29 January 2018 Council Meeting and can be viewed on the Council website. Streaming has attracted 3,076 combined views as at 30 June 2018.
	Deliver greater transparency through developing and implementing processes and protocols	The Governance Local Law No 1 was endorsed by Council in June 2018 and is advertised for public submissions. The Councillor Code of Conduct was adopted by Council in June 2018, signed by Councillors under witness and is available on Council's website and via hard copy at the Civic Centre.
The elected representatives will provide: Powerful advocacy Meaningful engagement Credible reputation	Advocate for Frankston City in the lead up to the State and Federal Government elections	Following on from Council's advocacy work, the Victorian Government has engaged the Level Crossing Removal Authority to undertake a business case for extending electric trains from Frankston towards the Mornington Peninsula (Baxter). In recent months, both the Federal Government and Victorian Opposition have committed \$225 million each towards the project, with the Federal Opposition indicating their support by bringing Federal funding forward to complete the project sooner.
	Develop a Councillor program to expand Councillor skills, knowledge and strategic capabilities	The Councillor Training and Development Policy was adopted by Council in December 2017 and provides a framework for expansion of skills, knowledge and strategic capabilities. Councillors commenced Governance workshops.

The following statements provide information in relation to the services funded in the 2017–2018 Budget and the persons or sections of the community who are provided the service.

Table 15: A Well Governed City – services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Administration and Corporate Projects	Provides administrative support in areas of Governance including policies, procedures, elections, Local Laws, statutory processes, compliance, delegations, Freedom of Information (FOI), Privacy, Records and Cemetery management, in addition to working on a number of key organisation projects.	648 <u>(0)</u> 648
Chief Executive Office (CEO)	Build a strong flexible and forward thinking organisation that is ideally positioned to respond to current and future community needs. The CEO department is also striving to build cohesive, trusting partnerships between Councillors, the community and Council staff.	3,429 <u>(97)</u> 3,332

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

Table 16: A Well Governed City – prescribed service performance indicators and measures

Results					
Service/Indicator/measure	2014–2015	2015–2016	2016–2017	2017–2018	Material Variations
Governance					
Transparency Council resolutions at meetings closed to the public [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a Special Committee consisting only of Councillors] x100	16%	28%	17%	17%	This result remains consistent with the previous year. Council has a target of 90 per cent of decisions made in Open Council, however the final result is very dependent on the number of contractual matters that were reopened to be brought before Council. Most decisions made in Closed Council were released with the minutes of the meeting.
Consultation and engagement Satisfaction with community consultation and engagement [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	57	57	51	53	Efforts to improve engagement with the community have resulted in a score two points higher than the previous year. Council introduced the live streaming of Council meetings in January 2018 and held a budget session using social media.

Service/Indicator/measure	Results				Material Variations
	2014–2015	2015–2016	2016–2017	2017–2018	
Attendance Council attendance at Council meetings [The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)] x100	91%	83%	94%	86%	Councillor attendance has decreased from the previous year due to unexpected circumstances relating to illness and travel.
Service cost Cost of governance [Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$44,170	\$45,069	\$43,334 ⁶	\$54,295	The appointment of the Municipal Monitor has led to an increase in governance costs.
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]	59	58	54	52	Over 450 decisions made by Council in the reporting period.

⁶ The 2016–2017 result is incorrect due to the exclusion of new Councillors from the report. The correct result is \$44,130.

Long-term community outcome three: A Well Managed City

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

Table 17: A Well Managed City – strategic indicators

Strategic Indicator	YTD 2017–2018	Comments
Community satisfaction with Council's customer service	67%	Result remains consistent with the previous year, however there has been an 11 per cent increase in the number of residents who have had recent contact with Council.
Asset renewal funding maintained	115%	In 2017–2018 Council expended \$25.49 million in renewal expenditure against a renewal requirement \$22.19 million. Council maintained its renewal requirement during 2017–2018 and at a rate of 115 per cent, contributed to a reduction in its renewal backlog.
Adjusted Capital Works Program	84%	As of June 30, \$46.394 million has been expended against a total adjusted budget of \$55.013 million.
Adjusted underlying surplus (or deficit)	13.2%	The declining trend over the four year forecast period is due to the long-term impact of rate capping.
Employee engagement	Employee Engagement Survey Conducted	The Staff Engagement Survey was complete. Actions resulting from it will be prioritised for implementation.

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017–2018 Budget.

Table 18: A Well Managed City – initiatives

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Identify service assets and service levels required to meet future community needs	Implement the Service Planning Framework	The Service Planning and Costing Framework has been developed and work is underway with departments to develop a service catalogue and associated costs.
Implement a rolling service review program	Conduct service reviews as determined	Service reviews are currently underway for property, risk management and procurement. Tourism services completed and implemented.
Ensure a positive customer experience	Implement the Customer Focused Strategy	The Customer Focused Strategy is currently being refreshed and will be updated to align with the Digital Strategy and the Human Resources Strategies. Langwarrin Service Centre and the Civic Centre had their foyer areas upgraded to be more welcoming to customers.
	Develop a Digital Engagement Strategy and implement year one actions	Year one initiatives are underway and include improvements to online planning information and pet registration renewal.
Review and develop a four year Information Technology Strategy to guide Council's efficient use of technology	Develop and adopt a four year IT Strategy	The Information Technology Strategy is being finalised and is expected to be presented for review in October 2018.
	Implement a contract management system	This project has commenced with implementation expected to be completed in December 2018. A Procurement Skill Gap Analysis has been completed and online procurement training has been made available to all staff.

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Facilitate informed decision making through informed reporting and data management	Complete a business case for the development of improved reporting and data management	The Digital Strategy has confirmed the need for improved reporting and data management. The work on this initiative will commence in the new financial year.
Continue to build a financially sustainable Council: Advocate for operational grant funding from other tiers of government to deliver services required by the community Ensure funding decisions are based on Council's priorities Seek alternative revenue sources	Manage the financial performance of the Frankston Regional Recycling and Recovery Centre (FRRRC)	FRRRC is performing well with record tonnes of waste and customers for this financial year. High volumes of building renovation waste and organic waste has been consistent throughout the year. The development of a strong regular customer base and an extensive marketing campaign has contributed to the increase in volumes.
Undertake an ongoing review of Council's assets to ensure they meet community needs	Deliver the annual Capital Works Program (deliver 90% of capital works program)	Significant progress has occurred on the delivery of the program, with the end of year expenditure of \$46.394 million. The program delivery rate achieved is 84 per cent compared to 62 per cent in 2016-2017.
	Continue to improve Council's asset management knowledge and planning	Teams continue to work on delivering the Internal Audit recommendations and have commenced reviewing the Asset Management Strategy.
	Determine the future use and management of Belvedere Reserve	A committee to oversee the future use and management of Belvedere Reserve has been established to oversee an Expression of Interest process in 2018–2019.

Four Year Priorities Council Plan 2017–2021	Initiatives 2017–2018 Year One	Progress comments
Create a sustainable workforce	Develop and implement a workforce plan	The development of the Workforce Plan is underway and is due to be completed by December 2018. Work continues to define Council’s workforce to meet the growing and changing needs of services provided.
Enhance a high performing culture	Develop and implement the Learning and Development Framework	The Learning and Development Framework has been approved. The implementation of the framework is underway.
Position Frankston City Council as an employer of choice	Conduct an employee engagement survey and implement an action plan	The results of the Staff Engagement and Alignment Survey were presented to Council and the Executive Management Team in June. An action plan will be developed and implementation will commence in the first quarter of 2018–2019.

The following statements provide information in relation to the services funded in the 2017–2018 Budget and the persons or sections of the community who are provided the service.

Table 19: A Well Managed City – services

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Sustainable Assets	Delivers, maintains and manages municipal assets and services for current and future generations. Plans sustainable assets that perform to desired service outcomes, implementing best practice asset management, managing Council's Capital Works Program, managing Council's fleet and supporting the efficient and sustainable use of natural resources. Also assists Council and the community to prepare for a changing climate.	2,386 <u>(0)</u> 2,386
Financial and Corporate Planning	Ensures organisational financial sustainability through financial management, accounting services, rates and valuations. Manages corporate planning and performance reporting.	3,917 <u>(673)</u> 3,244
Commercial Services	Manages Council's property portfolio and provides business support and regulatory, contractual and policy compliance monitoring of business related transactions and risk in all service areas. Ensures the organisation makes informed, transparent, ethical and justified decisions through the procurement of goods and services, Best Value, contract management, risk management, leases and licences, property acquisition and responsible divestment.	1,321 <u>(668)</u> 653
Business and Information Technology	Delivers and maintains technology, information systems and management to support Council in delivering services to the community.	4,469 <u>(0)</u> 4,469
Human Resources	Ensures the organisation has the required leadership, people, skills and capabilities and culture and environment available at the right time, in order to achieve and implement Council's priorities, deliver quality services and facilities to our community and meet all relevant statutory obligations and requirements.	1,806 <u>(0)</u> 1,806

Business area	Description of services provided	Expenditure (Revenue) Net Cost \$'000
Administration and Corporate Projects	Provides administrative support in areas of Governance including policies, procedures, elections, Local Laws, statutory processes, compliance, delegations, Freedom Of Information, Privacy, Records and Cemetery management, in addition to working on a number of key organisation projects.	976 <u>(0)</u> 976
Corporate Development Management	Manage the services and activities of the Corporate Development Division. Provide advice and support to the CEO and Councillors on Governance and Financial matters.	1,064 <u>(0)</u> 1,064
Community Development Management	Community Development Management provides leadership, direction and general management of all departments within the Community Development Division as well as community planning and social policy development.	511 <u>(0)</u> 511
Community Assets Management	Community Assets Management oversees the operations of the departments within the Community Assets Division whilst delivering the Long term Infrastructure Plan. The division is primarily responsible for the management of Council's assets.	407 <u>(0)</u> 407

Governance, management and other information

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

Governance

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

Council has a number of roles including:

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

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

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

Meetings of Council

Council conducts open public meetings every three weeks. Members of the community are welcome to attend these meetings and observe from the public gallery. Council meetings provide the opportunity for community members to submit questions to the Council, make a submission or speak about an item. For the 2017–2018 year Council held the following meetings:

- 15 Ordinary Council Meetings
- 5 Special Council Meetings

Council also conducts regular Councillor Briefings, where matters that are intended or likely to go before Council for decision are considered. In 2017–2018, 39 Councillor Briefings were held.

Table 20 provides a summary of Councillor attendance at Council Meetings, Special Council Meetings and Councillor Briefings for 2017–2018.

Table 20: Councillor attendance at meetings and briefings from July 2017 to June 2018

Councillor	Ordinary Meeting	Special Meeting	Councillor Briefing	Total
Cr Glenn Aitken	15	5	20	40
Cr Brian Cunial	13	5	28	46
Cr Michael O'Reilly	14	5	20	39
Cr Colin Hampton	15	5	37	57
Cr Sandra Mayer	15	4	28	47
Cr Kris Bolam	14	5	36	55
Cr Steve Toms	13	3	28	44
Cr Quinn McCormack	15	5	38	58
Cr Lillian O'Connor*	14	3	27	44
Total meetings held	15	5	39	59

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

Council reports

Open Council: In 2017–2018, 300 Council reports were prepared by Council officers for Council, 12 items were raised as Urgent Business by Councillors and 81 Notices of Motion were submitted by Councillors.

Closed Council: In 2017–2018, 77 Closed Council reports were prepared for Council, four items were raised as Urgent Business by Councillors and two Confidential Notices of Motions were submitted by Councillors.

Questions

In 2017–2018, 24 people submitted questions with/without notice to Council.

Special Committees

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

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

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

Table 21: Councillor nominees for internal committees

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

Table 22: Councillor nominees for external committees

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

Code of Conduct

The Act requires a council to review and approve any amendments to its Councillor Code of Conduct within four months after each general election. On 20 February 2017 (Special Meeting 199), Council adopted the Councillor Code of Conduct 2017.

The Councillor Code of Conduct 2017 is designed to:

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

Conflict of interest

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

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

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision making process or from the exercise of the public duty. A register is maintained to record all disclosed conflicts of interest. During 2017-2018, 16 conflicts of interest were declared at Council and Special Committee meetings.

Councillor allowances

In accordance with Section 74 of the Act, Councillors are entitled to receive an allowance while performing their duty as a Councillor. The Mayor is entitled to receive a higher allowance.

The Victorian Government sets the upper and lower limits for all allowances paid to Councillors and mayors. Councils are divided into three categories based on the income and population of each council. In this instance Frankston City Council is recognised as a category three Council (as defined by the Act).

For the period of 1 June 2017 to 30 November 2017, the Councillor annual allowance for a category three council was fixed at \$29,630 per year and the allowance for the Mayor was \$94,641 per year.

For the period 1 December 2017 to 30 June 2018, the Councillor annual allowance for a category three council was fixed at \$30,223 per year and the allowance for the Mayor was \$96,534 per year.

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

Table 23: Councillor allowances 2017–2018 (amount in \$)

Councillor	Allowance (per year, pro-rata)	Allowance (per year, pro-rata)
	From 1 July 2017	From 1 December 2017
Cr Glenn Aitken	29,630	30,223
Cr Brian Cunial	94,641 (Mayor)	30,223
*Mayor until 8 November 2017		
Cr Colin Hampton	29,630	96,534 (Mayor)
*Mayor from 8 November 2017		
Cr Sandra Mayer	29,630	30,223
Cr Michael O'Reilly	29,630	30,223
Cr Steve Toms	29,630	30,223
Cr Kris Bolam	29,630	30,223
Cr Quinn McCormack	29,630	30,223
Cr Lillian O'Connor	29,630	30,223

Councillor expenses

In accordance with Section 75 of the Act, Council is required to reimburse a Councillor for expenses incurred while performing his or her duties as a Councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. The policy provides guidance for the payment of reimbursements of expenses and the provision of resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties. The details of Councillor expenses for 2017–2018 are set out in the table below.

Table 22: Councillor expenses for Financial Year 1 July 2017 to 30 June 2018

Councillor	iPad for Agenda papers and other electronic papers	Mobile Phone***	Equipment	Conferences and training	Conference Airfares	Meals and networking	Travel	Courier Costs for Agenda Papers	Office supplies	Materials	Child Care	Total
Cr Aitken	-		102				1,725	1,858				3,684
Cr Cunial	-	507		896		59	28	1,465				2,955
Cr Hampton	-	1,268	343	4,068	929	532	1,096	1,481	243	532		10,491
Cr Mayer	365	836		1,098		608	111					3,017
Cr O'Reilly	1,318	142										1,460
Cr O'Connor	353	165		1,800					90	98		2,506
Cr Bolam	-	608		10,794		971	52	900		14		13,339
Cr McCormack	338	386		8,334								9,058
Cr Toms	639	2,166	72	3,290	556	570	2,525					9,817
Total	3,013	6,079	517	30,280	1,484	2,739	5,535	5,705	333	643		56,327

*At its meeting in February 2018, Council resolved for the Mayor, Cr Colin Hampton and Cr Toms to attend the National General Assembly. Airfare, accommodation, travel and registration expenses are shown against their expense line.

**At its meeting in October 2017, Council resolved for Cr Bolam and Cr McCormack to attend a Company Directors Course and that the funds were to be sourced from their future training budgets up until 2019-2020. This has been shown against their expense line.

***Note: the mobile phone expenses for the third quarter were incorrectly reported. The transactions were entered incorrectly into the system and this error was discovered during the end of financial year reporting. This final summary reflects the correct figures for the 2017-2018 financial year.

Management

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

Audit and Risk Committee

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

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

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

- Fraud prevention, including corruption.

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

Independent members:

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

Councillor members:

- Cr Brian Cunial - Mayor (until November 2017)
- Cr Colin Hampton - Mayor (since November 2017)
- Cr Kris Bolam (since November 2016)

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

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

Recommendations from each Audit and Risk Committee meeting are subsequently reported to and considered by Council.

Committee member attendance is outlined in Table 24.

Table 24: Audit and Risk Management Committee member attendance

Member	Eligible to attend	Attended
Cr Colin Hampton (Mayor)	5	5
Neil Greenway (Chair)	5	5
Leanna Le Combre	5	5
David Fraser	5	4
Cr Brian Cunial	2	2
Cr Kris Bolam	5	5

Internal audit

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

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

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

Recommendations are assigned to the responsible manager and tracked in Council's corporate system. Managers provide quarterly status updates that are

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

The following audits were undertaken during 2017–2018:

- Asset Management
- Purchasing Cards
- Statutory Planning
- IT Data Security
- Insurance
- Wells Street Streetscape Improvement Project
- Payroll

External audit

Council is externally audited by the Victorian Auditor-General. For the 2017–2018 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors attend Audit and Risk Management Committee meetings throughout the year as required to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit and Risk Management Committee.

Governance and Management Checklist

Table: 25 Governance and Management Checklist

Governance and Management Items		Assessment	
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 26 October 2015	<input checked="" type="checkbox"/>
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current policy: 24 May 2016 Community engagement guidelines are included in Council's Community Engagement Toolkit	<input checked="" type="checkbox"/>
3	Strategic Resource Plan (plan under Section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	Adopted in accordance with Section 126 of the Act Date of adoption: 12 June 2018	<input checked="" type="checkbox"/>
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: 12 June 2018	<input checked="" type="checkbox"/>
5	Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Date of operation of current plans: Drainage Asset Management Plan: July 2008 Roads Asset Management Plan: May 2010 Road Management Plan: May 2015 Buildings Asset Management Plan: June 2016 Open Space Asset Management Plan: June 2017	<input checked="" type="checkbox"/>
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 27 June 2016 Reviewed and adopted every year (2018-2019 financial year - adopted 23 July 2018)	<input checked="" type="checkbox"/>

Governance and Management Items		Assessment	
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 24 May 2014 Reviewed annually. Last reviewed: 26 May 2016	☒
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 1 April 2016 Fraud is incorporated in the Risk Management Policy In operation since 1 April 2000	☒
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 endorsed by Council: 1 February 2016 Last updated 27 July 2017	☒
10	Procurement policy (policy under Section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with Section 186A of the <i>Local Government Act 1989</i> Date of approval: 1 December 2017	☒
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)	Plan Date of operation of current plan: 30 June 2015 Reviewed annually. In operation since 11 April 2007	☒
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)	Plan Date of operation of current plan: 1 January 2017 Reviewed annually. In operation since 1 July 2015	☒

Governance and Management Items		Assessment	
13 Risk Management Framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Framework has been revised and updated. Presented to the Audit and Risk Management Committee in May 2018 Reviewed annually. In operation since 01 April 2008		☒
14 Audit and Risk Management 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: 27 October 1997		☒
15 Internal Audit (independent accounting professionals engaged by the council to provide analyses and recommendations aimed at improving council's governance, risk and management controls)	Engaged Date of engagement of current provider: 14 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 Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Report Date of reports: 16 October 2017 20 November 2017 19 February 2018 14 May 2018 Quarterly Performance Reports noted by Council since February 2011		☒
18 Financial reporting (quarterly statements to Council under Section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with Section 138(1) of the Act Date statements presented: 16 October 2017 20 November 2017 19 February 2018 14 May 2018		☒

Governance and Management Items		Assessment
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: 22 September 2017 23 February 2018	<input checked="" type="checkbox"/>
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)	Reports Date of reports: 16 October 2017 20 November 2017 19 February 2018 14 May 2018	<input checked="" type="checkbox"/>
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 Date of consideration 16 October 2017	<input checked="" type="checkbox"/>
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 reviewed: 20 February 2017	<input checked="" type="checkbox"/>
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)	Reviewed in accordance with Section 98(6) of the Act Approved: 10 July 2017	<input checked="" type="checkbox"/>
24 Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with Section 91(1) of the Act Date local law made: 17 April 2015	<input checked="" type="checkbox"/>

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


Dennis Hovenden
 Chief Executive Officer
 Dated: 16 August 2018


Cr Colin Hampton
 Mayor
 Dated: 16 August 2018

Statutory information

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

Documents available for public inspection

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

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

Council as lessor, including the lessee and the terms and the value of the lease.

- A register maintained under Section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by 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

The Best Value principles set out in the Act state that a Council's services must meet quality and cost standards, respond to community needs, be accessible to those members of the community for whom the service is intended, and achieve continuous improvement in service provision. At least once every year Council must report to the community about what it has done to ensure it has given effect to the Best Value principles (Section 208B(f) of the Act).

Council is committed to value for money in service delivery and undertakes regular business planning, performance monitoring and reviews of services in accordance with Best Value principles.

The following Best Value service reviews were undertaken during 2017-2018:

Procurement Lifecycle Improvement Program, review of procurement framework, procedure and practice.

Carer's recognition

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

Council has also:

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

Contracts

No contracts were entered into as a result of an emergency or the subject of Ministerial approval under Section 186 of the Act.

Council confirms that as far as it is aware it is compliant with the National Competition Policy requirements.

During 2017-2018 two contracts were entered into as a result of a failure at PARC. No contracts were subject of Ministerial approval under Section 186 of the Act.

Disability Action Plan

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

- Promoted and supported events such as International Day of People with a Disability, in addition to National Disability Insurance Scheme (NDIS) information forums
- Regularly consulted with the Disability Access and Inclusion Committee (DAIC) in relation to key Council projects including Young Street Transit Interchange project and playground refurbishments
- Renovated East Karingal Kindergarten to improve its disability access and create a more modern facility, enhancing its partnership with

the Special Development School through the provision of inclusive early childhood education for children with a disability

- Developed social scripts for the Frankston Arts Centre to enhance disability access
- Renovated the interior customer service areas in Frankston Library and Carrum Downs Library to make the public space more accessible and are redesigning the public computer areas to be more accessible for people of all abilities, which includes the addition of high visibility keyboards and sufficient space for assistance dogs

Domestic Animal Management Plan

In accordance with the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan (DAMP) at four yearly intervals and evaluate its implementation in the Annual Report.

Council's 2017–2021 DAMP sets the strategic direction for animal management in Frankston City, allowing for review on an annual basis. Council's 2017-2021 DAMP was adopted by Council on 20 November 2017.

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

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

Issues addressed in the DAMP include:

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

These issues are addressed by implementing the following actions:

- Promote and encourage the responsible ownership of dogs and cats

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

Achievements in 2017-2018 included:

- All staff undertook relevant training
- The percentage of lost and stray dogs and cats reunited with their owners exceeded targets for 2017-2018 and previous years
- All properties declared dogs for example, dangerous, menacing and restricted breed were inspected
- Prosecutions of animal management offences increased 75% compared to last year
- Council is currently in the process of developing a fenced off dog agility park.

Food Act Ministerial Directions

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

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

Freedom of Information

The *Freedom of Information Act 1982* provides the public with a right of access to documents held by Council. Certain exemptions exist to protect interests such as the personal privacy of individuals and trade secrets of businesses. Significant amendments to the *Freedom of Information Act 1982* took effect on 1 September 2017 reducing the timeframes for deciding requests and expanding the requirements for consultation with third parties. Applications for access to documents must be in writing, and be as specific as possible about the documents being sought. Council received 41 applications in 2017-2018.

Information privacy

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

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

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


Eight privacy complaints were received during 2017-2018, but no complaints were lodged with the Victorian Information Commissioner or Health Complaints Commissioner.

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

Protected Disclosure Procedures

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

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



protected disclosures complaints investigated during the financial year.

Council is not aware of any protected disclosures made in 2017-2018 relating to Frankston City Council Councillors or officers.

Road Management Act Ministerial Directions

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

No such Ministerial Directions were received by Council, in its capacity as a road authority, during 2017-2018.

Glossary A-Z

2017–2018: 1 July 2017 to 30 June 2018

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

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

Actual 2017–2018: Actual performance achieved where this measure was used in the 2017–2018 financial year.

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

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

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

Balance Sheet: A quantitative summary of Council's financial condition as at 30 June 2018, including assets, liabilities and net equity.

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

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

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

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

Capital expenditure: The expenditure on items which are expected to produce future economic benefits for Council and have a useful life of more than 12 months.

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

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

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

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

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

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

Councillors: Elected representatives of Frankston City.

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

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

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

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

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

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

Expense: An outgoing payment made by Council.

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

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

Financial year: This document reports on the financial year 1 July 2017 to 30 June 2018.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Land: All land owned or controlled by Council.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Surplus (deficit): Represents the difference between total revenues, expenses, net gain (loss) on disposal of property, plant and equipment, infrastructure and share of net profits (losses) of associates and joint ventures accounted for by the equity method.


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

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

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

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

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



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

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

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

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



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Frankston City Council

Performance Statement

For the year ended 30 June 2018

Performance Statement

For the year ended 30 June 2018

Description of municipality

Frankston City is located on the eastern shores of Port Phillip Bay approximately 40 kilometres south of Melbourne. The city covers an area of approximately 131 square kilometres from the Seaford Wetlands in the north, to Frankston South and the Western Port Highway in the east. The western boundary of the city is made up of 11 kilometres of pristine coastline. The estimated resident population (ERP) is 140,708 and is expected to grow to 157,073 by 2036.

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

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

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

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

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

Sustainability capacity indicators

For the year ended 30 June 2018

Indicator/measure	Results				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	
Own-source revenue <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$914	\$1,000	\$1,057	\$1,089	Council has a high dependency on its own-source income and continues to identify and pursue alternative revenue sources.
Recurrent grants <i>Recurrent grants per head of municipal population</i> [Recurrent grants / municipal population]	\$176	\$109	\$172	\$145	The Financial Assistance Grants decreased in the current year as a result of the Victorian Grants Commission pre-paying half of the 2017–2018 grants in 2016–2017.
Population <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,058	\$1,034	\$1,056	\$1,089	It is expected that the result for this measure will improve over the four year period to 2020. The improving trend is due to ongoing cost containment measures implemented.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$5,207	\$5,415	\$5,794	\$5,618	The estimated population growth has increased and the written down value of infrastructure increased to \$790,560 million.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	194	194	197	211	The increase is primarily due to the estimated population growth currently at 140,708.
Disadvantage <i>Relative socio-economic disadvantage</i> [Index of relative socio-economic disadvantage by decile]	6	6	6	7	Frankston City ranks in the seventh decile in Victoria, one point higher than the previous years. The first decile indicates the most disadvantaged and the tenth decile indicates the least disadvantaged.

Definitions

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

Service performance indicators

For the year ended 30 June 2018

Indicator/measure	Results				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	
Governance					
Satisfaction <i>Satisfaction with Council decisions</i> [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	59	58	54	52	Over 450 decisions made by Council in the reporting period.
Statutory Planning					
Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	45%	56%	41%	44%	Approximately half of Council's decisions were set aside. This figure includes outcomes where applications are modified to address Council concerns before being approved by the Victorian Civil and Administrative Tribunal (VCAT). Council continues to note the outcomes of matters referred to VCAT and to consider ruling made by VCAT in its future decision making.
Roads					
Satisfaction <i>Satisfaction with sealed roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	64	63	59	64	A significant amount of resealing roads has been undertaken in 2017–2018.

Indicator/measure	Results				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	
Libraries					
Participation Active library members [Number of active library members / Municipal population] x100	15%	14%	13%	12%	Decreasing trend in participation reflects the strong emergence of online materials. High level of participation in the facility is not reflected in the data.
Waste Collection					
Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	54%	53%	54%	53%	Diversion from landfill continues with a supporting education program.
Aquatics Facilities					
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4	6	7	6	Visitation was slightly lower than the previous year, with Peninsula Aquatic Recreation Centre (PARC) recording 899,037 annual visits. Pines Forest Aquatic Centre had 33,799 annual visits and opened one week earlier this year to accommodate the temporary pool closures at PARC.

Indicator/measure	Results				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	
Animal Management					
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	37	82	71	144	An increased number of complaints and improved internal processes have resulted in an increased number of prosecutions.
Food Safety					
Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	86%	99%	100%	95%	Strong work continues in this area with 257 of the 270 of the notifications that required follow up inspections completed.

Indicator/measure	Results				Material Variations
	2014– 2015	2015– 2016	2016– 2017	2017– 2018	
Maternal Child and 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	78%	75%	70%	74%	Improved result from previous year with focus on out of home care clients and outreach strategies. This included Best Start Strategies, SMS reminders and partnership with kindergartens and playgroups to improve participation for key age assessments.
Participation					
Participation in 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	74%	68%	69%	76%	Seven per cent increase in participants due to MCH officers attending Koori Playgroup, Gathering Place events and cultural awareness training.

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

Financial Performance Indicators

For the year ended 30 June 2018

Results					Forecast				Material Variations
Dimension/indicator/measure	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	
Operating Position									
Adjusted underlying result									
Adjusted underlying surplus (or deficit)	3.4%	8.9%	15.0%	13.2%	7.4%	8.9%	8.3%	8.0%	The declining trend over the four year forecast period is due to the long term impact of rate capping.
[Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100									
Liquidity									
Working capital									
Current assets compared to current liabilities	164.0%	223.6%	334.9%	252.7%	312.6%	345.6%	375.5%	403.4%	Council’s assets are expected to increase over the next four years. Delivery of the Council Plan strategic priorities will see this working capital ratio reduce.
[Current assets / Current liabilities] x100									
Unrestricted cash									
Unrestricted cash compared to current liabilities	55.0%	45.4%	58.0%	50.4%	112.5%	143.3%	171.1%	197.3%	Council has a lower level of unrestricted cash due to higher unexpended grants and carry forward capital works projects. This is expected to increase in future years as the projects are delivered.
[Unrestricted cash / Current liabilities] x100									

Results

Forecast

<i>Dimension/indicator/measure</i>	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	Material Variations
Obligations									
Loans and borrowings									
<i>Loans and borrowings compared to rates</i>	30.0%	34.4%	31.5%	30.1%	23.1%	22.3%	21.5%	20.7%	This ratio is trending downwards over the four year period. Council is considering a partial redemption of loans in 2018–2019. It is expected that this measure will decrease to reflect the scheduled repayment of debt.
[Interest bearing loans and borrowings / Rate revenue] x100									
<i>Loans and borrowings repayments compared to rates</i>	4.0%	4.5%	2.9%	2.3%	7.1%	1.4%	1.4%	1.4%	
[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100									This ratio is expected to decrease over the next four years. This trend reflects the scheduled repayment of debt including the partial redemption of loans in 2018–2019.
Indebtedness									
<i>Non-current liabilities compared to own-source revenue</i>	19.0%	28.3%	25.2%	19.5%	19.0%	18.4%	17.7%	17.1%	Council has an appropriate and prudent level of long term liabilities.
[Non-current liabilities / own-source revenue] x100									

Results

Forecast

<i>Dimension/indicator/measure</i>	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	Material Variations
<i>Asset renewal</i>									
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	70.0%	86.6%	60.1%	91.6%	80.1%	67.0%	65.3%	66.7%	Asset renewal expenditure is higher due to an increase of capital works projects being delivered. An anticipated decrease is based on a plateau of renewal expenditure based on current condition assessments.
<i>Stability</i>									
<i>Rates concentration</i>									
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	68.0%	71.5%	66.6%	66.0%	69.0%	69.6%	69.6%	69.8%	Council has a stable dependency on rate revenue. This also highlights that Council has a secure income source however should continue to identify and pursue alternative revenue sources.
<i>Rates effort</i>									
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.4%	0.4%	0.4%	0.4%	0.3%	0.3%	0.3%	0.3%	The result for this measure indicates that rate revenue will remain stable over the next four years.

Results

Forecast

<i>Dimension/indicator/measure</i>	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	2020– 2021	2021– 2022	Material Variations
Efficiency									
Expenditure level									
<i>Expenses per property assessment</i>	\$2,377	\$2,256	\$2,340	\$2,471	\$2,630	\$2,596	\$2,562	\$2,606	There is a slight increase in 2017–2018. It is anticipated this will continue to increase over the following four years. The slowing upward trend reflects cost containment measures taken by Council.
[Total expenses / Number of property assessments]									
Revenue level									
<i>Average residential rate per residential property assessment</i>	\$1,099	\$1,168	\$1,166	\$1,221	\$1,175	\$1,178	\$1,184	\$1,194	This measure is expected to remain stable over the next four years.
[Residential rate revenue / Number of residential property assessments]									
Workforce Turnover									
<i>Resignations and terminations compared to average staff</i>	13.0%	14.8%	14.9%	13.1%	14.0%	14.0%	14.0%	14.0%	This result is consistent with previous years.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100									

Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by Council

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

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

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

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

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

Other Information

For the year ended 30 June 2018

1. Basis of preparation

Council is required to prepare and include a Performance Statement within its annual report. The Performance Statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipality and an explanation of material variations in the results. Council has made a number of comments under 'Material Variations' to assist readers to interpret the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

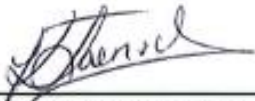
Where applicable the results in the Performance Statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from Council information systems or from third parties (e.g. Australian Bureau of Statistics).

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

The forecast figures included in the Performance Statement are those adopted by Council in its Strategic Resource Plan on 12 June 2018 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting Council.

Certification of the Performance Statement

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



Kim Jaensch CPA MBA
Principal Accounting Officer
Dated: 19 September 2018

In our opinion, the accompanying Performance Statement of *Frankston City 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. Michael O'Reilly
Deputy Mayor
Dated: 19 September 2018



Cr. Kris Bolam
Councillor
Dated: 19 September 2018



Dr Gillian Kay
Acting Chief Executive Officer
Dated: 19 September 2018

Independent Auditor's Report

To the Councillors of Frankston City Council

Opinion	<p>I have audited the accompanying performance statement of Frankston City Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • description of municipality for the year ended 30 June 2018 • sustainable capacity indicators for the year ended 30 June 2018 • service performance indicators for the year ended 30 June 2018 • financial performance indicators for the year ended 30 June 2018 • other information and • the certification of the performance statement. <p>In my opinion, the performance statement of Frankston City Council in respect of the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the performance statement	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance statement	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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

MELBOURNE
26 September 2018


Tim Loughnan
as delegate for the Auditor-General of Victoria

Frankston City Council

Consolidated Financial Report

For the year ended 30 June 2018



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Certification of Financial Statements

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



Kim Jaensch CPA MBA
PRINCIPAL ACCOUNTING OFFICER
19 September 2018
30 Davey Street, Frankston Victoria, Australia

In our opinion the accompanying Financial Statements present fairly the financial transactions of Frankston City Council for the year ended 30 June 2018 and the financial position of Council as of that date.

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

We have been authorised by Council on 10 September 2018 and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the Financial Statements in their final form.



Cr. Michael O'Reilly
DEPUTY MAYOR
19 September 2018
30 Davey Street, Frankston Victoria, Australia



Cr. Kris Bolam
COUNCILLOR
19 September 2018
30 Davey Street, Frankston Victoria, Australia



Dr. Gillian Kay
ACTING CHIEF EXECUTIVE OFFICER
19 September 2018
30 Davey Street, Frankston Victoria, Australia

Independent Auditor's Report

To the Councillors of Frankston City Council

Opinion	<p>I have audited the consolidated financial report of Frankston City Council (the council) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none">• consolidated entity and council balance sheet as at 30 June 2018• consolidated entity and council comprehensive income statement for the year then ended• consolidated entity and council statement of changes in equity for the year then ended• consolidated entity and council statement of cash flows for the year then ended• notes to the financial statements, including significant accounting policies• certification of the financial report. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
26 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria

2017-2018 Financial Report

Comprehensive Income Statement

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Income			
Rates and charges	2.1	117,044	113,751
Statutory fees and fines	2.2	5,842	5,863
User fees	2.3	22,259	22,028
Grants - operating	2.4	20,237	23,062
Grants - capital	2.4	3,212	4,865
Contributions - monetary	2.5	3,695	1,830
Contributions - non monetary	2.5	3,607	3,147
Net gain/(loss) on disposal of property, plant and equipment	2.6	1,923	1,110
Other income	2.7	6,125	4,549
Total income		183,944	180,205
Expenses			
Employee costs	3.1	68,660	64,849
Materials and services	3.2	49,127	45,704
Depreciation and amortisation	3.3	28,730	29,279
Other expenses	3.4	4,607	5,160
Borrowings costs	3.5	1,869	1,917
Bad and doubtful debts	3.6	224	302
Total expenses		153,217	147,211
Surplus for the year		30,727	32,994
Other comprehensive income			
Net asset revaluation increment	5.1	277,030	31,477
Total comprehensive result		307,757	64,471

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

2017-2018 Financial Report

Balance Sheet

As at 30 June 2018

		2018	2017
	Note	\$'000	Restated \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1	53,715	55,328
Other financial assets	4.1	52,249	34,557
Trade and other receivables	4.1	15,795	12,151
Inventories	4.2	186	179
Assets held for resale		-	-
Other assets	4.2	2,224	2,123
Total current assets		124,169	104,338
Non-current assets			
Trade and other receivables	4.1	31	76
Other financial assets	4.1	5,500	1,000
Property, infrastructure, plant and equipment	5.1	1,682,437	1,359,601
Intangible assets	4.2	1,871	2,468
Total non-current assets		1,689,839	1,363,145
Total assets		1,814,008	1,467,483
Liabilities			
Current liabilities			
Trade and other payables	4.3	18,190	12,905
Trust funds and deposits	4.3	12,622	6,800
Provisions	4.5	11,298	10,861
Interest-bearing loans liabilities	4.4	7,023	773
Total current liabilities		49,133	31,339
Non-current liabilities			
Provisions	4.5	1,725	1,484
Interest-bearing loans liabilities	4.4	28,068	35,091
Total non-current liabilities		29,793	36,575
Total liabilities		78,926	67,914
Net assets		1,735,082	1,399,569
Equity			
Accumulated surplus		689,811	650,723
Reserves	8.1	1,045,271	748,846
Total equity		1,735,082	1,399,569

(1) Council has corrected errors that, as outlined in note 8.4, required restatement of property, infrastructure, plant and equipment and accumulated surplus as at 1 July 2016. The consequences of this correction are also reflected in note 8.4

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

2017-2018 Financial Report

Statement of Changes in Equity

For the year ended 30 June 2018

2018	Note	Total	Accumulated	Revaluation	Other
		2018	Surplus	Reserve	Reserves
		\$'000	2018	2018	2018
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2017		1,399,569	650,723	693,803	55,043
Prior year adjustment - found assets	5.1	27,756	27,756	-	-
Revised balance at 1 July 2017		1,427,325	678,479	693,803	55,043
Surplus for the year		30,727	30,727	-	-
Net asset revaluation increment	8.1(a)	277,030	-	277,030	-
Transfers to other reserves	8.1(b)	-	(26,575)	-	26,575
Transfers from other reserves	8.1(b)	-	7,180	-	(7,180)
Balance at end of the financial year		1,735,082	689,811	970,833	74,438

2017		Total	Accumulated	Asset	Other
		2017	Surplus	Revaluation	Reserves
		\$'000	2017	2017	2017
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016		1,313,392	619,238	662,326	31,828
Prior year adjustment - found assets		21,802	21,802	-	-
Prior year adjustment		(96)	-	-	(96)
Revised balance at 1 July 2017		1,335,098	641,040	662,326	31,732
Surplus for the year		32,994	32,994	-	-
Net asset revaluation increment	8.1(a)	31,477	-	31,477	-
Transfers to other reserves	8.1(b)	-	(25,409)	-	25,409
Transfers from other reserves	8.1(b)	-	2,098	-	(2,098)
Balance at end of the financial year		1,399,569	650,723	693,803	55,043

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

2017-2018 Financial Report

Statement of Cash Flows

For the year ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Receipts			
Rates and charges		115,928	113,875
Statutory fees and fines		5,217	5,064
User fees		22,864	23,366
Grants - operating		20,423	23,063
Grants - capital		3,012	4,865
Contributions - monetary		3,695	1,829
Other receipts		6,480	4,984
Net GST refund		2,811	100
		<u>180,430</u>	<u>177,146</u>
Payments			
Employee costs		(69,823)	(63,866)
Materials and services		(42,200)	(48,478)
Other payments		(3,122)	(3,053)
Trust funds and deposits taken and repaid		83	565
		<u>(115,062)</u>	<u>(114,832)</u>
Net cash provided by/(used in) operating activities	8.2	<u>65,368</u>	<u>62,314</u>
Cash flows from investing activities			
Payments for property, infrastructure, intangibles, plant and equipment		(44,744)	(25,443)
Proceeds from sale of property, plant and equipment	2.6	2,602	1,590
Payments for investments		(22,192)	(12,575)
Net cash provided by/(used in) investing activities		<u>(64,334)</u>	<u>(36,428)</u>
Cash flows from financing activities			
Finance costs		(1,874)	(1,920)
Repayment of borrowings		(773)	(1,333)
Net cash provided by/(used in) financing activities		<u>(2,647)</u>	<u>(3,253)</u>
Net (decrease)/increase in cash and cash equivalents		(1,613)	22,633
Cash and cash equivalents at the beginning of the financial year		55,328	32,695
Cash and cash equivalents at the end of the financial year	4.1	<u>53,715</u>	<u>55,328</u>
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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

2017-2018 Financial Report

Statement of Capital Works

For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Property			
Land		867	225
Total land		867	225
Buildings		14,457	7,393
Building improvements		32	661
Total buildings		14,489	8,054
Total property		15,356	8,279
Plant and equipment			
Plant, machinery and equipment		2,477	2,342
Fixtures, fittings and furniture		768	885
Computers and telecommunications		831	1,402
Library books		510	563
Total plant and equipment		4,586	5,192
Infrastructure			
Roads		5,618	1,871
Bridges		1,115	745
Footpaths and cycleways		2,522	2,277
Drainage		1,202	97
Recreational, leisure and community facilities		5,852	2,708
Waste management		-	74
Parks, open space and streetscapes		4,647	3,525
Off street car parks		2,176	-
Other infrastructure		1,158	39
Total infrastructure		24,290	11,336
Total capital works expenditure		44,232	24,807
Represented by:			
New asset expenditure		10,597	3,859
Asset renewal expenditure		25,490	17,072
Asset expansion expenditure		436	1,027
Asset upgrade expenditure		7,709	2,849
Total capital works expenditure		44,232	24,807

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

Notes to the Financial Statements

For the year ended 30 June 2018

OVERVIEW

Introduction

Frankston City Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at 30 Davey Street, Frankston, Victoria.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board (AASB), the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 5.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 5.1)
- the determination of employee provisions (refer to note 4.5)
- other areas requiring judgments

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

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

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Performance against budget

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

The budget figures detailed below are those adopted by Council on 31 May 2017. 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 2018 \$'000	Actual 2018 \$'000	Variances 2018 \$'000	Ref.
Income				
Rates and charges	116,823	117,044	221	
Statutory fees and fines	5,697	5,842	145	
User fees	25,542	22,259	(3,283)	1
Grants - operating	18,289	20,237	1,948	2
Grants - capital	9,316	3,212	(6,104)	3
Contributions - monetary	3,634	3,695	61	
Contributions - non-monetary	800	3,607	2,807	4
Net gain/(loss) on disposal of property, plant and equipment	1,913	1,923	10	
Other income	3,315	6,125	2,810	5
Total income	185,329	183,944	(1,385)	
Expenses				
Employee costs	67,915	68,660	(745)	
Materials and services	48,617	49,127	(510)	
Bad and doubtful debts	406	224	182	6
Depreciation and amortisation	27,119	28,730	(1,611)	
Borrowing costs	1,870	1,869	1	
Other expenses	2,873	4,607	(1,734)	7
Total expenses	148,800	153,217	(4,417)	
Surplus/(deficit) for the year	36,529	30,727	(5,802)	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Performance against budget (cont.)
(i) Explanation of material variations

Variance Ref	Item	Explanation
1.	User fees	User Fees and Charges had an unfavourable actual to budget variance of \$3.283 million mainly due to equipment damage resulting in the closure of the pool and lost income of \$1.379 million at Peninsula Aquatic Recreation Centre (PARC) for a period of 2 months, a reduction in parking income of \$0.078 million due to waiving of fees in some CAA car parks due to Frankston Train Station works and lower than expected use of \$0.321 million at Frankston Regional Recycling and Recovery Centre (FRRRC).
2.	Grants - operating	Grants – operating had a favourable actual to budget variance of \$1.948 million as a result of an increase in grant received from the Victorian Grants Commission of \$0.312 million, receipt of non-recurrent grants that weren't budgeted for and an increase in Family Health grants due to higher utilisation of services of \$0.586 million.
3.	Grants - capital	Grants – capital had an unfavourable actual to budget variance of \$6.104 million mainly due to funds received for Kananook Reserve Stadium (Basketball) of \$4.231 million being moved to reserve as the project is currently on hold. Further projects which have experienced delays in work have also meant funding has not been received yet.
4	Contributions - non-monetary	Contributions – non-monetary had an favourable actual to budget variance of \$2.807 million as a result of an increase in the gifted land, roads and drainage received relating to subdivisions within the municipality. In particular we received a large parcel of gifted land at Redgum Avenue Carrum Downs that contributed a value of \$1.250 million.
5.	Other income	Other income had a favourable actual to budget variance of \$2.810 million mainly due to insurance claim recovery received from the pool damage at PARC of \$0.822 million and interest income earned on higher than anticipated cash holdings of \$1.585 million.
6.	Bad and doubtful debts	Bad and doubtful debts had a favourable actual to budget variance of \$0.182 million mainly due to reduced debt levels associated with a reduction of infringements issued and the debt management project identifying a more accurate provision level and procedures for managing debt.
7.	Other expenses	Other expenses had an unfavourable actual to budget variance of \$1.734 million as a result of a write off of other assets totalling \$1.483 million and roads and kindergarten grants equalling \$0.125 million that were paid but not budgeted for.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Performance against budget (cont.)

1.2 Capital Works

	Budget 2018 \$'000	Actual 2018 \$'000	Variances 2018 \$'000	Ref.
Property				
Land	-	867	(867)	1.
Buildings	21,772	14,457	7,315	2.
Building improvements	-	32	(32)	3.
Total Property	21,772	15,356	6,416	
Plant and equipment				
Plant, machinery and equipment	2,585	2,477	108	
Fixtures, fittings and furniture	140	768	(628)	4.
Computers and telecommunications	1,901	831	1,070	5.
Library books	700	510	190	6.
Total plant and equipment	5,326	4,586	740	
Infrastructure				
Roads	9,025	5,618	3,407	7.
Bridges	925	1,115	(190)	8.
Footpaths and cycleways	2,267	2,522	(255)	9.
Drainage	866	1,202	(336)	10.
Recreational, leisure and community facilities	4,620	5,852	(1,232)	11.
Waste management	125	-	125	12.
Parks, open space and streetscapes	4,900	4,647	253	
Off street car parks	1,170	2,176	(1,006)	13.
Other infrastructure	1,074	1,158	(84)	
Total infrastructure	24,972	24,290	682	
Total capital works expenditure	52,070	44,232	7,838	
Represented by:				
New asset expenditure	24,346	10,597	13,749	
Asset renewal expenditure	7,084	25,490	(18,406)	
Asset expansion expenditure	12,457	436	12,021	
Asset upgrade expenditure	8,183	7,709	474	
Total capital works expenditure	52,070	44,232	7,838	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1. Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1.	Land	The actual amount spent for land is reflective of the purchase of 16 Cranbourne Road.
2.	Buildings	Buildings budget was underspent by \$7.315 million mainly due to the Frankston Basketball Centre project being withdrawn with further decision on the project to be made.
3.	Building improvements	Actual spend is due to new projects that were introduced throughout the year.
4	Fixtures, fittings and furniture	Fixtures, fittings and furniture actual to budget overspend of \$0.628 million due to the reclassification of Lighting and CCTV projects from recreation and computers and telecommunications.
5.	Computers and telecommunications	Computers and telecommunications actual to budget underspend of \$1.070 million due to reclassification of CCTV project to fixtures, fittings and furniture and multi year projects of \$0.729 million being carried forward to 2018-2019 financial year.
6.	Library books	Library books was underspent by \$0.190 million due to the decision to expense E-books by transferring from the capital to the operational budget.
7.	Roads	Roads underspent by \$3.407 million actual to budget primarily due to delayed works and therefore carry forward of funds to the 2018-2019 year for project completion. Significant projects include Newton Avenue and Weerona Road, Warrandyte Road and Valley Road.
8.	Bridges	Bridges overspent by \$0.190 million due to the scope of the Landmark Bridge project increasing to cater for additional protective coating required.
9.	Footpaths and cycleways	Footpaths and cycleways were overspent actual to budget by \$0.255 million due to additional projects being added to the program.
10.	Drainage	Drainage was overspent actual to budget by \$0.336 million due to additional expenditure from carried forward projects from 2016-2017.
11.	Recreational, leisure and community facilities	Recreational, leisure and community facilities were \$1.232 million overspent actual to budget mainly due to the addition of a \$1.278 million project at Belvedere Reserve during the financial year.
12.	Waste management	Waste management incurred no expenditure this financial year with the funds to be carried forward to 2018-2019 financial year for completion.
13.	Off street car parks	Offstreet car parks were overspent by \$1.006 million actual to budget due to expenditure associated with carry forward projects from 2016-2017 financial year. Those projects included Baxter Park Soccer carpark and Ballarto Road.

Notes to the Financial Statements

For the year ended 30 June 2018

2018	2017
\$'000	\$'000

Note 2 Funding for the delivery of our services

2.1 Rates and charges

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its site value plus the value of any structures on the property (excluding goods and chattels).

The valuation base used to calculate general rates for 2017-2018 was \$27,746 million (2016-2017 \$27,381 million). The 2017-2018 rate in the capital improved value dollar was 0.2873 (2016-2017 0.2873). The municipal charge is levied at the rate of \$155.60 (2016-2017 \$152.55) per rateable property.

General rates		
Residential	70,200	66,462
Commercial	7,963	7,617
Industrial	5,058	4,824
Rural/farm	39	2,240
Waste management charge	22,679	21,837
Municipal charge	9,596	9,320
Supplementary rates and rate adjustments	928	895
Interest		
- Rate interest	565	535
- Interest received on special charge debtors	16	21
Total rates and charges	117,044	113,751

The date of the latest general revaluation of land for rating purposes within the municipality was 1 January 2016 and the valuation was applied to the rating period commencing 1 July 2016.

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

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

2.2 Statutory fees and fines

Infringements and costs	2,529	2,859
Building and town planning fees	1,497	1,114
Permits	1,626	1,683
Land information certificates	139	135
Court recoveries	51	72
Total statutory fees and fines	5,842	5,863

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

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
2.3 User fees		
Recreation and leisure	10,874	11,135
Waste management	3,215	2,423
Frankston Arts Centre	2,767	2,581
Parking	1,955	1,724
Aged and disability services	922	890
Legal cost recovery - rates	419	420
Registrations and other permits	322	409
Building and planning permits and other charges	297	422
Other fees and charges	222	361
Child care/children's program	409	330
Transportation and developments	324	482
Events and festivals	156	164
Library fees and fines	179	191
Community development	169	197
Valuation fees/supplementary charges	29	299
Total user fees	22,259	22,028

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

2.4 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	15,769	19,902
State funded grants	7,680	8,025
Total grants received	23,449	27,927

(a) Operating grants

Recurrent - Commonwealth Government

Financial Assistance Grants	8,879	12,574
Aged and community care	4,238	4,197
Childcare Centre	564	694
Community support	80	80
Immunisation	17	19
Recurrent Commonwealth grants	13,778	17,564

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
2.4 Funding from other levels of government (cont.)		
(a) Operating grants (cont.)		
<i>Recurrent - State Government</i>		
Maternal and child health	1,538	1,578
Aged and community care	1,319	1,334
Library	875	863
School crossing supervision	770	250
Community Development	146	164
Community support	356	350
Recreation	49	44
Community safety	40	20
Youth	59	48
Immunisation	120	126
Childcare Centre	(3)	12
Recurrent State grants	5,269	4,789
Total recurrent operating grants	19,047	22,353
<i>Non-recurrent - Commonwealth Government</i>		
Maternal and child health	38	35
Community support	-	5
Non-recurrent Commonwealth grants	38	40
<i>Non-recurrent - State Government</i>		
Maternal and child health	384	43
Community safety	128	36
Youth	138	146
Community development	152	140
Community support	79	132
Community arts	110	44
Recreation	3	122
Library	-	6
Environment	158	-
Non-recurrent State grants	1,152	669
Total non-recurrent operating grants	1,190	709
Total operating grants	20,237	23,062

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
2.4 Funding from other levels of government (cont.)		
(b) Capital grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,356	1,272
Recurrent Commonwealth grants	1,356	1,272
<i>Non-recurrent - Commonwealth Government</i>		
Fixtures, fittings and furniture	300	-
Plant and equipment	87	126
Buildings	163	892
Recreational, leisure and community facilities	47	8
Non-recurrent Commonwealth grants	597	1,026
<i>Non-recurrent - State Government</i>		
Buildings	543	2,158
Fixtures, fittings and furniture	207	90
Roads	10	-
Recreational, leisure and community facilities	489	319
Parks, open space and streetscapes	10	-
Non-recurrent State grants	1,259	2,567
Total non-recurrent capital grants	1,856	3,593
Total capital grants	3,212	4,865
(c) Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	10,217	3,865
Received during the financial year and remained unspent at balance date	5,819	7,727
Received in prior years and spent during the financial year	(3,689)	(1,375)
Balance at year end	12,347	10,217
Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.		
2.5 Contributions		
Non-monetary	3,607	3,147
Monetary	3,695	1,830
Total contributions	7,302	4,977
(a) Monetary contributions		
Local organisations	1,984	653
Public open space	1,711	1,177
Monetary contributions	3,695	1,830

Public open space fees received during the year are transferred to other reserves pursuant to section 18 of the *Subdivision Act 1988* (public open space reserve). Refer to note 8.1(b).

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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2.5 Contributions (cont.)

(b) Non-monetary contributions

Contributions of non-monetary assets were received in relation to the following asset classes

Roads	763	1,630
Land	2,026	844
Drainage	810	600
Other	8	42
Footpath and cycleways	-	31
Total non-monetary contributions	3,607	3,147

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

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

(a) Plant and equipment

Proceeds from sale	1,044	843
Written down value of assets disposed	(402)	(408)
Total net gain on disposal of plant and equipment	642	435

(b) Property

Proceeds from sale	1,557	747
Written down value of assets sold	(276)	(72)
Total net gain on disposal of land and buildings	1,281	675
Total net loss on disposal of property, plant and equipment	1,923	1,110

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

2.7 Other income

Interest	2,138	1,340
Other	1,162	557
Other rent	933	1,033
Reimbursements	485	210
Sales	1,407	1,409
Total other income	6,125	4,549

Interest is recognised as it is earned.

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

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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Note 3 The cost of delivering services

3.1 Employee costs

(a) Employee costs

Salaries and wages	52,471	49,910
Casual and agency staff	7,457	6,388
Superannuation	5,549	5,161
Long service leave	1,474	1,083
Workcover	1,216	1,698
Fringe benefits tax	167	186
Redundancies	198	289
Other	128	134
Total employee costs	68,660	64,849

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

277	322
277	322

Employer contributions payable at reporting date

-	-
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Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

5,272	4,839
5,272	4,839

Employer contributions payable at reporting date

455	620
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Refer to note 8.3 for further information relating to Council's superannuation obligations

3.2 Materials and services

Contract services	26,486	24,022
Materials	5,012	4,036
Information technology	2,188	2,710
Utilities	3,560	3,403
Insurance and fire services levy	986	946
Plant and equipment	1,832	1,920
Consultants	1,545	1,064
Building maintenance	3,571	3,091
Office administration	1,193	1,066
Finance and legal	858	735
Marketing and promotion	720	864
Cost of goods sold	617	659
General maintenance	559	1,188
Total materials and services	49,127	45,704

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
3.3 Depreciation and amortisation		
Infrastructure	18,638	18,193
Property	5,076	6,909
Plant and equipment	4,117	3,279
Total depreciation	27,831	28,381
Intangible assets	899	898
Total depreciation and amortisation	28,730	29,279
Please refer to note 4.2(c) and note 5.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.		
3.4 Other expenses		
Grants and contributions	795	800
Training and professional development	597	587
Councillors' allowances and expenses	367	345
Court lodgement fees	352	342
Operating lease rentals	510	441
Auditor remuneration - Internal	104	151
Director and committee member fees	213	198
Board costs	84	85
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	101	100
Assets written-off / impaired	1,484	2,109
Legal settlement	-	2
Total other expenses	4,607	5,160
3.5 Borrowing costs		
Interest - borrowings	1,869	1,917
Total borrowing costs	1,869	1,917
3.6 Bad and doubtful debts		
Parking fine debtors	168	232
Other debtors	56	70
Total bad and doubtful debts	224	302

Notes to the Financial Statements

For the year ended 30 June 2018

2018	2017
\$'000	\$'000

Note 4 Our Financial Position

4.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	21	20
Cash at bank	1,605	2,196
Term deposits	52,089	53,112
Total cash and cash equivalents	53,715	55,328

(b) Other financial assets

Term deposits - current	52,249	34,557
Term deposits - non-current	5,500	1,000
Total other financial assets	57,749	35,557
Total financial assets	111,464	90,885

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

- Trust funds and deposits (note 4.3)	12,622	6,800
Total restricted funds	12,622	6,800
Total unrestricted cash and cash equivalents	41,093	48,528

Intended allocations

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

- Strategic asset reserve (note 8.1b)	25,988	19,647
- MAV LGFV Fund (note 8.1b)	15,542	14,202
- Unexpended grants (note 8.1b)	12,347	10,217
- Cash held to fund carried forward capital works	8,004	15,443
- Capital project reserve (note 8.1b)	7,313	1,967
- PARC asset management sinking fund (note 8.1b)	6,000	3,000
- Statutory reserves (note 8.1b)	5,684	4,467
- PARC asset management plan reserve (note 8.1b)	1,025	960
- PARC strategic reserve (note 8.1b)	495	526
- Resource efficiency reserve (note 8.1b)	44	57
Total funds subject to intended allocations	82,442	70,486

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

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

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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4.1 Financial assets (cont.)

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	9,571	8,347
Infringement debtors	3,702	3,076
Provision for doubtful debts - infringements	(2,050)	(1,842)
Net GST receivable	1,949	1,087
Special rate scheme	146	146

Non statutory receivables

Other debtors	2,581	1,430
Provision for doubtful debts - other debtors	(104)	(93)

Total current trade and other receivables	15,795	12,151
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Non-current

Statutory receivables

Special rate scheme	31	76
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Total non-current trade and other receivables	31	76
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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 invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

(a) 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)	946	850
Past due by up to 30 days	1,235	173
Past due between 31 and 180 days	400	407
Total trade and other receivables	2,581	1,430

4.2 Non-financial assets

(a) Inventories

Inventories held for distribution	112	99
Inventories held for sale	74	80
Total inventories	186	179

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.

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
4.2 Non-financial assets (cont.)		
(b) Other assets		
Prepayments	1,301	1,135
Accrual Income	918	983
Other	5	5
Total other assets	2,224	2,123
(c) Intangible assets		
Software		
At cost	5,470	5,168
Less accumulated amortisation	(3,599)	(2,700)
	1,871	2,468
Gross carrying amount		
Balance at 1 July	5,168	4,532
Acquisitions	302	636
Balance at 30 June	5,470	5,168
Accumulated amortisation and impairment		
Balance at 1 July	2,700	1,802
Amortisation expense	899	898
Balance at 30 June	3,599	2,700
Net book value 30 June	1,871	2,468

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.

4.3 Payables

(a) Trade and other payables

Trade payables	16,338	9,253
Accruals and provisions	1,852	3,652
Total trade and other payables	18,190	12,905

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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4.3 Payables (cont.)

(b) Trust funds and deposits

Fire Services Levy	6,423	1,972
Refundable deposits and bonds	3,315	1,951
Prepaid income	2,441	2,394
Trust deposits	332	372
Unclaimed moneys	111	111
Total trust funds and deposits	12,622	6,800

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

Purpose and nature of items

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

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

4.4 Interest-bearing liabilities

Current

Borrowings - secured *	7,023	773
Total current	7,023	773

Non-current

Borrowings - secured	28,068	35,091
Total non-current	28,068	35,091
Total interest-bearing liabilities	35,091	35,864

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

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

Not later than one year *	7,023	773
Later than one year and not later than five years	1,426	8,057
Later than five years	26,642	27,034
	35,091	35,864

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2018

4.5 Provisions

	Annual leave \$'000	Long service leave \$'000	Gratuity \$'000	Total \$'000
2018				
Balance at beginning of financial year	3,933	8,288	124	12,345
Additional provisions	846	2,062	1	2,909
Amounts used	(530)	(1,532)	(27)	(2,089)
Change in discounted amount arising because of the time and the effect of any change in the discount rate	-	(142)		(142)
Balance at the end of the financial year	4,249	8,676	98	13,023
2017				
Balance at beginning of financial year	3,970	8,724	147	12,841
Additional provisions	4,025	627	2	4,654
Amounts used	(4,062)	(1,457)	(25)	(5,544)
Change in discounted amount arising because of the time and the effect of any change in the discount rate	-	394	-	394
Balance at the end of the financial year	3,933	8,288	124	12,345
			2018 \$'000	2017 \$'000
Employee provisions				
(a) Current provisions expected to be wholly settled within 12 months				
Annual leave			4,037	3,736
Long service leave			1,043	1,021
Gratuity			3	4
			5,083	4,761
Current provisions expected to be wholly settled after 12 months				
Annual leave			212	197
Long service leave			5,908	5,783
Gratuity			95	120
			6,215	6,100
Total current employee provisions			11,298	10,861
(b) Non-current				
Long service leave			1,725	1,484
Total non-current employee provisions			1,725	1,484

Notes to the Financial Statements

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
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4.5 Provisions (cont.)

Aggregate carrying amount of employee provisions:

Current	11,298	10,861
Non-current	1,725	1,484
Total aggregate carrying amount of employee provisions	13,023	12,345

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

Wages and salaries and annual leave

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

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

Long service leave

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

Key assumptions:

- discount rate	2.358%
- index rate	0.091%
- inflation rate	3.880%
- settlement rate	

4.6 Financing arrangements

Council has the following arrangements in place as at 30 June

Bank overdraft	2,500	2,500
Credit card facilities	45	45
Total unused facilities	2,545	2,545
Interest-bearing loans and borrowings – secured	35,091	35,864
Used facilities	35,091	35,864

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

Notes to the Financial Statements

For the year ended 30 June 2018

4.7 Commitments

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

2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 year and not later than 5 years \$'000	Later than 5 years \$'001	Total \$'000
Operating					
Recycling and waste collection	5,179	-	-	-	5,179
Council building maintenance	4,000	4,000	4,667	-	12,667
Utilities	697	697	30	15	1,439
Other	1,462	1,266	467	103	3,298
Debt collection	460	-	-	-	460
Valuations	452	452	452	-	1,356
Information technology	414	38	53	-	505
Total	12,664	6,453	5,669	118	24,904
Capital					
Buildings	4,687	-	-	-	4,687
Infrastructure	7,944	-	-	-	7,944
Plant and equipment	431	-	-	-	431
Total	13,062	-	-	-	13,062
2017	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 year and not later than 5 years \$'000	Later than 5 years \$'001	Total \$'000
Operating					
Recycling and waste collection	6,194	4,713	-	-	10,907
Council building maintenance	4,000	4,000	8,667	-	16,667
Utilities	1,483	36	-	-	1,519
Other	609	92	81	-	782
Debt collection	460	460	-	-	920
Valuations	452	452	-	-	904
Information technology	160	41	41	13	255
Total	13,358	9,794	8,789	13	31,954
Capital					
Buildings	9,792	-	-	-	9,792
Infrastructure	4,291	-	-	-	4,291
Plant and equipment	1,462	-	-	-	1,462
Total	15,545	-	-	-	15,545

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017 \$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Found \$'000	Transfers \$'000	At Fair Value 30 June 2018 \$'000
Land	563,336	867	2,026	278,413	-	(276)	-	-	-	844,366
Buildings	190,787	15,426	-	(124)	(5,076)	-	(1)	-	(1,480)	199,532
Infrastructure	581,286	13,468	1,580	(1,259)	(18,638)	-	(1,482)	244	10	575,209
Plant and Equipment	9,815	4,038	1	-	(4,117)	(402)	-	-	1,470	10,805
Work in progress	14,377	10,636	-	-	-	-	-	-	-	25,013
	1,359,601	44,435	3,607	277,030	(27,831)	(678)	(1,483)	244	-	1,654,925

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-offs \$'000	Transfers \$'000	Closing WIP \$'000
Land	-	867	-	(867)	-
Buildings	6,569	4,587	-	(6,451)	4,705
Infrastructure	7,391	24,948	-	(13,471)	18,868
Plant and equipment	417	4,589	-	(3,566)	1,440
Total	14,377	34,991	-	(24,355)	25,013

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

Asset recognition thresholds and depreciation periods

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

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

Property	Land - specialised \$'000	Land \$'000	Land under roads \$'000	Total land \$'000	Buildings - specialised \$'000	Buildings - non \$'000	Total buildings \$'000	Work in progress \$'000	Total property \$'000
At fair value 1 July 2017	542,801	17,102	3,433	563,336	34,404	274,555	308,959	6,569	878,864
Accumulated depreciation 1 July 2017	-	-	-	-	(12,168)	(106,004)	(118,172)	-	(118,172)
	542,801	17,102	3,433	563,336	22,236	168,551	190,787	6,569	760,692
Movements in fair value									
Additions	-	867	-	867	1,345	14,081	15,426	(1,864)	14,429
Contributions	-	2,026	-	2,026	-	-	-	-	2,026
Found	24,954	2,558	-	27,512	-	-	-	-	27,512
Revaluation	277,720	693	-	278,413	1,838	84	1,922	-	280,335
Write-off	-	-	-	-	(188)	-	(188)	-	(188)
Disposal	(276)	-	-	(276)	-	-	-	-	(276)
Transfers	1,388	(1,388)	-	-	-	(1,589)	(1,589)	-	(1,589)
	303,786	4,756	-	308,542	2,995	12,576	15,571	(1,864)	322,249
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(768)	(4,308)	(5,076)	-	(5,076)
Accumulated depreciation of disposals	-	-	-	-	187	-	187	-	187
Revaluation	-	-	-	-	(76)	(1,970)	(2,046)	-	(2,046)
Transfers	-	-	-	-	-	109	109	-	109
	-	-	-	-	(657)	(6,169)	(6,826)	-	(6,826)
At fair value 30 June 2018	846,587	21,858	3,433	871,878	37,399	287,131	324,530	4,705	1,201,113
Accumulated depreciation 30 June 2018	-	-	-	-	(12,825)	(112,173)	(124,998)	-	(124,998)
	846,587	21,858	3,433	871,878	24,574	174,958	199,532	4,705	1,076,115

A reconciliation process was performed during the 2017-2018 between Council's property system and Council's financial system. The reconciliation found that Council had parcels of land recorded in Council's property system over a long period of time that had not been identified or recognised in Council's financial system as Council owned assets. The total value of assets recognised in 2017-2018 was \$27.512 million.

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

Infrastructure	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Waste Management	Off-street car parks	Other Infrastructure	Work in progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	443,814	22,485	110,382	260,668	105,576	2,950	31,227	12,647	7,391	997,140
Accumulated depreciation 1 July 2017	(167,810)	(7,287)	(47,970)	(116,184)	(47,202)	(492)	(16,134)	(5,384)	-	(408,463)
	276,004	15,198	62,412	144,484	58,374	2,458	15,093	7,263	7,391	588,677
Movements in fair value										
Additions	4,019	216	1,766	1,380	4,750	-	606	731	11,477	24,945
Contributions	763	-	-	810	-	-	-	7	-	1,580
Revaluation	5,013	434	1,533	(3,930)	(378)	-	693	(1,157)	-	2,208
Write-off	-	(510)	(203)	-	(2,243)	-	(368)	(16)	-	(3,340)
Found	121	143	-	-	19	-	-	-	-	283
Transfers	-	-	-	-	11	-	-	-	-	11
	9,916	283	3,096	(1,740)	2,159	-	931	(435)	11,477	25,687
Movements in accumulated depreciation										
Depreciation and amortisation	(5,753)	(414)	(2,687)	(3,237)	(5,149)	(295)	(805)	(298)	-	(18,638)
Accumulated depreciation of disposals	-	361	117	-	1,101	-	271	8	-	1,858
Revaluation	(3,414)	(142)	(1,002)	976	(88)	-	51	152	-	(3,467)
Found	(34)	(4)	-	-	(1)	-	-	-	-	(39)
Transfers	-	-	-	-	(1)	-	-	-	-	(1)
	(9,201)	(199)	(3,572)	(2,261)	(4,138)	(295)	(483)	(138)	-	(20,287)
At fair value 30 June 2018	453,730	22,768	113,478	258,928	107,735	2,950	32,158	12,212	18,868	1,022,827
Accumulated depreciation 30 June 2018	(177,011)	(7,486)	(51,542)	(118,445)	(51,340)	(787)	(16,617)	(5,522)	-	(428,750)
	276,719	15,282	61,936	140,483	56,395	2,163	15,541	6,690	18,868	594,077

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

Plant and equipment	Plant machinery and equipment \$'000	Fixtures, fittings and furniture \$'000	Computers and telecomms \$'000	Library books \$'000	Work in progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2017	15,898	720	3,455	4,433	417	24,923
Accumulated depreciation 1 July 2017	(9,155)	(199)	(2,399)	(2,938)	-	(14,691)
	6,743	521	1,056	1,495	417	10,232
Movements in fair value						
Additions	3,380	96	52	510	1,023	5,061
Contributions	1	-	-	-	-	1
Transfers	971	449	159	-	-	1,579
Disposal	(2,534)	-	-	-	-	(2,534)
	1,818	545	211	510	1,023	4,107
Movements in accumulated depreciation						
Depreciation and amortisation	(2,795)	(218)	(504)	(600)	-	(4,117)
Transfers	(67)	(31)	(11)	-	-	(109)
Accumulated depreciation of disposals	2,132	-	-	-	-	2,132
	(730)	(249)	(515)	(600)	-	(2,094)
At fair value 30 June 2018	17,716	1,265	3,666	4,943	1,440	29,030
Accumulated depreciation 30 June 2018	(9,885)	(448)	(2,914)	(3,538)	-	(16,785)
	7,831	817	752	1,405	1,440	12,245

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads. In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Land under roads

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

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

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 Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken in May 2018 by a qualified independent valuer Darren Hale AAPI of Patel Dore Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

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

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

Details of Council's land and buildings and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land – non specialised	-	21,858	-	June 2018
Land – specialised	-	-	846,587	June 2018
Land under roads	-	-	3,433	June 2018
Buildings – non-specialised	-	174,958	-	June 2018
Buildings – specialised	-	-	24,574	June 2018
Total	-	196,816	874,594	

Valuation of infrastructure

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

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

Details of Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	276,719	June 2018
Bridges	-	-	15,282	June 2018
Footpaths and cycleway	-	-	61,936	June 2018
Drainage	-	-	140,483	June 2018
Recreational, leisure and community facilities	-	-	56,395	June 2018
Waste management	-	-	2,163	
Off-street carparks	-	-	15,541	June 2018
Other infrastructure	-	-	6,690	June 2018
Total	-	-	575,209	

Notes to the Financial Statements

For the year ended 30 June 2018

5.1 Property, infrastructure, plant and equipment (cont.)

Description of significant unobservable inputs into level 3 valuations

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

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$190 to \$70,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 2 years to 92 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 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land	846,587	542,801
Land under roads	3,433	3,433
Total specialised land	850,020	546,234

5.2 Investments in subsidiaries

Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2018 and their income and expenses for that part of the reporting period in which control existed.

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

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

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

Entities consolidated into Council include:

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

Notes to the Financial Statements

For the year ended 30 June 2018

5.2 Investments in subsidiaries (cont.)

(a) Investments in subsidiaries

Subsidiary

Peninsula Leisure Pty Ltd (ACN: 160 239 770)

Background

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

Summarised financial information

Summarised statement of comprehensive income

	2018 \$'000	2017 \$'000
Total income	11,862	11,741
Total expenses	11,516	11,353
Surplus for the year	346	388
Other comprehensive income	-	-
Total comprehensive result	346	388
Summarised balance sheet		
Current assets	2,912	2,925
Non-current assets	719	240
Total assets	3,631	3,165
Current liabilities	1,225	1,064
Non-current liabilities	106	147
Total liabilities	1,331	1,211
Net assets	2,300	1,954
Summarised statement of cash flows		
Net cash provided by operating activities	482	629
Net cash provided used in investing activities	(530)	(234)
Net (decrease)/ increase in cash and cash equivalents	(48)	395

Notes to the Financial Statements

For the year ended 30 June 2018

Note 6 People and relationships

6.1 Council and key management remuneration

(a) Related Parties

Parent entity

Frankston City Council is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in note 5.2.

(b) Key Management Personnel

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors	Councillor Colin Hampton (Mayor)	(22 October 2016 to current. Mayor from 4 November 2017 to current)
	Councillor Glen Aitken	(22 October 2016 to current)
	Councillor Kris Bolam	(22 October 2016 to current)
	Councillor Brian Cunial	(22 October 2016 to current)
	Councillor Sandra Mayer	(22 October 2016 to current)
	Councillor Quinn McCormack	(22 October 2016 to current)
	Councillor Lillian O'Connor	(22 October 2016 to current)
	Councillor Michael O'Reilly	(22 October 2016 to current)
	Councillor Steve Toms	(22 October 2016 to current)

	2018 No.	2017 No.
Total Number of Councillors	9	13
Chief Executive Officer and other Key Management Personnel	4	3
Total key management personnel	13	16

(c) Remuneration of Key Management Personnel

	2018 \$'000	2017 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,377	1,060
Long-term benefits	137	108
Other long-term benefits	25	58
Total	1,539	1,226

Notes to the Financial Statements

For the year ended 30 June 2018

6.1 Council and key management remuneration (cont.)

	2018 No.	2017 No.
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$ 0,000 - \$ 9,999	-	3
\$ 20,000 - \$ 29,999	-	4
\$ 30,000 - \$ 39,999	7	5
\$ 50,000 - \$ 59,999	1	-
\$ 70,000 - \$ 79,999	1	1
\$240,000 - \$249,999	1	-
\$270,000 - \$279,999	-	1
\$280,000 - \$289,999	-	1
\$300,000 - \$309,999	2	-
\$320,000 - \$329,999	1	1
	13	16

(d) Senior Officers remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive Officer; or
- b) whose total annual remuneration exceeds \$145,000

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

	2018 No.	2017 No.
Income Range:		
< \$145,000	6	3
\$150,000 - \$159,999	1	5
\$160,000 - \$169,999	3	4
\$170,000 - \$179,999	3	3
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	4	1
\$240,000 - \$249,999	1	-
\$340,000 - \$349,999	-	1
\$400,000 - \$409,999	-	1
	19	19

	2018 \$'000	2017 \$'000
Total Remuneration for the reporting year for Senior officers included above, amounted to:	2,935	3,332

Notes to the Financial Statements

For the year ended 30 June 2018

6.2 Related party disclosure

(a) Transactions with related parties

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by key management personnel, or related parties of such key management personnel during the reporting year (2016-2017, nil).

(b) Outstanding balances with related parties

No outstanding balances are owed by Council to key management personnel or related parties at the end of the reporting period (2016-2017, nil).

(c) Loans to/from related parties

No loans have been made, guaranteed or secured by Council to key management personnel or related parties during the reporting year (2016-2017, nil).

(d) Commitments to/from related parties

No commitments have been made, guaranteed or secured by Council to key management personnel or related parties during the reporting year (2016-2017, nil).

Note 7 Managing uncertainties

7.1 Contingent assets and liabilities

(a) Contingent assets

Operating lease receivables

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

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

	2018 \$'000	2017 \$'000
No later than one year	704	587
Later than one year and not later than five years	2,031	2,060
Later than five years	1,577	1,899
Total	4,312	4,546

Contingent assets arising from developer contributions

In accordance with AASB 137, Council is required to recognise an asset for which it is probable that a future economic benefit will eventuate and the amount of this asset can be reliably measured. Council anticipates developer contributions to be received in respect of estates currently under development. Council estimates the total of these contributions for 2018-2019 to be \$0.800 million (\$0.915 million 2017-2018).

(b) Contingent liabilities

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Frankston City Council has paid unfunded liability payments to Vision Super totalling \$0.549 million paid during the 2017-2018 year (2016-2017 \$0.537 million). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$0.450 million.

Notes to the Financial Statements

For the year ended 30 June 2018

7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 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.

Financial Instruments - Disclosures (AASB 7) (applies 2018-2019)

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

Financial Instruments (AASB 9) (applies 2018-2019)

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

Revenue from contracts with customers (AASB 15) (applies 2019-2020)

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

Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019-2020)

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

Leases (AASB 16) (applies 2019-2020)

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.

Income of Not-for-Profit Entities (AASB 1058) (applies 2019-2020)

This standard replaces 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 to not-for-profit entity to further its objectives.

7.3 Financial instruments

(a) Objectives and policies

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

Notes to the Financial Statements

For the year ended 30 June 2018

7.3 Financial instruments (cont.)

(b) Market risk

Market risk is the risk that the fair value or future cash flows of Council financial instruments will fluctuate because of changes in market prices. Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*.

Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. Council has exposure to credit risk on some financial assets included in the Balance Sheet. To help manage this risk:

- Council have a policy for establishing credit limits for the entities Council deals with;
- Council may require collateral where appropriate; 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 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 7.1(b).

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

Notes to the Financial Statements

For the year ended 30 June 2018

7.3 Financial instruments (cont.)

(d) Liquidity risk

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

To help reduce these risks Council:

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

Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the Balance Sheet and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade.

Details of the maturity profile for borrowings are disclosed at note 4.4.

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

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +2 per cent and -1 per cent in market interest rates (AUD) from year-end rates of 2 per cent.

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

7.4 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.

Notes to the Financial Statements

For the year ended 30 June 2018

7.4 Fair value measurement (cont.)

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.

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from two to four years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

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

7.5 Events occurring after balance date

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

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8 Other matters

8.1 Reserves

(a) Asset revaluation reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
2018			
Property			
Land revaluation	467,300	278,413	745,713
Building revaluation	55,789	(124)	55,665
	523,089	278,289	801,378
Infrastructure			
Drainage revaluation	80,541	(2,954)	77,587
Roads revaluation	89,559	1,695	91,254
	170,100	(1,259)	168,841
Plant and equipment			
Plant and machinery revaluation	614	-	614
	614	-	614
Total asset revaluation reserves	693,803	277,030	970,833
2017			
Property			
Land revaluation	467,300	-	467,300
Building revaluation	57,727	(1,938)	55,789
	525,027	(1,938)	523,089
Infrastructure			
Drainage revaluation	82,068	(1,527)	80,541
Roads revaluation	54,617	34,942	89,559
	136,685	33,415	170,100
Plant and equipment			
Plant and machinery revaluation	614	-	614
	614	-	614
Total asset revaluation reserves	662,326	31,477	693,803

Nature and purpose of reserves

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

* A revaluation of Council land highlighted an increase to fair value of 59.6 per cent. This result is consistent with the outcome of the general revaluation conducted by Council's contract valuers that has seen a significant change in property valuations throughout the municipality. Overall, property valuations across the municipality have increased by an average of 38.86 per cent. Of this increase, residential vacant land properties have increased by 56.61 per cent, residential properties by 41.59 per cent, commercial properties by 24.12 per cent and industrial properties by 14.83 per cent.

Notes to the Financial Statements

For the year ended 30 June 2018

8.1 Reserves

(b) Other reserves

	Balance at beginning of reporting period \$'000	Adjustment to prior year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
2018					
Statutory					
Public resort and recreation	4,250	-	1,711	(494)	5,467
Subdivision roadworks	133	-	-	-	133
Infrastructure assets	74	-	-	-	74
Car parking	10	-	-	-	10
Total statutory reserves	4,467	-	1,711	(494)	5,684
Discretionary					
Strategic asset reserve	19,647	-	8,656	(2,315)	25,988
MAV LGFV Fund	14,202	-	1,340	-	15,542
Unexpended grant reserve	10,217	-	5,819	(3,689)	12,347
Capital projects reserve	1,967	-	5,485	(139)	7,313
PARC asset management sinking fund	3,000	-	3,000	-	6,000
PARC asset management plan reserve	960	-	320	(255)	1,025
PARC strategic reserve	526	-	244	(275)	495
Resource efficiency	57	-	-	(13)	44
Total discretionary reserves	50,576	-	24,864	(6,686)	68,754
Total other reserves	55,043	-	26,575	(7,180)	74,438
2017					
Statutory					
Public resort and recreation	3,556	-	1,177	(483)	4,250
Subdivision roadworks	133	-	-	-	133
Infrastructure assets	74	-	-	-	74
Car parking	10	-	-	-	10
Total statutory reserves	3,773	-	1,177	(483)	4,467
Discretionary					
Strategic asset	10,000	-	9,692	(45)	19,647
MAV LGFV Fund	11,665	-	2,537	-	14,202
Unexpended grant	3,961	(96)	7,727	(1,375)	10,217
Capital projects reserve	1,482	-	670	(185)	1,967
PARC asset management sinking fund	-	-	3,000	-	3,000
PARC asset management plan reserve	640	-	320	-	960
PARC strategic reserve	240	-	286	-	526
Resource efficiency	67	-	-	(10)	57
Total discretionary reserves	28,055	(96)	24,232	(1,615)	50,576
Total other reserves	31,828	(96)	25,409	(2,098)	55,043

Notes to the Financial Statements

For the year ended 30 June 2018

8.1 Reserves (cont.)

Nature and purpose of reserves

Capital projects reserve - has been established to quarantine specific purpose funding for the delivery of capital projects.

MAV LGFV Fund - has been established to provide for the \$15.542 million principal repayment required on the maturity of the interest-only Local Government Funding Vehicle in 2025-2026.

PARC asset management sinking fund - has been established by Council and represents funding allocated to set aside funds to contribute to the replacement of the Aquatic Facility in approximately 40 years – this reserve is not to fund renewal or maintenance expenditure on this facility.

PARC asset management reserve - has been established by Peninsula Leisure and is designated to meet the Company's obligations for defined classes of capital as set out in the schedule with the PARC Asset Management Plan (AMP).

PARC strategic reserve - has been established by Peninsula Leisure and is designated for capital investment expended over more than one financial year that falls outside the requirements of the AMP.

Resource efficiency reserves - have been established by Council to reinvest savings from energy costs in further works to minimise energy consumption.

Statutory reserves - have been established to record revenues received from developers that are to be applied specifically to undertaking future capital works for carparking, public open space and recreation, subdivision roadworks and community infrastructure.

Strategic asset reserve - Strategic Asset Reserve – has been established to assist in the delivery of community infrastructure highlighted in the Council Plan for 2017-2021 to reach a vision as the lifestyle capital of Victoria. Council has set 14 strategic priorities for the four years that will require significant funding to deliver a revitalised City, regional sporting facilities, further development of the Frankston Stations Precinct and re-development of the existing Frankston Arts Centre.

Unexpended grant reserve - has been established by Council to quarantine unexpended grant funding.

8.2 Reconciliation of cash flows from operating activities to surplus (deficit)

	2018 \$'000	2017 \$'000
Surplus/(deficit) for the year	30,727	32,994
Depreciation	28,730	29,279
Net gain/(loss) on disposal of property, infrastructure, intangibles, plant and equipment	(430)	999
Borrowing costs	1,869	1,917
Contributions - non-monetary assets	(3,607)	(3,147)
Change in assets and liabilities:		
(Increase)/Decrease in receivable	(3,598)	1,158
(Increase) in other operating assets	(101)	(1,360)
(Increase)/Decrease in inventory	(7)	18
Increase/(Decrease) in payables	5,285	(571)
Increase/(Decrease) in provisions	678	(496)
Increase in other liabilities	5,822	1,523
Net Cash provided by/(used in) operating activities	65,368	62,314

Notes to the Financial Statements

For the year ended 30 June 2018

8.3 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 the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision MySuper and Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5 per cent as required under Superannuation Guarantee legislation).

Defined benefit

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

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

Funding arrangements

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

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1 per cent. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5 per cent pa

Salary information 3.5 per cent pa

Price inflation (CPI) 2.5 per cent pa.

Vision Super has advised that the estimated VBI at 30 June 2018 was 106.0 per cent. The VBI is to be used as the primary funding indicator. Because the VBI was above 100 per cent, the 30 June 2017 actuarial investigation determined the Defined Benefit Category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5 per cent of members' salaries (9.5 per cent in 2016-2017). 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.

Notes to the Financial Statements

For the year ended 30 June 2018

8.3 Superannuation (cont.)

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 per cent.

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.

2017 triennial actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

- A VBI surplus of \$69.800 million;
- A total service liability surplus of \$193.500 million; and
- A discounted accrued benefits surplus of \$228.800 million.

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

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.



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