

# Annual Report

---

2017



MORNINGTON  
PENINSULA  
*Shire*



Simon Brooks



Antonella Celi



Frank Martin



Rosie Clark



Bev Colomb



Sam Hearn



Hugh Fraser



Bryan Payne



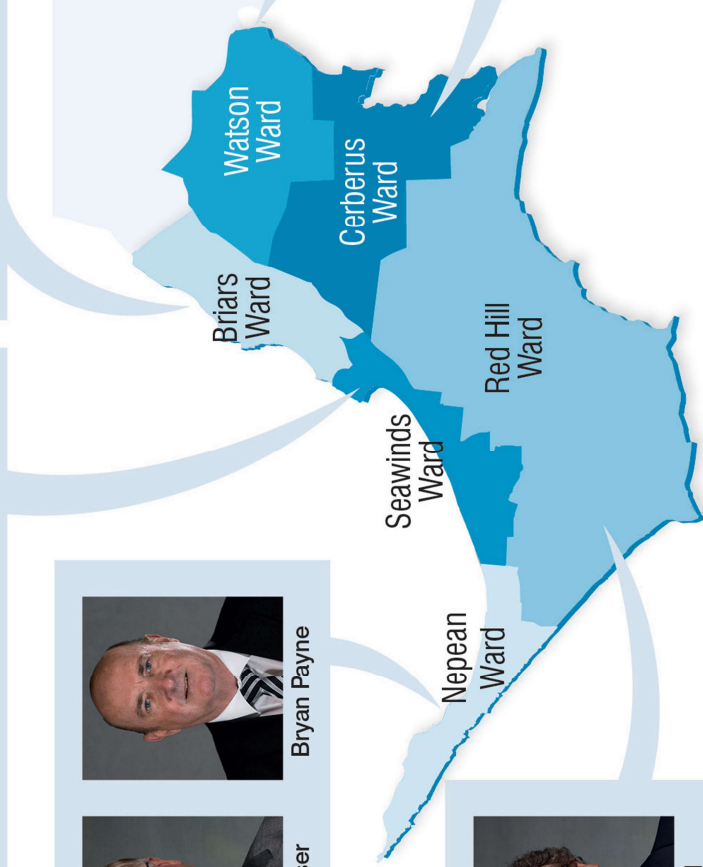
Julie Edge



David Gill



Kate Roper



## Council offices

Rosebud  
90 Besgrove Street (Mel ref: 170 A4)

Mornington  
2 Queen Street (Mel ref: 104 D10)

Hastings  
21 Marine Parade (Mel ref: 154 K11)

Somerville  
1085 Frankston-Flinders Rd (within Somerville Library)

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

Email: [customerservice@mornpen.vic.gov.au](mailto:customerservice@mornpen.vic.gov.au)  
Website: [www.mornpen.vic.gov.au](http://www.mornpen.vic.gov.au)

Postal address:  
Private Bag 1000  
Rosebud VIC 3939



# Table of contents

---

## **Our Council**

Mornington Peninsula Shire profile

## **The year in review**

Mayor's message

CEO's message

Selected highlights of the year

Description of operations

Councillors

## **Our people**

Organisational structure

Council staff

Equal employment opportunity program

## **Our performance**

Financial summary

Planning and accountability framework

Council plan

Performance

## **Governance, management and other information**

Governance

Management

Governance and management checklist

Statutory information

Materiality thresholds

## **Financial Statements**

Independent Auditor's Report

Annual Financial Report

## **Performance Statement**

Independent Auditor's Report

Performance Statement

---

# Our Council

## Mornington Peninsula Shire profile

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

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

Mornington Peninsula Shire has an estimated residential population of 160,862 people (as at 30 June 2017) with a median age (46) 10 years older than Greater Melbourne's (36). Compared with Greater Melbourne, Mornington Peninsula Shire has:

- A *larger* percentage of 'Seniors' aged 70-84 (14.0% compared to 7.7%);
- A *larger* percentage of 'Empty nesters and retirees' aged 60-69 (14.1% compared to 9.3%);
- A *smaller* percentage of 'Young workforce' aged 25-34 (8.7% compared to 16.3%); and
- A *smaller* percentage of 18-24 year olds (7.0% compared to 10.0%)

## **Our Vision**

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

**“Valuing our unique peninsula”**

## **Our Mission**

We will achieve this by:

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

## Our Values

	<h3>Integrity</h3> <p>We take ownership and responsibility for our decisions; keep our promises; and hold each other accountable to the highest standards of performance.</p>
	<h3>Courage</h3> <p>We give honest advice; make tough calls with conviction; stand by our decisions; admit if we get it wrong; and challenge ourselves to explore new ways of thinking.</p>
	<h3>Openness</h3> <p>We share knowledge and learning for the benefit of all; actively engage with our community; and are transparent in our decision making.</p>
	<h3>Respect</h3> <p>We treat everyone with dignity, fairness and empathy; look out for our safety and wellbeing; and nurture positive and inclusive relationships.</p>
	<h3>Excellence</h3> <p>We provide exceptional customer service; strive for innovative team outcomes for the betterment of our community; and step up to lead where we recognise an opportunity for improvement.</p>



*Note: this is the Values statement from Mornington Peninsula Shire's current Council Plan (2017-2021)*

# Report of Operations

---



## Mayor's message



What a fantastic year of achievement on the Mornington Peninsula! I wish to begin by recognising the significant efforts of our previous councillors in representing the views and interests of our community. The new councillor group, elected in October, is committed to build on your legacy.

As a new council group, we reset our community vision for the Mornington Peninsula Shire through our 2017-2021 Council Plan. The plan, adopted in June 2017, establishes the blueprint for how we will work with the community to achieve our common objectives.

Based on extensive community consultation, held during August and September 2016 under the banner of Your Peninsula 2021, Council sought ideas and feedback to shape the future of the Mornington Peninsula and ensure our community continues to be a great place to live, work and play. Concrete actions to be undertaken during 2017-18 were confirmed through a community budgeting process.

Supporting our new strategic direction, Council has worked hard with the community to deliver exciting new capital and priority projects. The culmination of the keystone Destination Rosebud project and the Jetty Road play space were launched by the Minister for Local Government in May. This \$5.5 million project was jointly funded through the state government's Growing Suburbs Fund (\$4.15 million) and by Mornington Peninsula Shire (\$1.35 million).

We have also been successful in obtaining a further \$1.7 million in grants in round two of the Growing Suburbs Fund, with future delivery projects funded and/or underway at Emil Madsen Reserve, Waterfall Gully Preschool, Marshall Street Recreational Reserve, Oakridge Recreational Reserve, Wallaroo Reserve, and the Changing Places project in Mornington to enable people with a disability dignified access to basic facilities.

We are continually responding to the changing needs of our community. This year we particularly responded to increased female participation in sports, and completed the modernisation of the Somerville Recreation Reserve Pavilion and Mount Martha's Ferrero Recreation Reserve change rooms. Improvements included unisex toilets and a unisex ambulant toilet, redesigned shower cubicles and a changeover of washroom fixtures.

In August, Council received a progress report on the Shire's Positive Ageing Strategy 2013-18: Mornington Peninsula, A Community for All Ages. Two significant recommendations were subsequently adopted by Council from this report: to register the shire as a member of the World Health Organisation Age-Friendly Cities/Communities Global Network, and for the shire to sign the Age-Friendly Victoria Declaration (AFD). Both actions underline Council's strong commitment to creating an age-friendly community.

Another key focus has been promoting improved transport options on the peninsula. After several years of shire advocacy and a successful 12 month trial, we were delighted to announce in May that funding had been secured for PenBus Route 887 to become a permanent bus route with additional services. This funding guarantees that peninsula students can access classes at Monash University's Peninsula campus and other education options.

Similarly, August saw the long-awaited launch of Peninsula Transport Assist (PTA). This service allows volunteers who use their own vehicles to help residents who need assistance travelling to appointments. On average, 250 residents use this service monthly.

In a further boost to the shire's reputation as an international tourism destination, the shire hosted Lights by DreamWorks on the Rosebud foreshore in April, attracting more than 300,000 local and international visitors.

Tourism, along with agriculture, health and manufacturing, are critical industries for the shire. We work extensively with local businesses and industry representatives to ensure everyone living on the

Mornington Peninsula has access to the right skills and jobs to support our sustainable economic development.

Council has also maintained its strong commitment to carbon neutrality. Just one of the very practical programs we carried out during 2016-17 was our Climate Ready Program, which teaches residents about climate change risks and how to prepare appropriately. Through this program, people can utilise the document scanning services at our libraries to scan and store important documents on USB sticks for easy access in an emergency.

Promoting community wellbeing is also vitally important. In March, we provided support for the entire executive group of the Mornington Peninsula Junior Football League to undertake youth mental health first aid training. This training is now being implemented at each football club, equipping adults at the clubs with the necessary skills to better assist adolescents who may be developing a mental health problem or are in a mental health crisis.

Our Maternal and Child Health Nurses celebrated 100 years of service in May. Maternal and Child Health Nurses play a critical role in our community. This important service is highly valued by new parents and young families, as demonstrated by the 17,000 consultations with Maternal and Child Health Nurses undertaken in 2015-16.

During May, our Council, in collaboration with Frankston Headspace, celebrated IDAHOBIT Day, where we united to fight against discrimination in support of lesbian, gay, bisexual, transgender and intersex people (LGBTIQ+) and their friends, colleagues and families. We are proud to be a Council that supports diversity and inclusion, and are committed to being leaders in equality for their community.

Through all this activity, Council has continued its strong advocacy work to promote the best interests of our community to key stakeholders, partners and decision makers.

We maintained our active involvement in the Interface Group of Councils, promoting as part of this group the unique opportunities and challenges we face within the peninsula balancing the promotion, development and growth of our region, while strongly working to preserve our green wedge.

A focus of our advocacy has been preserving local planning controls in the face of changes to state planning legislation. Working in partnership with community members across the peninsula, we have voiced our deep concern about the impact that these changes will have on the amenity and low-scale character of the Mornington Peninsula and lobbied our state government colleagues to have the new controls changed. We also developed a new Housing and Settlement in 2016-17, which we will deploy over 2017-18 as the basis for our continued planning work and advocacy to foster appropriate development on the peninsula.

I'd like to thank my councillor colleagues, our Chief Executive Officer Carl Cowie, and all officers involved in delivering a productive year of achievements.

## CEO's message

In October 2016, residents and ratepayers of the Mornington Peninsula Shire voted in our current Council of eight 'new' and three returning Councillors. On behalf of the organisation, I would like to thank those outgoing Councillors for their confidence in me, for their service to the community over many years and offer my best wishes to the incoming and returning Councillors, as they work to value, protect and improve the unique characteristics and way of life on the Mornington Peninsula.



During the last financial year 2016-17, the organisation on behalf of Council, continued its focus on delivering even better and more responsive customer service, the results of which show further improvements service to the community. Following the roll-out of a new phone system in June 2016, a series of dashboard monitors were installed around Shire offices to provide transparent, real time measurement on our customer service performance including how many calls are being taken, how many staff are taking calls, our call answering performance and so on. The intent is to keep high levels of performance in Customer Service at the forefront of everyone's mind.

Other examples of success from our continued focus on achieving excellence in customer service include:

- The addition of a weekly recycling collection service from December 2016 to February 2017 to provide all residents and visitors with this valuable service over the busy summer period;
- An expansion of the Rapid Response – General Clean-up Service that enables us to promptly ('quick in and quick out') respond to incidents of litter, dumped rubbish in hot spots, and graffiti across our townships; and
- Additional resources added to undertake High Visibility Cleaning of shopping precincts.

We've also made it easier and quicker for customers to complete transactions and find information with measures like our online payments portal launched as a 'one stop' destination providing 24/7 self-service for submitting applications and payments; WebChat, enabling customers to interact directly, and in real time, with Customer Service team members fielding their enquiries; and a Mornington Peninsula Shire Facebook page providing still another way for the community to communicate with us.

Along with ensuring excellent customer service, another major focus of the organisation is maximising efficiency. With rates 'capped' at 2 per cent, it is more important than ever that we ensure our processes are as efficient as possible, limiting overheads costs to the ratepayer. Having achieved a \$2.8 million half year surplus in 2015-16, the organisation was able to generate a further \$2 million in savings for the mid-year surplus in 2016-17. Council continued to demonstrate its ongoing commitment and focus on optimising value for money for our ratepayers and residents by re-allocating these funds to some key priority projects.

Our investment in infrastructure to support the services we deliver has been as strong as ever, despite the challenge of rate capping. The Capital Works Program performance in 2016-17 has seen the continuation of a major turnaround in the efficient and timely delivery of projects to the community. At \$71.6 million, this year has seen the biggest capital works program on record for the Mornington Peninsula Shire. The total quantum of works delivered this period was significantly greater than last financial year and arguably the best result on record for the Shire. In 2015-16 the total Capital Works spend totalled \$29.5 million, whilst the result for 2016-17 was \$47.5 million.

As part of maximising value to the community, we have also worked consistently to improve the reach of our data so we can make smarter investments in the community's assets. In 2016-17, renewal modelling for all major asset classes was carried out, with Asset Management Plans updated and a major 'State of the Asset' report delivered, informing the 2017/18 Budget.

While there has been a strong focus on customer service and infrastructure delivery, the care side of the Shire business has also been very strong. Supporting the second oldest per capita population in

Victoria, the Shire's communities team has worked hard on internal efficiencies to better serve our older population. To date, savings of \$0.75M and significant service improvements have been achieved with all team members contributing to continuous improvement actions, particularly in the smarter use of technology and revised service delivery models. While the Child & Maternal Health, Youth and Family Services have had busy years serving the needs of the younger cohort of Shire residents, many with significant life challenges.

Council's role as an advocate for local interests has been performed as strongly as ever this year. Of particular note, is an ongoing campaign around changes to General Residential Zone height controls and its impact on our local planning scheme. Council will continue to advocate for the best outcomes for its local community, whether on this issue, the rezoning of public utilities land, or changes to the way land valuations are conducted, to ensure the views of our local community are heard at the highest levels.

I would finally like to thank the Mayor and Council for their strong support in FY'17 and to the Executive Team, management and staff of the Shire, without whose incredibly hard work and commitment to achieving excellence, none of these positive results would have been possible, I am very proud of what Mornington Peninsula Shire Council has achieved in 2016-17 and while there is much more to be done, it is my pleasure to lead the organisation to deliver on our Council's Plan 2017-21 and I commend this Annual Report to you all.

**Carl Cowie**  
**CEO**

# Selected highlights of the year

July

## Regional Tourism Summit

The annual Mornington Peninsula Regional Tourism Industry Summit was held in July with 85 businesses attending to hear an update from the Regional Tourism Board, presentations on Visibility, future trends and keynote speaker Tansel Ali.

## Splash in Rosebud

In July the Splash program was launched at the Rosebud Foreshore Shower block. Each Thursday the Rosebud Foreshore shower block has been opened to support homeless/displaced members in the community. People can access a warm shower, clothes washing and drying, and a meal.

## Child and Youth Directory

The MP Child and Youth Directory was launched in July at The Corner youth centre. This directory was developed by the Youth Service and is an easy to use online directory that lists all child and youth agencies Shire-wide.

## Take2 Initiative

The Shire was invited to become a founding member of the State Government Take2 program in July. The membership recognises the Shire's leadership in acting on climate change.

## Improved communications technology

The Unified Communications Project launched in July to improve communications technology across Shire offices.



August

## Rapid Response team

During August we introduced the Rapid Response Team to provide 'quick in and quick out' issue resolution and responsiveness within the townships of our community. The Rapid Response Team works on a proactive and reactive program in relation to litter, dumped rubbish in hot spots, and graffiti.

## Peninsula Transport Assist Inc.

August saw the long awaited launch of Peninsula Transport Assist (PTA), a service that provides community transport to residents, with access to volunteer drivers who use their own vehicle to take people to appointments. Any one month over 250 residents use this service. Mini buses are also available for hire through the organisation's vehicle register, which makes intelligent use of idle resources in the community. On average 56 bus bookings per month are completed, with many hirers choosing to use a volunteer PTA bus driver. *Peninsula Transport Assist was subsequently awarded the Victorian Governments' Age Friendly Award 2016 in October.*

## Recognising our Olympic champion

One of our local Olympic champions was recognised in September for the outstanding sporting achievements. Alec Potts represented Australia at the 2016 Rio Olympics. Alec - and his fellow men's archery team - created Olympic history in the bronze medal match of the men's team competition to secure the nation's first ever Olympic medal in an archery team event, and the nation's first medal at the Rio Olympics.



October

## Tidy Towns Sustainable Community Awards

The Mornington Peninsula Shire and Mount Eliza Placemaking Group were proud recipients of the 2016 Tidy Towns Sustainable Community Awards, Highly Commended Award in October for the Mt Eliza Community Safety Signage Project in the Category of Community Government Partnerships.

The Mt Eliza Community Safety Signage, was an initiative developed by the Mount Eliza Community Safety Group, a partnership of the Shire's Infrastructure Strategy team, Ward Councillors, representatives from the Mount Eliza Chamber of Commerce, Mount Eliza Neighbourhood House and the Men's Shed. Children from local schools came up with road safety slogan signs that were displayed in strategic locations around Mount Eliza School precincts. The purpose of the signage was to prompt drivers about slowing down and being aware of pedestrian and cyclist activity on the roads and footpaths.



November

## Positive Ageing Community Summit

The Shire held its second annual Positive Ageing Community Summit in November at the Safety Beach Community Centre. The summit involved over 100 community members and aged care service providers, who came together to talk about what it is like to age on the Mornington Peninsula, what is working well and what as a community we can do to improve it further.

## Tourism Careers Campaign

The Economic Development team, in partnership with the Mornington Peninsula Regional Tourism Board launched the MP Careers in Tourism campaign in November, promoting year round, long term and satisfying career paths within the tourism industry. The campaign included video adverts in local cinemas, a webpage with feature videos of 12 industry ambassadors, a facebook page with live posts of ambassadors undertaking their work, and print media advertising.

## Carbon Neutrality

The upgrade of inefficient mercury vapour street lights to LED lights is a key project the Shire must undertake to achieve carbon neutrality. The detailed design to upgrade over 10,500 street lights was completed in November. The project will result in a reduction on average of over 3,500 tonnes of greenhouse gas emissions annually, equating to 10% of the Shire's carbon footprint.

December

## Truemans Road Recreation Reserve trial

Mornington Peninsula Shire's Truemans Road Reserve in Tootgarook is part of a groundbreaking solar powered sewer system trial by South East Water. The solar-powered solution ensures the reserve can now continue to be enjoyed by the many sports clubs and community groups based there. The trial was officially launched in November at the reserve with Daniel Mulino MP - Member for Eastern Victoria and Parliamentary Secretary to the Treasurer and Finance.

## Red Hill Bike Park Opening

The official opening of the newly constructed Red Hill Bike Park was launched by Cr David Gill in December with demonstrations by Red Hill Mountain Bike Club and members of the public alike.



2016

# Selected highlights of the Year

January

## Hastings laneway marine history mural

A fabulous Hastings laneway marine history mural was produced in collaboration between artist Simon White, Hastings Western Port Historical Society and students from Westernport Secondary College in January. The mural depicts the maritime history of Western Port and was inspired by a selection of images from the collection of the Hastings-Western Port Historical Society Inc. The design was developed in collaboration with students from Western Port Secondary College.

## "Holiday Time" Road Safety Campaign

Over the peak Summer period, Little Blue Dinosaur Foundation, in conjunction with Victoria Police and Mornington Peninsula Shire launched the 'Holiday Time' road safety campaign along areas of Point Nepean Road. Signage such as "Slow Down, Kids Around" and "Hold my Hand" was installed to remind drivers and pedestrians about road safety during the holiday period.



February

## Climate Ready community engagement program

Over summer, a Climate Ready community engagement program was delivered. The campaign encouraged residents to access the climate ready website (climateready.com.au) to learn about their climate change risks and prepare for climate change. Presentations promoting the Climate Ready Action planning tool have been delivered to Child and Maternal health professionals, library staff and Health and Community Care workers. Through the program, residents have been able to utilise document scanning services at the Shire libraries to scan and store important documents on memory sticks for easy access during emergencies. Health and Community Care workers have also been trained to assist vulnerable residents to utilise a modified Climate Ready action plan, assisting these resident to prepare for extreme weather events.

March

## Walking the Rosebud Plaza

The Rosebud Plaza Walks program reached a significant milestone in March, celebrating its 10 year anniversary. This program is free for people of all abilities to participate and is coordinated by a partnership between Sport & Leisure and Rosebud Plaza.

## New lights for Capel Sound

Light was introduced in hard to reach spots in Capel Sound in March by installing innovative solar-powered bollard lighting systems. Three vERTIAIC Bollard systems were installed and are expected to achieve savings in the order of \$20,000-\$30,000 over conventional electrical lights. The bollards are designed to withstand high winds, fire and vandalism.



April

## Lights by DreamWorks

Lights by Dreamworks came to the Rosebud Foreshore in April; attracting more than 300,000 local and international visitors. An interactive, walkthrough experience, and modelled on the traditional Chinese Lantern Festival, Lights by DreamWorks featured huge illuminated figures from Shrek, Kung Fu Panda, How to Train Your Dragon and Madagascar.

## Improving early year literacy

The Community Literacy Officer liaised with community centres: Seawinds, Wallaroo, Willum Warrain and Mornington Park Primary School, to develop seven literacy kits. These kits were funded with donations from the Rotary Club of Dromana's Coin Spinner (located at the Mornington Library) to provide resources to support parental/carer involvement in the improvement of early year literacy.

## Funding food hampers for those in emergencies

Mornington Peninsula Shire, in partnership with George Hicks Foundation, provided funding to Theodora House Cheerful Givers group to help them continue to provide a valuable community service in April. Theodora House Cheerful Givers program provides food hampers and aid to people in emergency situations. 300 meals and 100 frozen food parcels are prepared each week for disadvantaged people living across the southern townships.



May

## L2P Learner Driver program car donation

Mornington Peninsula Shire received a Honda Insight car in May as a generous donation from the Dromana, Rosebud and Rye Bendigo Community Bank Branches to be used for the Shire's L2P Learner Driver program on the Southern Peninsula. The L2P Learner Driver program is funded by VicRoads and the Transport Accident Commission (TAC) and provides access to a vehicle and volunteers who become supervising drivers for young people who are otherwise unable to achieve the 120 hours of driving experience required to undertake the license test.

## All go with Destination Rosebud

The Destination Rosebud project – particularly the Jetty Road playspace – was launched by the Minister for Local Government in May 2017. Destination Rosebud is a \$5.5mn project jointly funded from the Victorian Government's Growing Suburbs Fund (\$4.15mn) and by the Mornington Peninsula Shire (\$1.35mn).



June

## Hastings Community Garden

Mornington Peninsula Shire and The Salvation Army's Eastern Victoria Divisional leaders joined local community members and groups at The Salvation Army Westernport Mission Centre for the official launch of their new built community garden in Hastings in June. This collaborative community project was developed with the aim of promoting healthy communities, and encouraging a supply of locally grown fresh food for disadvantaged people and groups.

## Female friendly change rooms for Somerville Recreation Reserve

Somerville Recreation Reserve Pavilion change rooms were improved in June to make them more female friendly. Improvements made to the Home, Away and Umpire Change Rooms included: unisex toilets and one unisex ambulant toilet; shower cubicles; washroom fixtures.



2017

## Description of operations

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

### Economic factors

Council's revenue raising capability in 2016-17 was limited by the rate cap, under the Fair Go Rates System, set at 2.5% which is significantly lower than the historical average of 6%.

### Major achievements and capital works

*Please see our Highlights of the Year section.*

### Major changes

There were no major changes during 2016-17 in relation to the operations of the Council or to Council's organisational structure, the methods of carrying out its strategic objectives.

# Councillors

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

Cr Simon Brooks  
Seawinds Ward  
Date elected: 22 October 2016



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



Cr Antonella Celi  
Seawinds Ward  
Date elected: 22 October 2016



Cr Sam Hearn  
Briars Ward  
Date elected: 22 October 2016



Cr Rosie Clark  
Briars Ward  
Date elected: 22 October 2016



Cr Frank Martin  
Seawinds Ward  
Date elected: 22 October 2016



Cr Bev Colomb  
Briars Ward  
Date elected: 22 October 2016



Cr Bryan Payne  
Nepean Ward  
Date elected: 22 October 2016



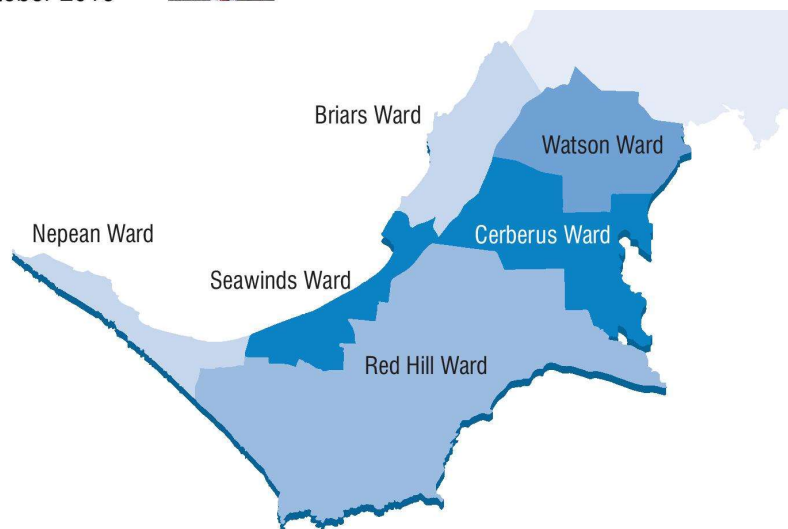
Cr Julie Edge  
Watson Ward  
Date elected: 22 October 2016



Cr Kate Roper  
Cerberus Ward  
Date elected: 22 October 2016



Cr Hugh Fraser  
Nepean Ward  
Date elected: 22 October 2016



**Outgoing Councillors:** Cr Andrew Dixon Briars Ward | Date elected: 27 October 2012 | Date retired: 22 October 2016 • Cr David Garnock Cerberus Ward | Date elected: 27 October 2012 | Date retired: 22 October 2016 • Cr David Gibb Seawinds Ward | Date elected: 27 October 2012 | Date retired: 22 October 2016 • Cr Graham Pittock Seawinds Ward | Date elected: 27 October 2012 | Date retired: 22 October 2016 • Cr Tim Rodgers Nepean Ward | Date elected: 27 October 2012 | Date retired: 22 October 2016 • Cr Anne Shaw Briars Ward | Date elected: 27 October 2012 | Date retired: 22 October 2016 • Cr Tim Wood Red Hill Ward | Date elected: 25 August 2014 | Date retired: 22 October 2016

# Our People

## Organisational structure

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

As at 30 June 2017.

### Chief Executive Officer (CEO)

Carl Cowie

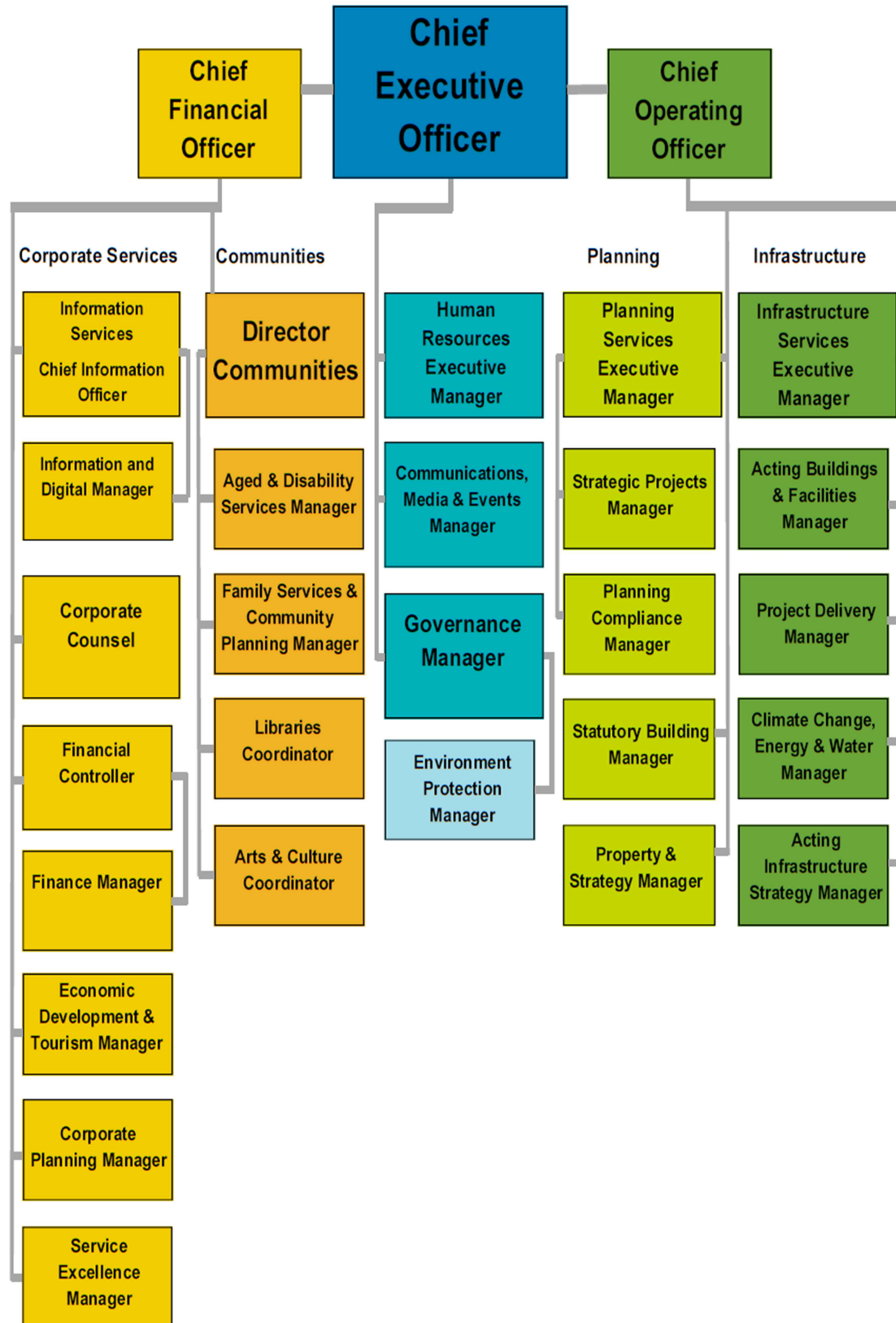
In accordance with the *Local Government Act 1989* (Sect 94A), the Chief Executive Officer is responsible for:

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

### Senior officers reporting directly to the CEO

<p>Matthew Green Chief Financial Officer</p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Information Services</li> <li>• Legal Services</li> <li>• Finance</li> <li>• Economic Development &amp; Tourism</li> <li>• Corporate Planning</li> <li>• Customer Service</li> <li>• Aged &amp; Disability Services</li> <li>• Family Services &amp; Community Planning</li> <li>• Libraries</li> <li>• Arts &amp; Culture</li> </ul>		<p>Alison Leighton Chief Operating Officer</p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Planning Services</li> <li>• Strategic Projects</li> <li>• Planning Compliance</li> <li>• Statutory Building</li> <li>• Property &amp; Strategy</li> <li>• Infrastructure Services</li> <li>• Buildings &amp; Facilities</li> <li>• Project Delivery</li> <li>• Climate Change, Energy &amp; Water</li> <li>• Infrastructure Strategy</li> </ul>	
<p>Marnie Williams Human Resources Executive Manager</p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Human Resources</li> <li>• Health and Safety</li> </ul>	<p>Mark Kestigian Communications, Media &amp; Events Manager</p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Communications &amp; Media</li> <li>• Events</li> </ul>	<p>Joe Spiteri Governance Manager</p> <p>Areas of responsibility:</p> <ul style="list-style-type: none"> <li>• Governance</li> <li>• Mayor and Councillor Support</li> <li>• Environment Protection</li> </ul>	

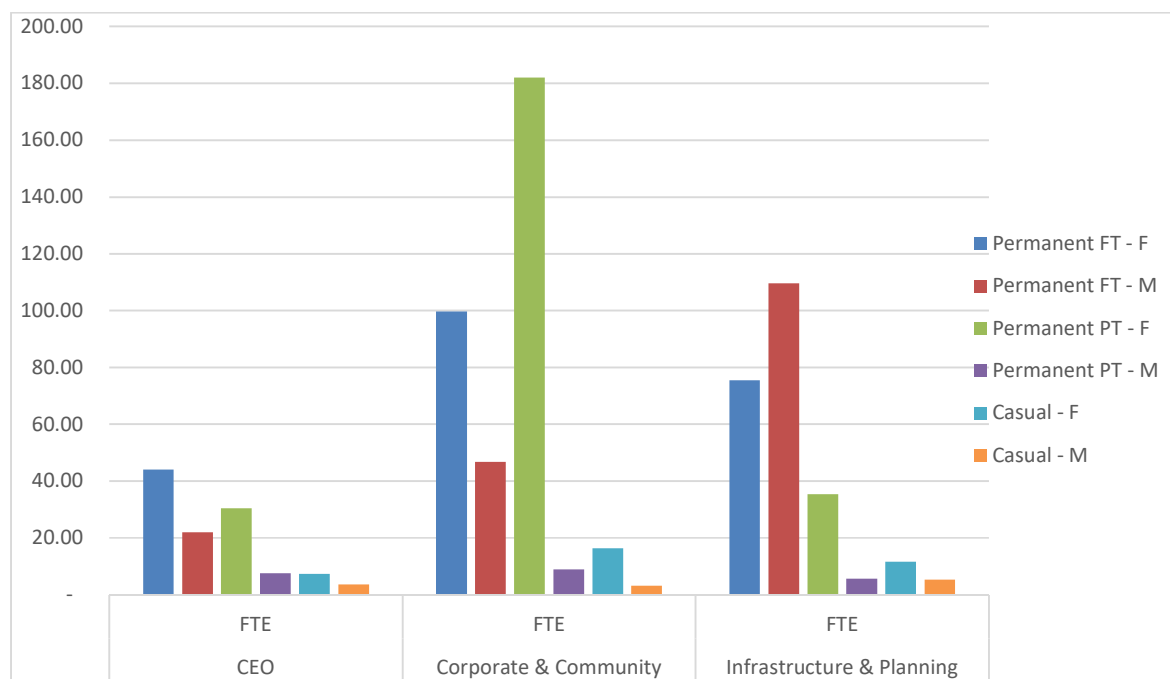
A chart setting out the organisational structure of the Council is shown below:



## Council staff

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

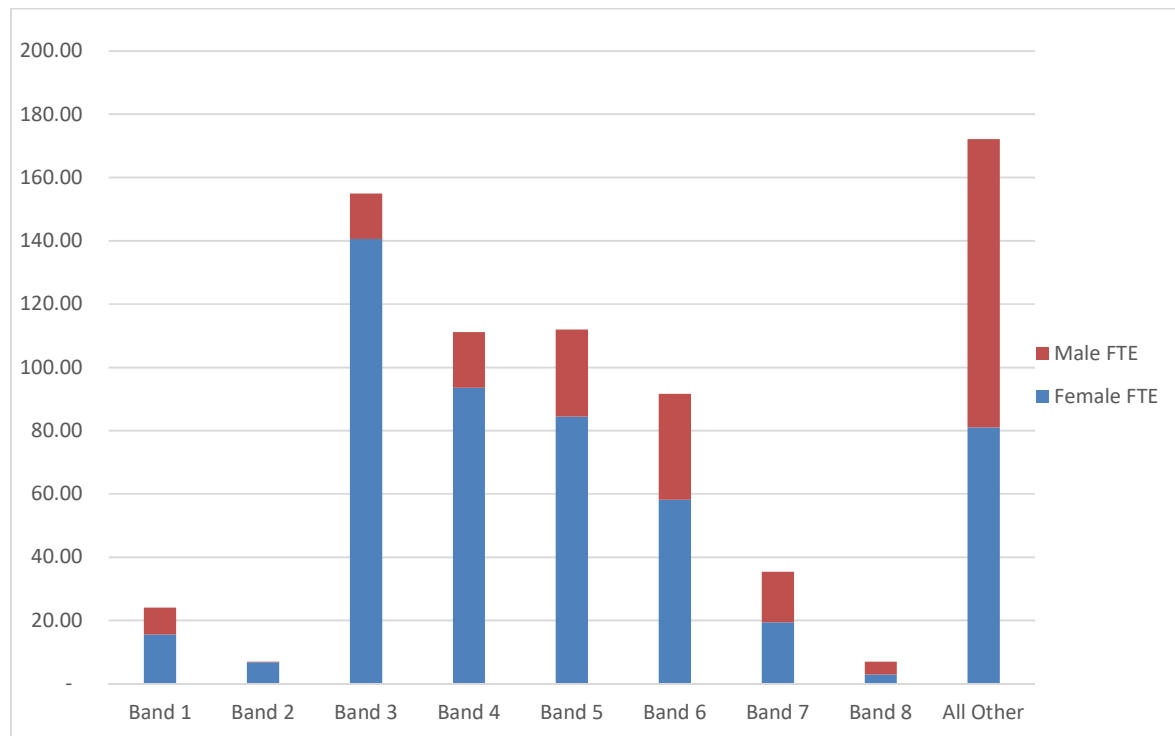
Employment Type/Gender	CEO	Corporate & Community	Infrastructure & Planning	Total
	FTE	FTE	FTE	FTE
Permanent FT - F	44.10	99.69	75.50	219.29
Permanent FT - M	22.00	46.80	109.60	178.40
Permanent PT - F	30.43	181.93	35.39	247.75
Permanent PT - M	7.64	8.89	5.69	22.22
<b>Total Permanent Staff</b>	<b>104.17</b>	<b>337.31</b>	<b>226.18</b>	<b>667.66</b>
Casual - F	7.30	16.34	11.72	35.36
Casual - M	3.68	3.16	5.32	12.16
<b>Total Staff</b>	<b>115.16</b>	<b>356.81</b>	<b>243.22</b>	<b>715.19</b>



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

<b>Employment Classification</b>	<b>Female FTE</b>	<b>Male FTE</b>	<b>Total FTE</b>
Band 1	15.53	8.53	24.06
Band 2	6.76	0.18	6.94
Band 3	140.58	14.40	154.98
Band 4	93.57	17.56	111.13
Band 5	84.45	27.50	111.95
Band 6	58.12	33.51	91.63
Band 7	19.44	15.98	35.42
Band 8	2.95	4.00	6.95
All Other	81.00	91.13	172.13
<b>Total</b>	<b>502.40</b>	<b>212.79</b>	<b>715.19</b>

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



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

## Equal employment opportunity program

A Council with 40 or more members of staff must develop and implement an equal opportunity program. Mornington Peninsula Shire has implemented an equal employment opportunity program which is designed to eliminate discrimination against and promote equal opportunity for women and persons in designated groups in relation to employment matters.

The objective of Council's Equal Employment Opportunity Program is to ensure there is no discrimination relating to the characteristics listed under the *Equal Opportunity Act 2010* such as race, colour, sex, marital status, parenthood, physical or mental impairment, age, religious or political affiliation, gender identity and sexual orientation. Further objectives include ensuring the workplace is free from bullying and harassment.

The indicator that measures the effectiveness of the program is: the number of discrimination, harassment, victimisation and/or bullying complaints, with a zero target. During 2016/17 Council received one complaint under its EEO program. A thorough investigation of this complaint was conducted.

The 2016/17 year was considered very successful in our aim of achieving zero complaints, with a strong commitment demonstrated by the organisation achieving our EEO program principles.

The actions taken to implement the Program over the past 12 months include progressively reviewing all human resource management policies and procedures to ensure they are up to date and consistent with statutory obligations. This year a major focus was on updating our Employee Code of Conduct (the 'Code'). Maintaining a current Code of Conduct and related policies assists Council to attract and recruit individuals with congruent values and behavioural standards. The Code also 'sets the standard' for expected minimum behaviour and performance standards at the outset, while ensuring as far as reasonably practicable that MPS is compliant with relevant legislation. Included in the Code, under Standard 1, Professional Conduct, there is a specific description on Human Rights, Anti-Discrimination, and Equal Opportunity. Other relevant policies reviewed this year include Bullying Prevention, Grievance Policy and the Disciplinary Policy and Procedures.

Council also, through its Corporate Induction and training programs, ensures both new and existing employees understand their obligations to comply with the Equal Opportunity Act. Specifically, each year MPS engages the Victorian Equal Opportunity and Human Rights Commission to deliver training, with a focus on the leaders of the organisation, as they have greater responsibilities under legislation to deal with issues of an EEO nature. In 2016/17, four training sessions were held with a total 67 employees attending. Of these, 43 were first time attendees, and 24 were refreshers. Eight people managers attended. Our program aim for the 2017/18 year is to have all new starters complete this critical training in their first 12 months of employment with Council.

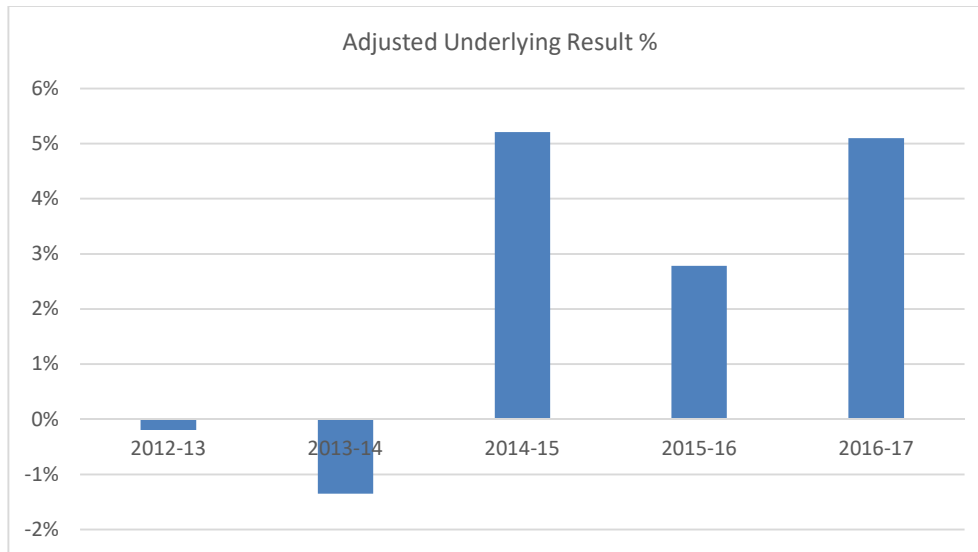
## Financial summary

Council's financial position continues to remain sound with strong cash flows, reserves and a solid balance sheet. To date Council has been able to respond well to the Fair Go Rates system and provide an increased surplus that has allowed an increased level of spending on capital and services. Council is cognisant of longer term financial projections under the rate capping environment and will continue to seek opportunities for efficiency, cost saving and will prioritise Council services to ensure the sound financial position continues into the future. A summary of our performance is outlined below. Detailed information relating to council's financial performance is included within the financial statements and performance statement sections of this report.

### Operating position

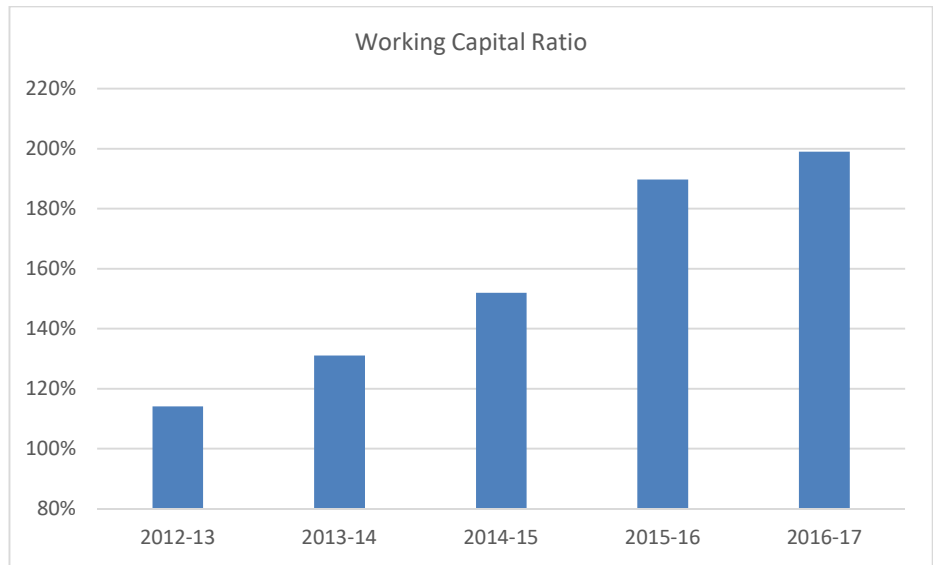
Council achieved a surplus of \$22.8 million in 2016–17. This surplus compares favourably to the prior year surplus of \$19.3 million. The adjusted underlying surplus of council, after removing non-recurrent capital grants, cash capital contributions and non-monetary capital contributions, is a surplus of \$11.2 million or 5.1% when compared to adjusted underlying revenue. This compares favourably to the prior year surplus of \$5.4 million and the Local Government Performance Reporting Framework Target (Target) of >0%.

Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to maintain and renew the \$2.2 billion of community assets under council's control and continue to provide critical services to the community.



### Liquidity

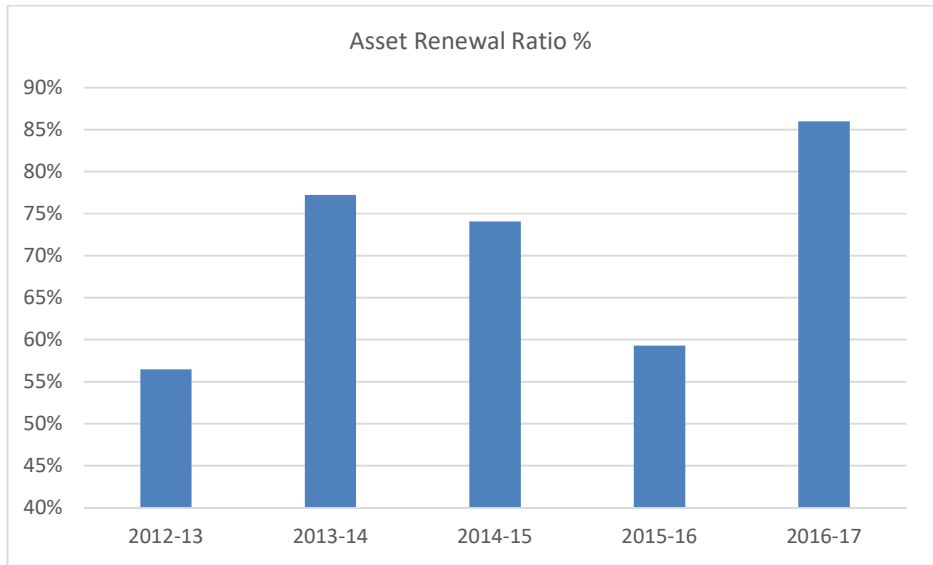
Cash including term deposits over 90 days has increased by \$6.9 million from the prior year. The net increase is driven by an increase in revenue and operating surplus as well as receipt of the 2017/18 Financial Assistance Grant in 2016/17. The working capital ratio (which assesses council's ability to meet current commitments), is calculated by measuring council's current assets as a percentage of current liabilities. Council's result of 199% is an indicator of a strong financial position and within the Target of 100% to 400%. This is particularly pleasing in a year where a significant increase in capital works completion has taken place.



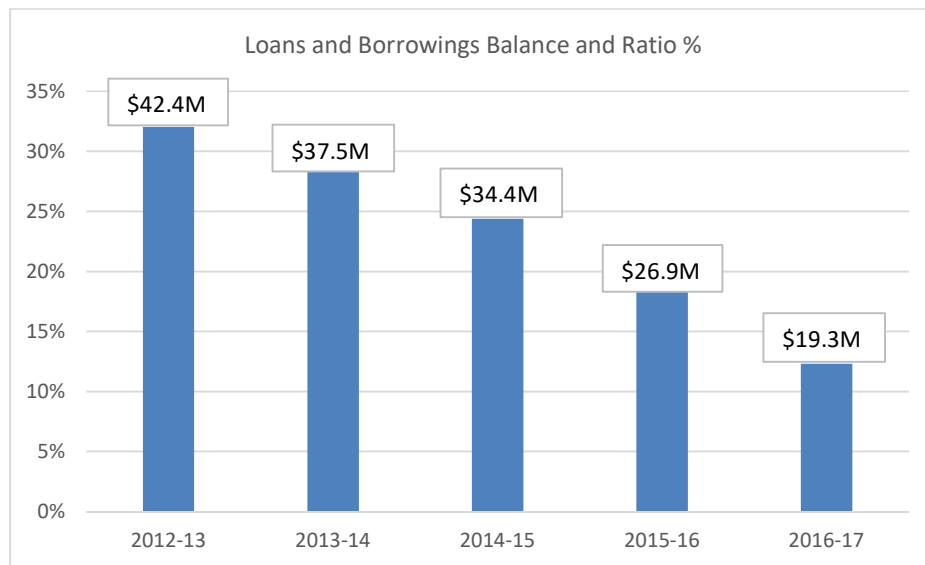
### Obligations

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

Council's asset renewal ratio which is measured by comparing asset renewal expenditure to depreciation was 86% which was within the Target of 40%-130%.

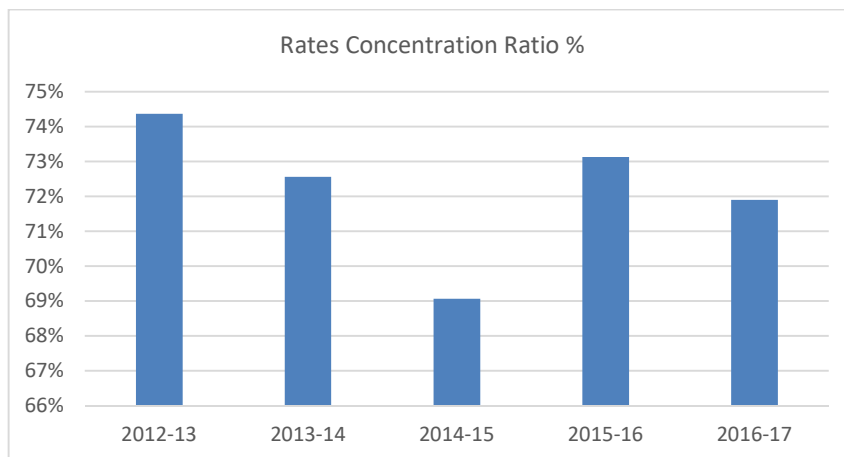


At the end of the 2016-17 year council's debt ratio (which is measured by comparing interest bearing loans and borrowings to rate revenue) was 12.3% which is at the lower end of the Target of 0%-70% due to Council's debt reduction strategy.

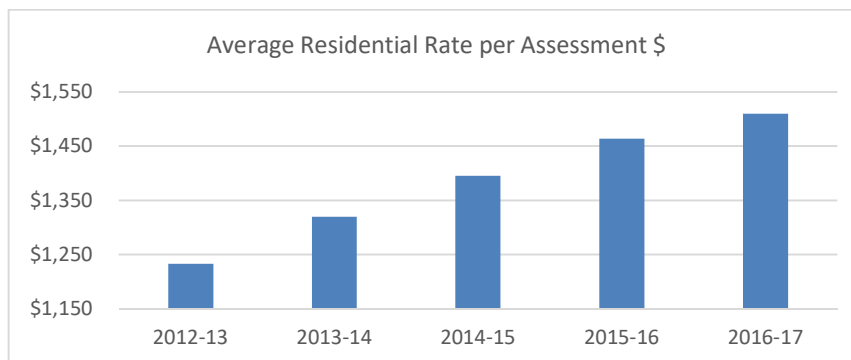


### Stability and efficiency

Council raises revenue from a range of sources including rates, user fees, fines, grants and contributions. Despite this, council's rates concentration (which compares rate revenue to adjusted underlying revenue), was 71.9% for the 2016-17 year which is toward the top end of the Target of 30%-80%. This is a slight reduction on 2015-16 due to growth in fees and charges income and recurrent grant income.



The average residential rate per residential assessment is \$1,510.



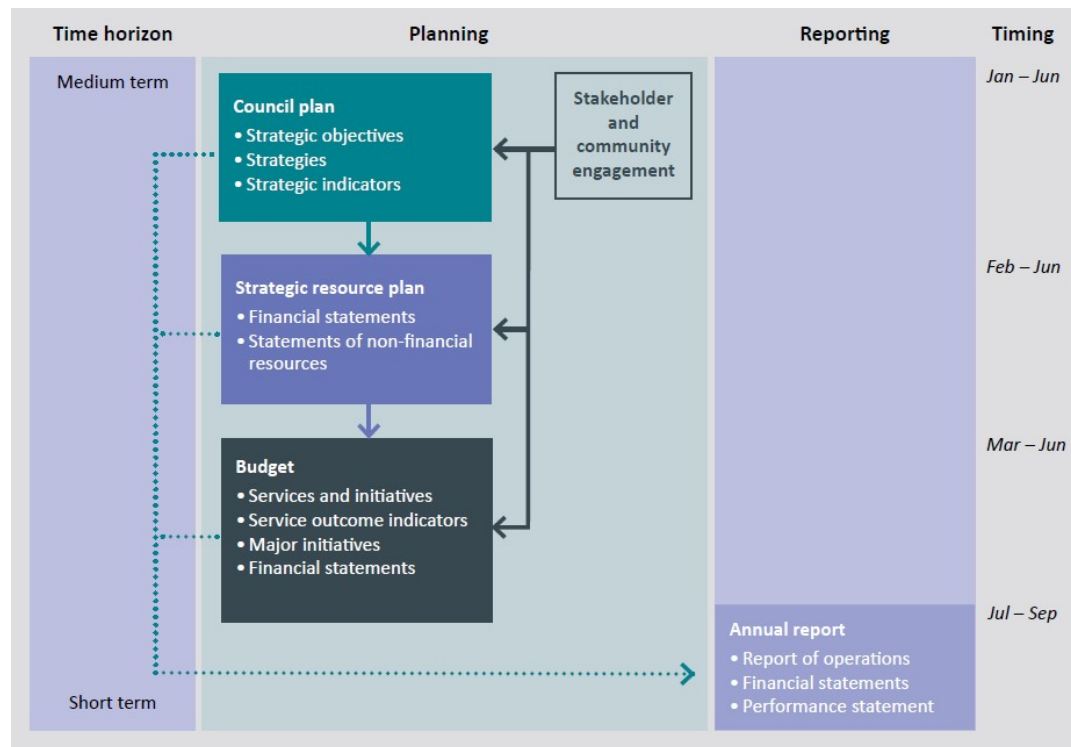
# Our performance

## Planning and accountability framework

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

- A Council Plan within the six months after each general election or by 30 June, whichever is later
- A Strategic Resource Plan for a period of at least four years and include this in the Council Plan
- A Budget for each financial year
- An Annual Report in respect of each financial year.

The following diagram shows the relationships between the key planning and reporting documents that make up the planning and accountability framework for local government. It also shows that there are opportunities for community and stakeholder input and feedback at each stage of the planning and reporting cycle.



## Council plan


The Council Plan 2013-2017 includes strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the eight goals as detailed in the Council Plan 2013-2017.

	1. Liveable Peninsula	To be 'near to, but not part of, Melbourne' and its accelerating growth. To preserve the highly valued amenity of our natural and built environment.
	2. Enhancing Public Places & Spaces	To enhance the look, feel and function of our townships, open spaces and assets.
	3. Improving Shared Community Facilities	To ensure community facilities reflect the needs and expectations of our local Communities.
	4. Leading Change on Climate Change	To mitigate climate change risks, to reduce our carbon footprint, water usage and waste across Council operations and to build more resilient and prepared communities.
	5. Enhancing the Coastal Experience	To protect and enhance opportunities to enjoy the coastal experience.
	6. Healthy, Safe and Connected Communities	To promote a culture of community harmony, wellbeing and a sense of safety and belonging.
	7. Supporting Our Economy	To foster an innovative business community and promote the peninsula's agricultural and rural sector.
	8. Innovative, Responsive, Value-for-Money Service Delivery	To optimise value for ratepayers through efficient, effective and innovative service delivery.

Note: A new Council Plan has been developed for the next four years, however reporting for 2016-17 is against the previous Council Plan (as above).

## Performance

Council's performance for the 2016-17 year has been reported against key items under each strategic objective as follows:

Major Initiatives	Progress
 1. Liveable Peninsula	To be 'near to, but not part of, Melbourne' and its accelerating growth. To preserve the highly valued amenity of our natural and built environment.
Metropolitan Planning Strategy: Completion of submission	Response to the Metropolitan Planning Strategy was completed during 2105/16. The Victorian Government's Plan Melbourne Refresh was released in early March 2017 and continues to support the Mornington Peninsula Planning Statement; including strong support for the Urban Growth Boundary and protection of the Green Wedge.
Green Wedge planning: Review and Exhibit Green Wedge Management Plan	The draft report by consultants to the Interface Councils Group on the annual economic value of Melbourne's Green Wedges has been completed and will provide input to Council's review of the Mornington Peninsula Shire Green Wedge Management Plan later in 2017. A briefing will be presented to Council in early 2017/18, providing an opportunity for discussion regarding the scope of the project and issues identified to date.
Mornington Peninsula Planning Statement: Completion of Mornington Peninsula Planning Statement	The Mornington Peninsula Planning Statement was completed and is being implemented through local planning policy. The Plan Melbourne refresh released in March 2017 continues to emphasise the importance of the Localised Planning Statements and supports their implementation.
Distinctive township planning: Completion of Hastings Major Activity Structure Plan, Crib Point Township Plan, Somerville Township Plan, Dromana Structure Plan, Mount Eliza and Baxter Township Plan	A number of Priority Projects are currently being undertaken which aim to reinforce distinctive township character, including the Rye Township Plan, Dromana Township Plan and Coastal Villages Strategy. The Rye Township Plan is scheduled for report to Council in early 2017/18.
Defining peninsula settlement patterns: Completion of Housing and Sustainable Settlement Strategy	Housing and Settlement Strategy will be reported to Council in early 2017/18. The Strategy will provide an opportunity to reinforce Council's policy position in relation to the future development pattern on the Peninsula.
Effective planning controls: Completion of Mornington Peninsula Planning Scheme Triennial Review	A number of planning scheme amendment proposals, including the Sorrento Design and Development Overlay controls, the Mornington East rezoning to a Neighbourhood Residential Zone and the Hastings and Rosebud structure plan implementation via a Design and Development Overlay for each centre, are currently awaiting decisions from DELWP and the Minister.
Comprehensive design frameworks: Completion of Port Phillip Urban Design Framework and Western Port Character Study and Design Guidelines	These projects, which aim to provide for the assessment and better protection of township and neighbourhood character, underwent a review in 2016-17 and have been combined to avoid unnecessary duplication and to ensure a consistent approach. They have subsequently been rescheduled for completion in 2018.
Heritage protection: Implement Conservation Management Plan for Police Point Shire Park, Point Nepean	Documents were prepared as part of the initial stages of the refurbishment of the Superintendent's Cottage (Cottage 6) at Police Point Shire Park.

Heritage Planning: Adoption of Municipal Heritage Strategy	Stage 2 of the Heritage Review was completed during 2016/17. Adoption of the heritage overlay controls will be considered by Council in 2017/18.
Residential zone planning: Implement new residential zones in the Mornington Peninsula Planning Scheme	Opposition by Council to recent changes by the State government in relation to height limits (in the General Residential Zone) is the subject of a substantial advocacy program. The preparation and release of a Housing and Settlement Strategy is intended to provide Council with a clear basis to pursue future changes to better protect the character and amenity of the Peninsula's residential areas.

### Services funded in the 2016-17 Budget

Unit	Description	Net Cost Budget Actual Variance \$000
<b>Strategic Planning (excl. Coastal Planning and Natural Systems Planning)</b>	Officers within the Strategic Planning Unit engage closely with the community in the planning process; provide advice on statutory planning referrals, provide assessments of planning scheme amendment proposals; advise and support other Council units in their land use and management activities; liaise and coordinate with external agencies; and advocate for Council's position with other levels of government.	<u>1,614</u> 417 1,197
	Implementing Council's vision for the development and use of land as expressed in the Mornington Peninsula Planning Scheme by assessing the use and /or development of land for a specific purpose. This may involve extensive consultation with the community and advice on land and planning matters. The Unit also provides a significant customer service role to our community and anyone interested in using or developing land in the Shire, through our planning counter at the Mornington Office and through telephone / email enquiries	<u>4,573</u> 3,653 920
	The Buildings and Open Space Management Team manages the development of subdivisions. An important part of this role involves working with the service authorities to ensure services such as water supply and sewerage disposal keeps pace with the development growth.	<u>1,100</u> 778 322

	<b>Service Performance Indicators</b> <i>Service/indicator/measure</i>	<b>Results</b> <b>2015</b>	<b>Results</b> <b>2016</b>	<b>Results</b> <b>2017</b>	<b>Material variations and comments</b>
	<b>Statutory Planning</b>				
	<b>Timeliness</b>				
SP1	<i>Time taken to decide planning applications</i>  [The median number of days between receipt of a planning application and a decision on the application]	51.00	93.00	95.00	<p>The median number of days to decide planning applications has increased slightly (2.15%).</p> <p>However, for the first time in several years, Council made more decisions (2,600) than applications received (2,332); indicating that we are catching up on the backlog. This has included a number of older applications that impacted both the median day figure and the percentage decided within the statutory timeframe.</p>
	<b>Service standard</b>				
SP2	<i>Planning applications decided within required time frames</i>  [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	72.76%	66.00%	61.67%	<p>From 1 July 2016 this indicator will be updated to include VicSmart planning applications which should be assessed within 10 days. This may result in some variances year on year.</p> <p>Additionally, this figure includes applications that lapsed, were withdrawn and those where a planning permit was not required.</p>
	<b>Service cost</b>				

SP3	<p><i>Cost of statutory planning service</i></p> <p>[Direct cost of the statutory planning service / Number of planning applications received]</p>	\$2,188.59	\$1,921.38	\$2,323.77	<p>Defending a major decision at VCAT has increased the overall cost of the Statutory Planning service. There has also been a marginal increase in the number of contract planners backfilling vacancies.</p>
<b>Decision making</b>					
SP4	<p><i>Council planning decisions upheld at VCAT</i></p> <p>[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</p>	56.67%	67.65%	66.67%	<p>The percentage of Council's planning decisions upheld at VCAT has remained stable (-1.45%). It is important to note that this indicator includes section 79 VCAT decisions which are 'failure to grant a planning permit' reviews. By including these applications as 'decisions', applications which Council has not determined impact the results. If these appeals types were excluded from the calculation, the result would be 78.05%.</p>



2. Enhancing Public Places & Spaces

To enhance the look, feel and function of our townships, open spaces and assets.

Major Initiatives	Progress
Best practice asset management: Condition assessments for all asset classes in accordance with Asset Management Plans	Both Council's Asset Management Plans and the State of the Asset Report were reviewed during 2016/17, using renewal modelling, which resulted in updated asset valuations, conditions and 10 year renewal projections. Four asset groups were identified as needing the most attention in the next few years: these are marine structures, sporting fields, playgrounds and buildings.
Best practice local road management: Implementation of Safer Local Roads Program	The Safer Local Roads Reseal/Rehab Program for 2016/17 was completed. The review of the Register of Public Roads Policy and Road Management Plan was approved by Council for public exhibition on 13 June 2016.
Transport improvements: Advocate road network improvements with government and authorities	<p>The delivery of the Blackspot programme continued through 2016/17 in collaboration with our project delivery team. Application development for the 2018/19 Blackspot programme was also initiated.</p> <p>Advice and feedback to VicRoads about the proposed channelisation project at the intersection of Forest Drive and Nepean Highway was also provided through the year to highlight the need for further consideration of a long term solution to the road safety issues relating to the site.</p> <p>Community requests to Public Transport Victoria for bus stop improvements were finally supported, including two new bus stop pads in Somers.</p>
Road safety initiatives: Implementation of Peninsula Safer Speed Strategy	<p>As part of the Peninsula Safer Speed Strategy, we continued our efforts with Road Safe South East during 2016/17 to provide road safety education and programs across the region, including the Teenage Road Accident Group presentations to approximately 2,500 secondary school students across the Peninsula. Council was also represented at the Winter Wine Festival to encourage safe driving practises such as the provision of breath testing and drink driving education.</p> <p>Other activities included:</p> <ul style="list-style-type: none"> <li>• The finalisation of community consultation for the Walkers Road Raised Safety Platform project;</li> <li>• Ongoing discussions with abutting property owners regarding the federally funded Canadian Bay car park;</li> <li>• Finalised discussions with property owners near St Kilda Street on Wooralla Drive about the proposed Blackspot Roundabout; and</li> <li>• Initiated planning for the 2017/18 Local Area Traffic Management projects to ensure delivery expectations will be met</li> </ul> <p>Following becoming a Towards Zero municipality in 2015/16, Council has collaborated with the newly formed State Government Safe System Road Infrastructure Program team to develop suitable funding opportunities for local councils. This has positioned Council well for receiving funding for road improvements, with a number of projects now strongly being considered.</p> <p>Finally, four apron seals were constructed/installed at the</p>

	intersections of priority unsealed to seal road junctions to reduce gravel wash on to main roads.
Improved footpaths & trails network: Implement Footpath Strategy	<p>New footpath was installed to improve access for the public area around Sorrento RSL during July.</p> <p>Progress continued with the review of the footpath construction strategy and mapping in line with the State Governments principal pedestrian network.</p> <p>The Infrastructure Planning team assisted with the forward planning committee meeting for Somers Pedestrian Access.</p> <p>Improvements were also made to the footpath outside of Mt Eliza North Primary School to remove the existing potential for tripping hazards.</p> <p>Progress was made on the design of a potential footpath connection between Mornington and Mt Eliza along Nepean Highway.</p>
Regional natural system planning: Biodiversity Action Plan	The draft Biodiversity Conservation Plan is on track to be completed around November 2017 for consideration by Council prior to public exhibition. During 2016-17 a future directions paper was completed following stakeholder workshops and stakeholder input into the development of a decision tool.
Best practice bushland management: Retention and enhancement of biodiversity within Shire controlled bushland reserves	Year three of the Bushland Management Contract has proceeded very well with all works delivered, new knowledge applied to pathogen hygiene controls, bushland reserve Friends groups celebrating great support from Council, and large numbers of small grants obtained and delivered.
Conservation Planning: Tootgarook Wetland - Stage 1 investigation	Stage 1 initial investigations and an accompanying draft report were completed in 2016/17, with a briefing of Council in March 2017. The key findings of the Stage 1 investigations were that the Tootgarook wetland is an area with environmental values of State and National significance and is vulnerable to impact from further development, land use changes, and, in the longer term, climate change. Ecology Australia is currently preparing further advice in relation to appropriate land use controls to maintain the ecological values of key sites.
Public Street Lighting: Change over streetlighting to LED	Council endorsed the proposed business case and implementation plan for the Public Streetlighting upgrade on 23 May 2017. The development of the business case and project plan was based on high quality and verified data inputs. The total budget endorsed was \$4.9M with an 18 month implementation plan.
Sustainable transport: Adoption of Sustainable Transport Strategy	Implementation of the Sustainable Transport Strategy continued, including the development of a transport advocacy plan.
Alternative transport models: Advocate to secure continued operation of PenBus	As a result of Council's continued advocacy, the Victorian Government has established the 887 bus route as a continuing service; following a successful 12 month trial which replaced the original PenBus service.

Services funded in the 2016-17 Budget

Unit	Description	Net Cost Budget Actual Variance \$000
<b>Strategic Planning - Natural Systems Planning</b>	Facilitating the strategic land use planning requirements for the Shire including the development of a Biodiversity Action Plan for the Shire and coordination with the Regional Catchment Strategy	<u>183</u> 47
<hr/>		
<b>Infrastructure Strategy</b>	Facilitates a wide range of policy and strategic infrastructure planning activities, including: • Infrastructure Planning • Scoping the annual Capital Works Program • Asset Management Traffic and Transport	<u>3,125</u> 2,707 418
<hr/>		
<b>Infrastructure Services</b>	Facilitates a range of maintenance and cleansing services for our built and natural infrastructure which responds to our commitment to sustainability and achieves outcomes that are socially, environmentally and economically sustainable, including: • Safer Local Roads (Roads and Car Parks maintenance, resealing and rehabilitation) • Furniture and Signs maintenance • Parks and Roadsides maintenance • Natural Systems bushland maintenance • Cleansing (street sweeping, litter bin collection, toilet cleaning, BBQ cleaning, beach cleaning, loose litter collection and drainage pit cleaning, etc.). • Contract Auditing • Operation of Conservation Parks (The Briars Park and Warringine Park)	<u>25,578</u> 22,850 2,729

	<b>Service Performance Indicators</b> <i>Service/indicator/measure</i>	<b>Results</b> <b>2015</b>	<b>Results</b> <b>2016</b>	<b>Results</b> <b>2017</b>	<b>Material variations and comments</b>
	<b>Roads</b>				
	<b>Satisfaction of use</b>				
R1	<i>Sealed local road requests</i>  [Number of sealed local road requests / Kilometres of sealed local roads ] x100	88.41	73.88	73.79	Number of sealed local road requests are similar to last year despite increased rainfall.
R2	<b>Condition</b> <i>Sealed local roads maintained to condition standards</i>  [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	97.86%	99.85%	99.78%	All local roads are being maintained to the required condition.
R3	<b>Service cost</b> <i>Cost of sealed local road reconstruction</i>  [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$37.02	\$39.08	\$49.19	There has been an increase in costs compared with last year due to site specific design requirements including the existing subgrade conditions and traffic loadings of the roads under reconstruction. These conditions necessitated increased pavement depths, requiring the use of additional materials, resulting in higher costs.
R4	<b>Service Cost</b> <i>Cost of sealed local road resealing</i>	\$11.32	\$9.50	\$11.14	Reseal costs have been broadly consistent in recent years. However, the standard of reseal treatments is site specific; and depends upon the character and usage of the road being treated.

	[Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]				
	<b>Satisfaction</b>				
R5	<i>Satisfaction with sealed local roads</i>	58.00	55.00	54.00	This result is not significantly different to either the state-wide result or last year's result and should be read in conjunction with the 'sealed local road requests' and 'sealed local roads maintained to condition standards' results which indicate that the level of service requests related to sealed local roads remains stable while the overall condition of roads has improved over the last two years. We will continue to monitor the progress of this indicator closely and advocate for improvements in all roads across the Shire.
	[Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]				



### 3. Improving Shared Community Facilities

To ensure community facilities reflect the needs and expectations of our local Communities.

Major Initiatives	Progress
Improving community buildings: Implementation of Pavilion Strategy	<p>At the end of the 2016/17 year, \$3.3M (61%) of the \$5.4m budget was expended</p> <ul style="list-style-type: none"> <li>• Project Status:               <ul style="list-style-type: none"> <li>- Moderate refurbishment and building additions completed</li> <li>- Olympic Park Pavilion, detailed design complete</li> <li>- Balnarring Sports Pavilion was delayed due to weather; completion expected in Q1 (2017/18)</li> <li>- Citation Reserve Pavilion, Mt Martha contract has been awarded for \$3.66M, works have commenced with completion expected by December 2017</li> </ul> </li> </ul>
Improving community facilities: Implementation of Toilet Block Strategy	<ul style="list-style-type: none"> <li>• At the end of the year, \$756k (76%) of \$1M budget was expended for the Toilet Block Strategy, with a further \$190k committed in contracts. The \$1.0M includes funding for the Changing Places public toilet in Mornington</li> <li>• Project status:               <ul style="list-style-type: none"> <li>- Moondah Beach contract has been awarded (\$192k) for the construction of the facility; construction to commence in July 2017; expected completion is in Q3 (2017/18)</li> <li>- Changing Places design and construct contract will open for tender in Q1 (2017/18)</li> </ul> </li> </ul>
Accessible libraries: Long-term plan for redevelopment of Mornington, Rosebud and Somerville libraries	<p>A new booking system for use of library meeting rooms was implemented in 2016/17 to make access fairer following significant refurbishment and RFID implementation in the prior year.</p>
Good design: All new and refurbishment building design plans in accordance with Environmental Sustainable Design Policy	<p>Best design practice is incorporated into all Civil Designs and 4-Step Context Analysis and Design is incorporated within all building designs.</p>
Southern Peninsula Aquatic Centre: Timely reports to Council as required	<p>A Council briefing on 31 May by officers from Council's Infrastructure team and from the Otium Planning Group have identified possible options for the pool. Their review considers a mix of aquatic components varying in cost, pool sizes, types and associated health and fitness facilities. A further briefing of Council has been scheduled for early 2017/18.</p>
Shared Community Facilities: Complete review of facilities management and present draft Integrated Facilities Plan to Council	<p>The development of the Community Facilities Strategy commenced during 2016/17 and has been staged given the scale of the project. Stage one of the project (data collection) has commenced with the development of 'fit for purpose' audit templates which have been developed in conjunction with relevant Service Managers. The audits will be used to better understand how each of our Council-owned buildings are currently being used including, the services being provided from them, adequacy of the building in delivering those services, the overall usage rates, compliance with legislation, condition of the building and so on. Fitness for purpose audits will be conducted at Council buildings in the Townships of Rosebud, Dromana and Somerville during Q1 of 2017/18.</p>

Services funded in the 2016-17 Budget

<b>Unit</b>	<b>Description</b>	<b>Net Cost Budget Actual Variance \$000</b>
<b>Project Delivery (excluding Drainage and Buildings and Open Space Project Management)</b>	Designs, constructs, develops and protects the physical environment in which we live. Roads, community buildings and sporting pavilions, boardwalks and irrigation systems all play a critical role in supporting the physical environment in which we live and enjoy.	<u>651</u> 307 344
<b>Buildings and Facilities (excluding Foreshore Camping)</b>	Centralised management overview of the maintenance and management of Shire facilities, including the provision of routine and programmed maintenance of Shire buildings under the SIMS2 Buildings contract; Sports Clubs; and management of the Shire's Leisure centres including Pelican Park Recreation Centre and Mt Martha Golf course. Community Halls are provided to support community groups, not for profit organisations and general community.	<u>10,982</u> 11,685 (704)
<b>Property and Valuations – Property Strategy and Operations</b>	The Property area facilitates management of Council's property portfolio, including the leasing, licensing, and acquisition of property.	<u>(6,304)</u> (6,698) 394

	<b>Service Performance Indicators</b> <b>Service/indicator/measure</b>	<b>Results</b> <b>2015</b>	<b>Results</b> <b>2016</b>	<b>Results</b> <b>2017</b>	<b>Material variations and</b> <b>comments</b>
	<b>Aquatic Facilities</b>  <b>Service standard</b>				
AF2	<i>Health inspections of aquatic facilities</i>  [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	2.00	2.00	1.50	Three inspections by authorised officers within the meaning of the <i>Public Health and Wellbeing Act 2008</i> were carried out across Council's two aquatic facilities (two at Pelican Park Recreation Centre; one at Crib Point Pool). Additionally, Council engaged Aqua Science Consultants Pty Ltd to conduct three routine scientific analyses of pool water across the two facilities (two at Pelican Park Recreation Centre; one at Crib Point Pool).
AF3	<b>Health and Safety</b>  <i>Reportable safety incidents at aquatic facilities</i>  [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	0.00	0.00	There were no reportable safety incidents at our aquatic facilities.
AF4	<b>Service cost</b>  <i>Cost of indoor aquatic facilities</i>  [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$2.72	\$3.82	\$4.87	The increase in the net cost per visit is a result of both reduced demand (5.4% fewer visits) and increased net costs (reduced income from visitation accounting for three-quarters of the net cost increase). Pelican Park Recreation Centre faces increasing competition from a number of newer facilities.

	<b>Service Cost</b>				
AF5	<p><i>Cost of outdoor aquatic facilities</i></p> <p>[Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]</p>	\$14.00	\$12.65	\$13.20	<p>The increase in the net cost per visit is a result of costs rising by approximately \$34,000; driven by increased utility and wage costs. Visitation to our outdoor aquatic facilities at Crib Point Pool increased by over one-fifth from last year.</p>
	<b>Utilisation</b>				
AF6	<p><i>Utilisation of aquatic facilities</i></p> <p>[Number of visits to aquatic facilities / Municipal population]</p>	1.81	1.76	1.62	<p>The reduction in utilisation of aquatic facilities is a result of lower attendance at Pelican Park Recreation Centre (-5.4%) largely driven by competition from newer facilities. Attendance at Crib Point Pool, a seasonal outdoor facility, increased by over one-fifth (+22.9%).</p>



4. Leading Change on Climate Change

To mitigate climate change risks, to reduce our carbon footprint, water usage and waste across Council operations and to build more resilient and prepared communities.

Major Initiatives	Progress
<p>Smart water management: Implementation of Smart Water Plan</p>	<p>Council continued to attract State Government support for its leadership on integrated water management and innovation. Council delivered the following successful programs with a focus on forward planning during 2107/18:</p> <ul style="list-style-type: none"> <li>• Review of utility management systems and development of a new water utility management database</li> <li>• Ongoing delivery of the Shire wide leak detection program</li> <li>• Strategic planning for recycled water projects - Mount Martha, Mornington Croquet Club</li> <li>• Source Point Pollution hot spot monitoring</li> <li>• Living Rivers funding from Melbourne Water for Industrial Estate Pollution Prevention Program and Rye Coastal Bio-filtration project.</li> </ul>
<p>Flood mitigation &amp; prevention program: Implementation of Integrated Flood Management &amp; Drainage Strategy</p>	<ul style="list-style-type: none"> <li>• At the end of the financial year, 97% of the \$2.84M program was either expended (\$1.75M), awarded in contracts (\$310,000), or in tender (\$680k)</li> <li>• Project Status: <ul style="list-style-type: none"> <li>- Cook Street Drainage Mitigation Works are complete</li> <li>- Hearn Road Drainage Upgrade contract has been awarded; works to commence in Q1 (17/18)</li> <li>- Flinders Catchment project is within procurement phase, contract value \$680k</li> <li>- Muir Court Pump Station project partnership with Melbourne Water has been delayed for</li> <li>- third party design review</li> <li>- A contract for surveying of floor levels to draw Flood Maps has been awarded for \$160k to Melbourne Water, works to be undertaken in Q1 2017/18</li> </ul> </li> </ul>
<p>Community education programs: Education programs delivered at Eco Living Display Centre</p>	<p>Council has delivered a range of significant community educations program over 2016/17 reaching over 18,000 residents through a broad range of engagement methods. This includes:</p> <ul style="list-style-type: none"> <li>• Climate Ready stage 2 roll out;</li> <li>• Green Living workshop series at the Eco Living Centre;</li> <li>• Sustainability planning support for the residential sector through one on one consultations, 'speed date a sustainability expert' event; and</li> <li>• increasing participation in the cost neutral school excursion program at the Eco Living Centre</li> </ul> <p>Council also conducted an extensive and exhaustive community engagement program to build the proposed Carbon Neutral and Climate Resilience Community Plan proposed to be drafted in 2017/18.</p>

Climate change adaptation: Partner with agencies and stakeholders in future climate change adaptation planning	<p>Council achieved compliance with the international Covenant of Mayors - Energy and Climate in August 2016 which recognised the policy and actions taken towards climate change mitigation and adaptation. Council implemented:</p> <ul style="list-style-type: none"> <li>• Review of the Corporate Climate Change Risk Register</li> <li>• Successful implementation of the commercially focussed Environmental Upgrade Program with 4 Agreements signed in the first year</li> <li>• Council engagement on a proposed policy approach</li> <li>• Council endorsed MPS taking the voluntary, <i>Take 2 Pledge</i> articulated in the <i>Climate Change Act 2016</i>.</li> </ul> <p>The Climate Change Action committee structure and function was reviewed and renewed to develop a four year action plan to manage corporate and community climate change risk reduction</p>
Fire Management: Implement Annual Program - Fire Management Plans	<p>The full 2016/17 fire management program was delivered. Controlled burns were carried out with the support of the CFA at Cyril Fox Reserve, Crib Point; Warringine Woodland, Bittern; and Dromana Bushland Reserve. A further burn at Mount Martha Park was prepared but could not proceed due to unsuitable weather. Overall, the fire season was 'average' with peak risk occurring around New Year and again towards the end of March.</p>
Carbon neutrality: Adopt Carbon Neutral Policy and Implementation Plan	<p>The Council endorsed carbon neutral policy has been planned and implementation began in 2016/17. Key projects that have been fast tracked are:</p> <ul style="list-style-type: none"> <li>• Stage 1 Solar panel installation on Shire buildings (30)</li> <li>• Design for stage 2 (large Shire Carbon Positive Eco Living Centre upgrade)</li> <li>• Solar Communities grant preparation and procurement (Federal Funding)</li> <li>• Mornington Peninsula Community Grids partnership</li> </ul>

### Services funded in the 2016-17 Budget

Unit	Description	Net Cost Budget Actual Variance \$000
<b>Environment Protection – Fire Management</b>	To manage fire risk in association with the CFA and its many local fire brigades to protect the community against loss of life or property. Programs are designed and undertaken to reduce the risk of fire in the community and help facilitate a community resilient to emergencies.	<u>306</u>
		223
		83
<b>Infrastructure Services</b>	Facilitates a range of maintenance and cleansing services for our built and natural infrastructure which responds to our commitment to sustainability and achieves outcomes that are socially, environmentally and economically sustainable, including:	<u>26,934</u>
	• Natural Systems Management – fire management	25,387
	• Waste Management	1,546
<b>Project Delivery - Drainage</b>	Designs, constructs, develop and protect the physical environment in which we live, including drainage.	<u>97</u>
		74
		36

<b>Climate Change, Energy and Water</b>	The Climate Change, Energy and Water team are responsible for leading the Shire towards carbon neutrality and long term climate change resilience across the community.	<u>2,967</u>
		2,534
		434

	<b>Service Performance Indicators</b> <i>Service/indicator/measure</i>	<b>Results</b> <b>2015</b>	<b>Results</b> <b>2016</b>	<b>Results</b> <b>2017</b>	<b>Material variations and comments</b>
	<b>Waste Collection</b>				
	<b>Satisfaction</b>				
WC1	<i>Kerbside bin collection requests</i>  [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	116.59	114.54	116.44	Despite the introduction of a new summer weekly kerbside recycling collection service, the number of bin collection requests has remained fairly stable.
	<b>Service standard</b>				
WC2	<i>Kerbside collection bins missed</i>  [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	4.68	3.39	3.39	Despite the introduction of a new summer weekly kerbside recycling collection service, the number of bins missed has remained stable.
	<b>Service cost</b>				
WC3	<i>Cost of kerbside garbage bin collection service</i>  [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$60.66	\$60.52	\$61.65	The cost of kerbside garbage bin collection has remained fairly stable. The slight cost increase (+1.87%) is associated with an increase in the landfill levy (2.5%), an increased volume of waste to landfill, bin maintenance activities (e.g. bin delivery, new bins, and parts) and annual contract adjustments.
	<b>Service cost</b>				

WC4	<p><i>Cost of kerbside recyclables collection service</i></p> <p>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</p>	\$24.12	\$23.36	\$26.87	<p>The cost of kerbside recyclables collection has increased as a result of a new summer weekly kerbside recycling collection service for the period 19 December 2016 to the 3 February 2017. This expansion of the service increased the number of scheduled bin lift pickups by 14 per cent and has contributed to increased diversion of waste from landfill.</p>
<b>Waste diversion</b>					
WC5	<p><i>Kerbside collection waste diverted from landfill</i></p>	49.53%	50.01%	50.95%	<p>Council's kerbside green waste service is an opt-in service. Our participation rate for this service continues to increase; therefore, the volume of green waste also continues to increase. The commencement of a new summer weekly kerbside recycling collection service also resulted in an increase of recyclable material received.</p>



5. Enhancing the Coastal Experience

To protect and enhance opportunities to enjoy the coastal experience.

Major Initiatives	Progress
Integrated coastal planning: Complete Hastings Coastal Management Plan and Mornington Harbour Precinct Plan	Both projects have now been completed.
Diverse coastal experience: Advocate for completion of Bay Trail	Finalised advocacy documentation for the bay trail missing link sections of Anthonys Nose, Whitecliffs and Blairgowrie sections in order to support the attainment of state government funding for the project.
Recreational boating: Complete Boating Capacity and Facilities Review, and Rye Recreational Boating Precinct Plan	Review and Plan completed resulting in the Rye Recreational Boating Precinct Plan. This Plan won the Victorian Coastal Council Award for Excellence in Planning and Management.
Foreshore Camping: Camping occupancy	Foreshore camping achieve the desired occupancy for the season of 120,000 despite having to cancel a number of bookings due to the identification of cultural heritage sites.
Equitable coastal funding: Advocate for increased coastal funding	Victorian Government funding has been secured for Rye Boat Ramp upgrade (\$588k) and Mt Martha Long Term Management Plan (\$30k).

Services funded in the 2016-17 Budget

Unit	Description	Net Cost <u>Budget</u> Actual Variance \$000
<b>Strategic Planning - Coastal Planning</b>	Facilitating the strategic land use planning requirements for the Shire, including the development and review of Coastal Management Plans for specific areas of the coast.	<u>220</u>
		57
		163
<b>Buildings and Facilities - Foreshore Camping</b>	Foreshore Camping is provided in Rosebud, Rye & Sorrento from the end of October through to end of April to provide an affordable holiday and support the local economy.	<u>415</u>
		590
		(175)



**6. Healthy, Safe and Connected Communities**

To promote a culture of community harmony, wellbeing and a sense of safety and belonging.

Major Initiatives	Progress
<p>Assisting older people: Implementation Positive Ageing Strategy</p>	<p>All 2016/17 actions of the Positive Ageing Strategy (Mornington Peninsula: A Community for all ages 2013 - 18) were achieved with highlight events: successful registration with the World Health Organisation as an age friendly community, signing of the Victorian Age Friendly Declaration, Annual Positive Ageing Community Summit, World Elder Abuse Awareness Day Forum.</p> <p>Service delivery targets exceeded for all Aged &amp; Disability Services. More than 5,000 residents received the following support services during 2016/17:</p> <ul style="list-style-type: none"> <li>• 166,947 hours of home/personal/respite care and home maintenance</li> <li>• 8,006 hours of "living at home" assessment</li> <li>• 75,109 Meals On Wheels</li> <li>• 18,514 Dial A Bus passenger trips</li> <li>• Support to 24 Seniors Clubs including Senior Citizens Clubs, U3A clubs and culturally &amp; linguistically diverse clubs.</li> </ul> <p>Council's older persons advisory committee - PACE (Peninsula Advisory Committee for Elders) continued to provide valued advice to Council on a range of matters relating to older people in our community.</p>
<p>Community development: Integrated agency response to identified disadvantage communities/townships to ensure social inclusion and promote social justice</p>	<p>Community Capacity Building (place making): The MPS Place making grant program was conducted for the first time with over 27 projects funded in partnership with the community. Projects included the Active Kids programs at the Wallaroo Centre in Hastings, Sensory Garden at Balnarring Primary School and the Rosebud Buskfest.</p> <p>The MPS Men's Shed Network was established and grew to include new and existing sheds from around the Mornington Peninsula. The network supports collaborative work with the community to enhance community project and provide support to each other to thrive as community organisations.</p>
<p>Fostering a culturally enriched community: Implementation of Arts and Culture Strategy</p>	<p>The major milestone in the implementation of the Arts and Culture Strategy for 2016-17 was the adoption of the Public Art Policy by Council on 14 June 2016.</p>
<p>Safe events: All community events to complete Event Approval Process</p>	<p>Currently all outdoor events with a) less than 5,000 participants b) conducted by a community/not for profit organisation and c) include temporary structures less than 100m2 are exempt from requiring a Place of Public Entertainment (POPE). Outdoor events are still required to complete a Shire 'Category Event Kit' – depending on the scale of the event. Since the POPE regulation reform, safety at outdoor events has remained consistent</p>

<p>Healthy communities: Implement Food Access Plan 2013</p>	<p>Access to Fresh Food: The Southern Peninsula Information and Support Service was awarded the best Government Partnership project in the 2015 Tidy Towns competition. This project was supported through a partnership with Council and Second Bite to distribute food to community members. In 2016 the program is planning to extend to Dromana.</p> <p>Men's Health Day: A Men's Health day was organised in partnership with the Men's Shed Network in June with over 60 men sharing lunch and information on depression, prostate cancer and healthy eating.</p> <p>White Ribbon Day Breakfast: 150 people attended a White Ribbon Day breakfast to raise awareness on how men can support the prevention of Family Violence on the Mornington Peninsula</p>
<p>Safer community: Proactive fire prevention inspection program as set out in the Municipal Fire Management Plan</p>	<p>4,805 fire prevention inspections have been completed – the inspection program and issuing of fire prevention notices will conclude at the end of the Declared Fire Danger Period which is Monday 11 April 2016.</p>

Services funded in the 2016-17 Budget

<b>Unit</b>	<b>Description</b>	<b>Net Cost Budget Actual Variance \$000</b>
<p><b>Environment Protection (excluding Fire Management)</b></p>	<p>Provision of a range of services that protect the amenity of the Peninsula and maintain harmony within neighbourhoods. This is achieved primarily through the application of local laws and various other Acts and Regulations promulgated by the Victorian Government. Services include -</p> <ul style="list-style-type: none"> <li>• Shire Rangers</li> <li>• Animal Management</li> <li>• Traffic and Parking Management</li> <li>• School Crossings</li> <li>• Environmental Health</li> </ul>	<p><u>5,568</u> 5,414 154</p>
<p><b>Planning Compliance</b></p>	<p>Ensuring that the use and development of land within the Peninsula is carried out in accordance with the provisions of the Mornington Peninsula Planning Scheme and the Planning and Environment Act approved Planning Permits and section 173 Agreements.</p>	<p><u>865</u> 1,023 (158)</p>
<p><b>Statutory Building</b></p>	<p>Committed to ensuring that the amenity and safety of the community is maintained when using buildings and places of public entertainment, by undertaking statutory compliance of the Building Act.</p>	<p><u>626</u> 113 513</p>

<b>Child, Youth and Family Care</b>	Provision of a number of community health services designed to increase the health and wellbeing of residents, including	
	• Communities that Care	
	• Maternal and Child Health services	
	• Family Day Care	
	• Youth Services	<u>7,091</u>
	• Immunisation	6,521
	• Social Planning	569
<hr/>		
<b>Aged and Disability Services</b>	Provision of a range of services to enable older people and people with disabilities to remain living as independently as possible in their own home, including	
	• Information, Assessment & Referral	
	• General Home Care	
	• Personal Care	
	• Respite Care	
	• Delivered Meals	
	• Home Maintenance	
• Access and Mobility (Community Transport and Activity Program)	<u>6,827</u>	
• Senior Citizens Centres	5,982	
		845
<hr/>		
<b>Communications and Events</b>	Provision of a range of recreation and leisure services which develop, deliver and facilitate passive and active recreation opportunities and experiences for the community and promote health and wellbeing, including:	<u>990</u>
	• Community and Special Events	995
		(5)
<hr/>		
<b>Libraries</b>	Provision of free access to books, information resources and services, audio visual materials and computer technology via four branch libraries and a mobile library service which visits 16 sites across the Peninsula each week.	<u>4,533</u>
		4,121
		412
<hr/>		
<b>Arts and Culture</b>	Mornington Peninsula Regional Gallery offers a dynamic program of nationally significant exhibitions of contemporary and historical art by Australia's leading artists, together with highly acclaimed exhibitions that focus on the Mornington Peninsula's rich cultural life.	
	Local History Services are focused upon increasing community access to, and preservation of the documented cultural heritage of the Mornington Peninsula.	<u>1,585</u>
		1,492
		93
<hr/>		

	Service Performance Indicators <i>Service/indicator/measure</i>	Results	Results	Results	Material variations and comments
		2015	2016	2017	
AM1	<b>Animal Management</b>  <b>Timeliness</b>  <i>Time taken to action animal management requests</i>  [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	-	2.12	3.26	There are a variety of complaint types within this category. High Risk complaints such as dog attacks are responded to immediately. Low risk complaints are managed as a lower priority.
	<b>Service standard</b>  <i>Animals reclaimed</i>  [Number of animals reclaimed / Number of animals collected] x100	62.76%	62.91%	59.54%	
AM3	<b>Service cost</b>  <i>Cost of animal management service</i>  [Direct cost of the animal management service / Number of registered animals]	\$58.86	\$62.23	\$77.28	Demand for animal management services has increased by 16 per cent in the past two years and changes in animal pound practices (for example, holding animals longer to minimise euthanasia rates) have had a combined effect of increasing the resourcing to this program.

	<b>Health and safety</b>				
AM4	<i>Animal management prosecutions</i>  [Number of successful animal management prosecutions]	50.00	40.00	52.00	Increased prosecutions reflect the increased demand through 2016/17. In this period there were 370 reported dog attack and dog rush cases.
<hr/>					
	<b>Food Safety</b>				
	<b>Timeliness</b>				
FS1	<i>Time taken to action food complaints</i>  [Number of days between receipt and first response action for all food complaints / Number of food complaints]	-	2.19	2.65	There are a variety of complaint types within this category. High risk complaints are responded to immediately, i.e. on the same day.  From 1 July 2016, 'Time taken to action food complaints' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.
	<b>Service standard</b>				
FS2	<i>Food safety assessments</i>	94.07%	91.01%	92.82%	All high risk and high volume premises were inspected.
	<b>Service cost</b>				
FS3	<i>Cost of food safety service</i>  [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$611.15	\$605.31	\$619.68	This result is consistent with previous years.

	<b>Health and safety</b>				
FS4	<p><i>Critical and major non-compliance outcome notifications</i></p> <p>[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100</p>	92.16%	89.55%	93.17%	<p>From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.</p> <p>A risk-based approach has been adopted by the Shire's Environmental Health Team in relation to food safety. The team will be striving to achieve as close as possible to 100% of critical and major non-compliances followed-up before the end of the calendar year.</p>
<hr/>					
	<b>Home and Community Care (HACC)</b>				
HC1	<p><b>Timeliness</b></p> <p><i>Time taken to commence the HACC service</i></p> <p>[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]</p>	-	48.23	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
	<b>Service standard</b>				
HC2	<p><i>Compliance with Community Care Common Standards</i></p>	94.44%	94.44%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth

					Government's NDIS and CHSP programs
	[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100				
	<b>Service cost</b>				
HC3	<i>Cost of domestic care service</i>  [Cost of the domestic care service / Hours of domestic care service provided]	-	\$55.18	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
	<b>Service cost</b>				
HC4	<i>Cost of personal care service</i>  [Cost of the personal care service / Hours of personal care service provided]	-	\$55.18	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
	<b>Service cost</b>				
HC5	<i>Cost of respite care service</i>  [Cost of the respite care service / Hours of respite care service provided]	-	\$55.18	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
	<b>Participation</b>				
HC6	<i>Participation in HACC service</i>  [Number of people that received a HACC service / Municipal target population for HACC services] x100	41.91%	35.86%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs

HC7	<p><b>Participation</b></p> <p><i>Participation in HACC service by CALD people</i></p> <p>[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100</p>	30.56%	27.78%	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<hr/>					
LB1	<p><b>Libraries</b></p> <p><b>Utilisation</b></p> <p><i>Library collection usage</i></p> <p>[Number of library collection item loans / Number of library collection items]</p>	7.59	7.69	7.83	As part of continuing to ensure our collection remains relevant to our customers, the overall size of the collection was reduced slightly (-2.4%). However, the number of loans remained stable (-0.6%) resulting in a slight favourable increase in the number of loans per item (+1.8%).
LB2	<p><b>Resource standard</b></p> <p><i>Standard of library collection</i></p> <p>[Number of library collection items purchased in the last 5 years /</p>	86.14%	77.60%	77.76%	In 2015/16, purchasing of new collection items slowed to offset the budgetary impact of, among other things, introducing an RFID check in/out system. In 2016/17, the proportion of items purchased in the last five years has remained stable (+0.2%). However, a bulk purchase of recently published titles, replacements of classic titles, and other titles specifically matched to our customers' interests was made in the last quarter of 2016/17 and will form part of the collection in 2017/18.

	Number of library collection items] x100				
	<b>Service cost</b>				
LB3	<i>Cost of library service</i>  [Direct cost of the library service / Number of visits]	\$6.40	\$6.99	\$6.08	In 2015/16, the overall service cost increased as a result of implementing changes from a service review; including the introduction of an RFID check in/out system, minor library refurbishments, and a restructure of staffing. Costs have reduced significantly in 2016/17 (-12.75%) as the benefits of the restructure are realised.
	<b>Participation</b>				
LB4	<i>Active library members</i>  [Number of active library members / Municipal population] x100	18.73%	19.31%	19.09%	Active library members remains stable (-1.13%). The total number of borrowers rose slightly (+2.6%), just behind the increase in the Estimated Residential Population (+3.8%).
<hr/>					
	<b>Maternal and Child Health (MCH)</b>				
	<b>Satisfaction</b>				
MC1	<i>Participation in first MCH home visit</i>  [Number of first MCH home visits / Number of birth notifications received] x100	102.51%	106.49%	99.93%	Families with a new baby appreciate a home visit from a maternal and child health nurse following discharge from hospital. A small number of families choose alternative service providers such as doctors and home birth midwives. Percentages greater than 100% occur as families move in and out of the Municipality around the time of birth.

	<b>Service standard</b>				
MC2	<p><i>Infant enrolments in the MCH service</i></p> <p>[Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100</p>	101.81%	99.02%	100.00%	Families value the maternal and child health service and actively enrol in the service. Variations year to year are dependent on when the birth notifications arrive, prematurity, readmission to hospital and transfer into the service of infants born outside the municipality.
	<b>Service cost</b>				
MC3	<p><i>Cost of the MCH service</i></p> <p>[Cost of the MCH service / Hours worked by MCH nurses]</p>	-	\$59.68	\$61.69	The increased cost reflects anticipated wages growth under the 2014 Enterprise Agreement.
	<b>Participation</b>				
MC4	<p><i>Participation in the MCH service</i></p> <p>[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100</p>	73.39%	74.55%	71.96%	Maternal and child health nurses actively promote the service and provide a flexible and responsive approach. The team proactively deliver an outreach service to clients, especially those who find it difficult to access the centres, delivering the Key Ages and Stages consultations in the client's own home or in Kindergartens and Early Learning Centres.
	<b>Participation</b>				
MC5	<p><i>Participation in the MCH service by Aboriginal children</i></p>	76.04%	69.03%	73.25%	The maternal and child health team developed a service innovation in 2016-17 focussing on increasing participation of Aboriginal children in the maternal and child health service. All team members undertook

[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

professional development activities in cultural sensitivity and responsiveness. It should be noted that as the total number of Aboriginal children enrolled in the MCH is a low figure, larger year on year variations are expected.



**7. Supporting Our Economy**

To foster an innovative business community and promote the peninsula's agricultural and rural sector.

Major Initiatives	Progress
Business excellence: Implement a program of tourism excellence workshops	Industry Development activities have been undertaken with 8 training and workshop sessions with 77 businesses attending and 28 mentoring sessions have been held.
Business development: Business Survey	Business Survey completed and distributed to Councillors
High quality tourism industry: Tourism Customer Survey	Visitor Journey customer survey completed and reported to Council by the Regional Tourism Board

Services funded in the 2016-17 Budget

Unit	Description	Net Cost <u>Budget</u> Actual Variance \$000
<b>Economic Development and Tourism</b>	Facilitates economic activity that is compatible with the Peninsula's special character and fits within the strategic vision developed by Council and the community, including support for Mornington Peninsula Tourism.	<u>1,626</u> 1,622 4



8. Innovative, Responsive,  
Value-for-Money  
Service Delivery

To optimise value for ratepayers through efficient, effective and innovative service delivery.

Major Initiatives	Progress
Quality Service: Percentage of Merit Customer Request System action requests completed within Service Charter timeframes	Council received 82,000 service requests in 2106/17; over 80 per cent of those were completed on time; much of the balance required more detailed review prior to response.
Capital Works Program: Percentage Completion Capital Works Budget	The Capital Works Program performance in 2016/17 has seen the continuation of a major turnaround in the efficient and timely delivery of projects to the community. At \$71.6M, this year has seen the biggest capital works program on record for the Mornington Peninsula Shire. The total quantum of works delivered this period was significantly greater than last financial year and arguably the best result on record for the Shire. The 2015/16 year-end total Capital Works spend totalled \$29.5M, whilst the result for 2016/17 is \$47.5M
Competent, safe and healthy workplace: Implementation of Learning and Development Program for staff	<p>Further work in fostering a culture of resilience within the Shire is also a strong focus. A series of Managing Mental health sessions were delivered, with very strong attendance and great feedback from people managers. A Psychological Health policy is currently being drafted. Additional funding has been sought and approved for further focus on psychological health of our employees, including Mental Health First aid accreditation training for key staff to support our goal of building a healthy and resilient workforce.</p> <p>Manual handling continues to be our leading cause of injury. The team are actively delivering manual handling training to high risk areas across the organisation to ensure that our staff are carrying out manual duties in a safe and productive way.</p>
Appropriate rates: Adopt Rating Strategy	Rating Strategy for the current year has not been changed. Rates and charges have been increased by the rate cap at 2.5%
Unified Communications: Complete implementation program	New phone system was implemented in 2016. Following the implementation a series of visual dashboards have been installed around the Shire to provide transparent measurement on our customer service performance (how many staff are taking calls, how many calls are being taken, call answering performance).
Long term infrastructure and financial planning: Develop Long-Term Financial Plan and Capital Works Plan	LTFP developed and presented to Councillors in December 2016.

Services funded in the 2016-17 Budget

Unit	Description	Net Cost Budget Actual Variance \$000
<b>CEO's Office</b>	The CEO's focus is predominantly long term/strategic in nature, ensuring that the organisation is focused on and resourced to respond effectively to the community's needs as expressed through Council. The area undertakes significant advocacy with other levels of Government and peak bodies.	<u>647</u> 632 15
<b>Communications (excluding Events)</b>	Responsible for co-ordinating effective and timely communication between Council and the community. This involves managing media relations for the Shire, including preparation of media releases, press conferences and on-going communication and liaison with local journalists.	<u>1,449</u> 1,307 142
<b>Human Resources</b>	Ensuring that Council has the human resources and skills necessary to deliver its services. This includes <ul style="list-style-type: none"> <li>• Recruitment and Selection</li> <li>• Employee Relations</li> <li>• Industrial relations</li> <li>• Learning and Development</li> <li>• Occupational Health and Safety</li> <li>• The development of long term strategies for staff attraction, development and retention.</li> <li>• Customer Service</li> </ul>	<u>3,503</u> 3,488 15
<b>Program and Process Review</b>	Facilitates improving performance at the group and organisational levels. The Units role is to improve the organisation's ability to effectively respond to changes in its external environment and support the Organisation in increasing internal capabilities through ensuring the organisational structures, human resources systems, job designs, communication systems and leadership/managerial processes fully harness human motivation and help people function to their full potential.	<u>410</u> 115 295
<b>Corporate Planning</b>	Key responsibilities are: <ul style="list-style-type: none"> <li>• Development and ongoing review of the Council Plan.</li> <li>• Coordination of linked business planning and corporate performance reporting across the organisation.</li> <li>• Supporting Council's advocacy priorities.</li> </ul>	<u>441</u> 415 26

<b>Governance</b>	Ensuring that Council satisfies all its legislative requirements in relations to the function of the Council, including Council meeting arrangements, agendas and minutes for meetings, and all aspects of dealing with the Council, and also including:	
	• Risk Management and Insurances	<u>3,423</u>
	• Purchasing (as part of customer services)	3,445
	• Internal Audit	(22)
<hr/>		
<b>Information Services</b>	Provision of an efficient and effective technology and information services base for Shire operations.	<u>4,179</u>
		4,598
<hr/>		
<b>Finance</b>	Responsible for all budgeting, accounting, payroll and revenue collection functions of the Shire, including:	
	• Financial Accounting (i.e. Financial Stats and Audit)	
	• Management Accounting (i.e. budget and internal financial reporting)	
	• Payroll	<u>1,099</u>
	• Revenue Management	1,573
• Procurement and Contracts Management	(474)	
<hr/>		
<b>Property and Valuations</b>	The Property area facilitates management of the Shire's property portfolio including disposal of property.	
	The Valuations area is responsible for all aspects of property valuation, including General revaluation, supplementary valuations, valuation objections, asset valuations and any other valuation requirements.	<u>739</u>
		968
<hr/>		
<b>Various Directorate budgets</b>	Each Group have a Director and small staff whose role is to provide leadership and direction to the Group. This includes advocacy to other levels of government and peak bodies, establishing and communicating strategic direction, and generally steering the operating environment.	<u>2,234</u>
		2,415
		(181)
<hr/>		

	<b>Service Performance Indicators</b> <b>Service/indicator/measure</b>	<b>Results</b> <b>2015</b>	<b>Results</b> <b>2016</b>	<b>Results</b> <b>2017</b>	<b>Material variations and</b> <b>comments</b>
	<b>Governance</b>				
	<b>Transparency</b>				
G1	<i>Council decisions made at meetings closed to the public</i>  [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	10.16%	13.09%	7.98%	Of the 21 decisions made at meetings closed to the public, more than half (13) were published.
	<b>Consultation and engagement</b>				
G2	<i>Satisfaction with community consultation and engagement</i>  Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement	59.00	55.00	52.00	While Council significantly changed its consultation program last year through 'Your Peninsula 2021' (which saw over 3,000 people submit their ideas; the highest level of participation the Shire has ever achieved), we will continue to refine and improve the process to reach the sections of the community that didn't engage in that program.
	<b>Attendance</b>				
G3	<i>Councillor attendance at council meetings</i>	87.88%	87.60%	89.51%	From 1 July 2016 this indicator was updated to include Councillors as attending if they were granted a leave of absence. This may result in some variances year on year, therefore reliable comparisons cannot be made.

	[The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of Councillors elected at the last Council general election)] x100				
	<b>Service cost</b>				
G4	<i>Cost of governance</i>  [Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$55,206.39	\$58,484.18	\$51,146.09	The reduction in the cost of Governance per Councillor is related to the election of a new Council in October 2016, which was preceded by a caretaker period.
	<b>Satisfaction</b>				
G5	<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]	57.00	56.00	52.00	The trend shown is consistent with the rest of the state. The Mornington Peninsula Shire actively seek community feedback with a number of metrics we use to track customer satisfaction. However, this trend is of concern and further community engagement will be conducted.

# Governance, management and other information

## Governance

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

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

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

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

## Meetings of Council

Council conducts open public meetings on the second and fourth Tuesday of each month. Members of the community are welcome to attend these meetings and observe from the gallery. Council meetings also provide the opportunity for community members to submit a question to Council, make a submission or speak to an item. For the 2016-17 year Council held the following meetings:

- 19 ordinary Council meetings
- 6 special Council meetings.

The following table provides a summary of Councillor attendance at Council meetings and special Council meetings for the 2016-17 financial year.

**1 July 2016 – 31 October 2016:**

<b>Councillors</b>	<b>Council Meeting</b>	<b>Special Council Meeting</b>	<b>Total</b>
Cr Celi	6	2	8
Cr Colomb	6	3	9
Cr Dixon	6	3	9
Cr Fraser	6	3	9
Cr Garnock	6	3	9
Cr Pittock	6	3	8
Cr Rodgers	6	3	9
Cr Shaw	5	3	8
Cr Wood	5	3	8

1 November 2016 – 30 June 2017:

<b>Councillors</b>	<b>Council Meeting</b>	<b>Special Council Meeting</b>	<b>Total</b>
Cr Brooks	13	3	16
Cr Celi	13	3	16
Cr Clark	13	3	16
Cr Colomb	12	3	15
Cr Edge	10	1	11
Cr Fraser	11	3	14
Cr Gill	13	3	16
Cr Hearn	12	3	15
Cr Martin	10	3	13
Cr Payne	13	3	16
Cr Roper	13	3	16

## Special committees

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

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

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

<b>Special committee</b>	<b>Councillors</b>	<b>Officers</b>	<b>Other</b>	<b>Purpose</b>
Section 223 Submission Committee	3	0	0	To consider all submissions made under section 223 of the Act
Planning Services Committee <sup>1</sup>	11	0	0	To make strategic and statutory planning decisions
Forward Planning Committee	11	0	0	To recommend to Council names for new suburbs and streets within the municipality

<sup>1</sup> Has delegated functions, duties or powers

## Councillor Code of Conduct

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

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

## Conflict of interest

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

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and Committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests. During 2016-17, nine conflicts of interest were declared at Council and Special Committee meetings.

## Councillor Allowances

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

The Victorian Government sets the upper and lower limits for all allowances paid to councillors and Mayors. Councils are divided into three categories based on the income and population of each Council. In this instance Mornington Peninsula Shire Council is recognised as a category three Council.

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

Councillor	Allowance \$	Superannuation \$	Total \$
Cr Simon Brooks (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Antonella Celi	27,566.97	1,922.23	29,489.20
Cr Rosie Clark (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Bev Colomb (Mayor: 14 Nov - )	68,444.07	4,261.54	72,705.61
Cr Andrew Dixon (retired: 22 Oct)	8,936.38	856.04	9,792.42
Cr Julie Edge (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Hugh Fraser	27,566.97	1,922.23	29,489.20
Cr David Garnock (retired: 22 Oct)	8,936.38	856.04	9,792.42
Cr David Gibb (retired: 22 Oct)	8,936.38	856.04	9,792.42
Cr David Gill (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Sam Hearn (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Frank Martin (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Bryan Payne (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Graham Pittock (Mayor; retired: 22 Oct)	28,543.88	2,711.67	31,255.55
Cr Tim Rodgers (retired: 22 Oct)	8,936.38	856.04	9,792.42
Cr Kate Roper (elected: 22 Oct)	18,630.59	1,066.19	19,696.78
Cr Anne Shaw (retired: 22 Oct)	8,936.38	856.04	9,792.42
Cr Tim Wood (retired: 22 Oct)	8,936.38	856.04	9,792.42

## Councillor expenses

In accordance with Section 75 of the Act, Council is required to reimburse a Councillor for expenses incurred whilst 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 details of the expenses including reimbursement of expenses for each Councillor and member of a Council committee paid by Council for the 2016-17 year are:

Councillor	CC	CM	CT	IC	OT	TR	Total
	\$	\$	\$	\$	\$	\$	\$
Cr Simon Brooks (elected 22 Oct)		1,857	1,080	793		38	3,768
Cr Antonella Celi	210.00	-1,144	215	2,259	1,156	10	2,706
Cr Rosie Clark (elected: 22 Oct)				742	126		868
Cr Bev Colomb (Mayor: 14 Nov - present)		1,693	1,508	1,345	395	123	5,064
Cr Andrew Dixon (retired: 22 Oct)		1,020		236	144		1,399
Cr Julie Edge (elected: 22 Oct)	5,145	1,550		1,063			7,758
Cr Hugh Fraser		4,379	817	2,001	422	193	7,811
Cr David Garnock (retired: 22 Oct)		3,985	391	587	236	23	5,222
Cr David Gibb (retired: 22 Oct)		2,707	569	521	186	71	4,055
Cr David Gill (elected: 22 Oct)				1,156			1,156
Cr Sam Hearn (elected: 22 Oct)			45	731	115		892
Cr Frank Martin (elected: 22 Oct)		4,161	1,187	802	228	14	6,392
Cr Bryan Payne (elected: 22 Oct)		4,300	55	1,113	42	23	5,532
Cr Graham Pittock (Mayor; retired: 22 Oct)		210	2,584	509	339	317	3,958
Cr Tim Rodgers (retired: 22 Oct)		1,656	435	374	336	81	2,881
Cr Kate Roper (elected: 22 Oct)		5,120		801			5,921
Cr Anne Shaw (retired: 22 Oct)		851	500	309			1,660
Cr Tim Wood (retired: 22 Oct)		1,742	594	199	336	41	2,913

Legend: TR-Travel CM-Car Mileage CC-Child Care IC-Information and Communication expenses CT-Conferences and Training expenses OT Other (including memberships, meals, uniforms and stationery).

Note: No expenses were paid by Council including reimbursements to members of Council committees during the year

## Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks lead to better decision making by Council. 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 the section below. 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 of Council established under Section 139 of the Act. The Audit and Risk Committee's role is to assist Council in carrying out its responsibilities for financial and performance reporting, financial management, good corporate governance, maintaining a system of internal control and risk management and fostering an ethical environment. The Audit and Risk Committee charter is reviewed each year with the most recent charter being approved by Council in April 2017 (previous charter approved February 2016).

Specifically, the Audit and Risk Committee has been constituted to monitor and report on the systems and activities of Council in ensuring:

- Reliable financial and performance reporting;
- Effective management of risk;
- Compliance with applicable laws and regulations;
- Effective and efficient internal audit function;
- Effective and efficient external audit function; and
- Sound internal controls and financial well-being.

The Audit and Risk Committee consists of three independent members and two Councillors. The independent members for 2016-17 financial year were:

Ms Lisa Woolmer (Chair)	Appointed February 2016 for a three-year term.
Ms Andrea Hassett	Re-appointed October 2015 for a three-year term.
Mr Geoff Hilton	Re-appointed October 2015 for a two-year term.

The Councillor members for 2016-17 financial year were:

Councillor Graham Pittock	Retired September 2016.
Councillor Hugh Fraser	Appointed November 2015 for a one-year term and re-appointed November 2016 for a one-year term.
Councillor Bryan Payne	Appointed November 2016 for a one-year term.

The Audit and Risk Committee meets five times a year. The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Governance Manager attend all Audit and Risk Committee meetings. Other management representatives attend as required to present reports. The external auditors and outsourced Internal Auditors also attend each meeting.

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

## Internal Audit

Council's internal audit function provides independent and objective external assurance that the appropriate processes and controls are in place across Council. The internal audit function is resourced by an external provider which was ShineWing for the 2016-17 financial year. Council's Finance team coordinates the process as well as following up the closure of internal audit recommendations. A three-year Strategic Internal Audit Plan (SIAP) is revised and endorsed by the Audit and Risk Committee annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's risk framework, the Council Plan, prior audit coverage and management input.

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

The SIAP for 2016-17 was completed with the following reviews conducted:

- Maternal and Child Health
- Privacy and records management
- Open space / developer contributions
- Financial Controls
- Information Technology
- Councillor expenses

## **External Audit**

For the 2016–17 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor- General. The external auditors attend all Audit and Risk Committee meetings and present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit and Risk Committee.

## **Risk management**

In March 2017, Council's Audit and Risk Committee endorsed the new Risk Management Framework (Framework) which was adopted by Council on 13 June 2017. The Framework provides the foundations and organisational arrangements for the designing, implementing, monitoring, reviewing and continual improvement of risk management throughout the Shire. The capacity to manage and mitigate risk is a critical element of good governance and organisational practice. Effective risk management will allow Council to achieve its outcomes and better leverage opportunities. The Framework represents Mornington Peninsula Shire's commitment to risk management, and has been designed in line with the Australian Standard AS/NZS ISO31000:2009 Risk management – Principles and guidelines. The updated Framework has responded to considerable feedback and has been designed to be both clear and accessible, and to encourage the identification, evaluation and treatment of risks at all levels of operation and management. The Framework consists of the following components:

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

Over the coming 12 months, Council will continue to focus on the value of risk management as a tool to drive success against its objectives, and will initiate further steps to foster and embed a risk aware culture which empowers all staff to raise risk issues.

## Governance and management checklist

The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Column 1 Governance and Management Items	Column 2 Assessment
1 <b>Community engagement policy</b> (policy outlining Council's commitment to engaging with the community on matters of public interest)	Draft policy in place and used by staff. Formal adoption of policy expected in 2018.
2 <b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Draft guidelines in place and used by staff. Formal adoption of guidelines expected in 2018.
3 <b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act  Date of adoption: 13 June 2017
4 <b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act  Date of adoption: 13 June 2017
5 <b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Buildings, Drainage, Parks & Open Space, and Roads Asset Management Plans all last updated and approved 14 March 2017.
6 <b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Strategy  Date of adoption: 13 June 2017
7 <b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy  Date of adoption: 13 June 2017

Column 1 Governance and Management Items	Column 2 Assessment
8 <b>Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 2 August 2016
9 <b>Municipal emergency management plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> Date of preparation: 27 November 2015.
10 <b>Procurement policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> Date of adoption: 26 April 2017
11 <b>Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Date of adoption: 8 August 2016
12 <b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Date current plan approved: 28 July 2014 Council has approved and tested a Business Continuity Plan in 2016-17. Council has also completed a major technology refresh during the 2016-17 year and is now updating its Disaster Recovery Plan to align with the Business Continuity Plan and the new technology capabilities that are available. Updated plan expected to be completed in first half of 2017-18.
13 <b>Risk management framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	Risk Management Strategy Date of adoption: 13 June 2017
14 <b>Audit Committee</b> (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 11 June 1996

Column 1 Governance and Management Items	Column 2 Assessment
<p>15 <b>Internal audit</b> (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Date of engagement of 2016-17 provider (ShineWing): 1 October 2014 to 30 June 2017</p> <p>Engaged Crowe Horwath to commence 1 July 2017</p>
<p>16 <b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)</p>	<p>Framework</p> <p>Date of operation of current framework: 1 July 2015</p>
<p>17 <b>Council Plan reporting</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Report on the Council Plan is included in the CEO Quarterly Performance Report to Council</p> <p>Date of reports: 1 August 2016, 20 February 2017 (two quarters due to Council elections) and 26 April 2017</p>
<p>18 <b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with section 138(1) of the Act</p> <p>Date statements presented: 28 November 2016, 30 January 2017, 26 April 2017 and 25 July 2017</p> <p>Monthly reports to the community</p>
<p>19 <b>Risk reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Reports</p> <p>Date of reports: 17 August 2016 and 22 March 2017</p>
<p>20 <b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Quarterly reports to the Audit and Risk Committee</p> <p>Date of reports: 7 September 2016, 22 March 2017 and 24 May 2017</p>

Column 1 Governance and Management Items	Column 2 Assessment
21 <b>Annual Report</b> (Annual Report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of Council in accordance with section 134 of the Act on 10 October 2016
22 <b>Councillor Code of Conduct</b> (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with Section 76C of the Act Date of adoption: 20 February 2017
23 <b>Delegations</b> (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act Dates of review: 27 March 2017 (Council to CEO) & 27 June 2017 (Council to Officers)
24 <b>Meeting procedures</b> (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: 24 September 2012 Currently under review.

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



**Carl Cowie**  
Chief Executive Officer

Dated: 19/09/17



**Cr Bev Colomb**  
Mayor

Dated: 19/09/17

## Statutory information

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

### Documents available for public inspection

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

- a document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by Councillor or any member of Council staff in the previous 12 months
- minutes of ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- the minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act
- a register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the Act
- a document containing details of all leases involving land which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease
- a register maintained under section 224(1A) of the Act of authorised officers appointed under that section
- a list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

### Best value

In accordance with section 208B(f) of the Act, at least once every year a Council must report to its community on what it has done to ensure that it has given effect to the Best Value Principles. Council incorporates Best Value Principles through regular business planning and performance monitoring processes and through a commitment to continuous improvement and innovation in line with the Shire's Council Plan.

The following Best Value initiatives were undertaken during 2016-17:

- budget process – development of guidelines and processes for fees and charges
- business planning – development and implementation of integrated approach to business planning
- competitive public procurement processes – seeking value for money opportunities
- support local procurement – in acknowledging our role in supporting local business and promoting employment opportunities

### Carers recognition

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

Council has promoted the principles of the *Carers Recognition Act 2012* to people in care relationships who receive Council services, to people in care relationships, and to the wider community by:

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

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

- Council induction and training programs for staff working in Aged and Disability Services

- Induction and training programs for volunteers working directly with the community

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

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

## Contracts

During the year Council did not enter into any contracts valued at \$150,000 or more for services or \$200,000 or more for works or more of a kind specified in section 186(5)(a) and (c) of the Act. It also did not enter into any other contracts valued at \$150,000 or more for goods or services or \$200,000 or more for works without engaging in a competitive process.

## Disability Action Plan

In accordance with section 38 of the *Disability Act 2006*, as Council has prepared a Disability Action Plan it must report on the implementation of the Disability Action Plan in its Annual Report.

Council has prepared a Disability Action Plan and implemented the following actions:

- Access and inclusion audits undertaken in several key activity areas and in Shire facilities.
- Footpath construction undertaken in commercial key activity areas.
- Installation of accessible drinking fountains across townships.
- Review of strategic planning documents to incorporate provision for all ability access.
- Ongoing implementation of Council's Scooter RECHARGE scheme, with 24 recharge sites available across the peninsula. Brochure developed and ready to print.
- Update and dissemination of Mobility Maps for key townships.
- Accessible recreation All-Terrain Wheelchair report developed.
- Implementation of Beach Matting to increase access at Mount Martha beach.
- Support for Disabled Surfers Association Mornington Peninsula through provision of Marveloo accessible changing places portable toilet on surf days, and financial support to build a permanent accessible boardwalk at Point Leo Beach.
- Development of Communication Boards for Libraries and Customer Service Centres
- Implementation of Sexual Lives and Respectful Relationships project, including recruitment of one participant as a Council employee.
- Support provided for Carers group to secure funding for new disability housing project Cloverleaf to be built in Rosebud.
- Delivery of All Abilities Day event to support International Day of People with a Disability
- Distribution of monthly Metro Access E-Bulletins.
- Delivery of National Disability Insurance Scheme (NDIS) Forum and relevant information provision about NDIS across the organisation.
- Review of and recruitment of new members to the Shire's All Abilities Consultative Committee who have:
  - Submission made re: delivery of outcomes under the National Disability Strategy 2010-20.
  - Fulfilled judging requirements for the 'access' component of the Shire's Best Bites Program.
  - Reviewed and provided feedback on draft strategic planning documents.
  - Participated in training on Universal Design principles.
  - Advocated for Changing Places toilets at Arthurs Seat Chairlift (completed by Parks Victoria) and Mornington (to be completed by Council)
  - Provided feedback about accessibility of Arthurs Seat Chairlift

## Domestic Animal Management Plan

The Domestic Animal Management Plan has been reviewed and will be subject to a community consultation process prior to adoption by Council in November 2017.

The Domestic Animal Management Plan was reviewed in November 2016. Outcomes sought in the Plan are being achieved:

- Improved rates of reuniting pets to their owners by promoting and encouraging Shire Rangers to rehome directly where possible;
- Reducing the number of unclaimed and surrendered pets being euthanised by increasing our Section 84Y Partnerships with Rescue Groups and being one of the first Councils to engage with direct adoption via PetRescue website;
- Improving cat management services by relocating the management of the Cat Cage service to the community from the Customer Service unit to Animal Management staff at our Community Animal Shelter;
- Reducing nuisances associated with dogs at the beach by increasing the presence of Authorised Officers on beaches and use of temporary signage, including engagement with local foreshore Committees of Management;
- Enhancements to the Shire's network of leash-free areas through improved signage and patrols and new locations being developed.

## Food Act Ministerial directions

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

## Freedom of Information

The *Freedom of Information Act 1982* provides members of the community with a right of access to documents held by Council, unless that information is deemed exempt under the Act.

The *Freedom of Information Act 1982* provides:

- members of the public the right to access information about the activities of government agencies
- promotes open and transparent government
- allows individuals access to their personal affairs information and request that inaccurate, incomplete, out-of-date or misleading information in their personal records to be amended
- provides members of the public the right to appeal against a decision with the Freedom of Information Commissioners Office

During the 2016/17 financial year the Mornington Peninsula Shire received 50 Freedom of Information Requests. Outcomes of these requests received in the period 1 July 2016 to 30 June 2017 are detailed in the table below.

Access granted in full (no exempt material)	3
Access granted in part (some exempt material)	24
Access denied in full (all material exempt)	2
Withdrawn	4
Not proceeded with	2
Act does not apply	2
No documents	5
Outside the Act	0
Not yet finalised	8

Timeframes for decisions made in response to requests were made within 45 days for 32 requests and within 46-90 days for 12 requests. Decisions taking between 46-90 days were requests where arrangements

with the applicant for provision outside 45 days was made and in cases where decisions were within 1-2 days overdue or where provision was provided on the next business day.

During the 2016/2017 reporting period no requests for reviews or complaints were received by the Freedom of Information Commissioner's office with regards to decisions made in response to requests and process followed.

Further statistical information on Freedom of Information requests processed by the Mornington Peninsula Shire for the 2016/17 financial year will be available in the Freedom of Information Commissioners' Annual Report currently being prepared, which can be viewed online at <http://www.foicommissioner.vic.gov.au/find/publications/>.

## **Protected Disclosure Procedures**

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

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 publicly available on Council's website.

During the 2016-17 year no disclosures were notified to Council officers appointed to receive disclosures, or to Independent Broad-based Anti-corruption Commission (IBAC).

## **Road Management Act Ministerial directions**

In accordance with section 22 of the *Road Management Act 2004*, a Council must publish a copy or summary of any Ministerial direction in its Annual Report. No such Ministerial Directions were received by Council during the financial year.

## Materiality Thresholds

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

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

<b>Service/indicator/measure</b>	<b>Measure expressed as:</b>	<b>Materiality threshold:</b>
<b>Service cost</b> Cost of food safety service	\$ direct cost of the food safety service per registered food premises	Movement of +/- \$75
<b>Health and safety</b> Critical and major non-compliance notifications	% of critical and major non-compliance outcome notifications that are followed up by Council	Movement of +/- 10%
<b>Governance</b>		
<b>Transparency</b> Council resolutions at meetings closed to the public	% of Council resolutions made at meetings closed to the public	Movement of +/- 1.5%
<b>Consultation and engagement</b> Satisfaction with community consultation and engagement	Satisfaction rating out of 100	Movement of +/- 5
<b>Attendance</b> Council attendance at Council meetings	% of Council attendance at ordinary and special Council meetings	Movement of +/- 10%
<b>Service cost</b> Cost of governance	\$ direct cost of the governance service per Councillor	Movement of +/- \$5000
<b>Decision making</b> Satisfaction with Council decisions	Satisfaction rating out of 100	Movement of +/- 5
<b>Home and Community Care</b>		
<b>Timeliness</b> Time taken to commence the HACC service	Number of days it has taken for a new client to commence the HACC service	Movement of +/- 7 days
<b>Service standard</b> Compliance with Community Care Common Standards	% of Community Care Common Standards expected outcomes met	Movement of +/- 10%
<b>Service cost</b> Cost of domestic care service	\$ cost of the domestic care service per hour of service	Movement of +/- \$5
Cost of personal care service	\$ cost of the personal care service per hour of service	Movement of +/- \$5
Cost of respite care service	\$ cost of the respite care service per hour of service	Movement of +/- \$5
<b>Participation</b> Participation in HACC service	% of the municipal target population that receive a HACC service	Movement of +/- 5%

<b>Service/indicator/measure</b>	<b>Measure expressed as:</b>	<b>Materiality threshold:</b>
Participation in HACC service by CALD people	% of the municipal target population in relation to CALD people that receive a HACC service	Movement of +/- 5%
<b>Libraries</b>		
<b>Utilisation</b> Library collection usage	Number of library collection item loans per library collection item	Movement of +/- 0.5 loans
<b>Resource standard</b> Standard of library collection	% of the library collection that has been purchased in the last 5 years	Movement of +/- 7.5%
<b>Service cost</b> Cost of library service	\$ direct cost of the library service per visit	Movement of +/- \$1
<b>Participation</b> Active library members	% of the municipal population that are active library members	Movement of +/- 5%
<b>Maternal and Child Health</b>		
<b>Satisfaction</b> Participation in first MCH home visit	% of infants enrolled in the MCH service who receive the first MCH home visit	Movement of +/- 5%
<b>Service standard</b> Infant enrolments in the MCH service	% of infants enrolled in the MCH service	Movement of +/- 5%
<b>Service cost</b> Cost of the MCH service	\$ cost of the MCH service per hour of service delivered	Movement of +/- \$10
<b>Participation</b> Participation in MCH service	% of children enrolled who participate in the MCH services	Movement of +/- 5%
Participation in MCH service by Aboriginal children	% of Aboriginal children enrolled who participate in the MCH service	Movement of +/- 10%
<b>Roads</b>		
<b>Satisfaction of use</b> Sealed local road requests	Number of sealed local road requests per 100 kilometres of sealed local road	Movement of +/- 20 requests
<b>Condition</b> Sealed local roads below the intervention level	% of sealed local roads that are below the renewal intervention level	Movement of +/- 5%

<b>Service/indicator/measure</b>	<b>Measure expressed as:</b>	<b>Materiality threshold:</b>
<b>Service cost</b> Cost of sealed local road reconstruction	\$ direct reconstruction cost per square metre of sealed local roads reconstructed	Movement of +/- \$15
Cost of sealed local road resealing	\$ direct resealing cost per square metre of sealed local roads resealed	Movement of +/- \$2
<b>Satisfaction</b> Satisfaction with sealed local roads	Satisfaction rating out of 100	Movement of +/- 5
<b>Statutory Planning</b>		
<b>Timeliness</b> Time taken to decide planning applications	Days between receipt of a planning application and a decision on the application	Movement of +/- 10 days
<b>Service standard</b> Planning applications decided within required time frames	% of planning application decisions made within required time frames	Movement of +/- 7.5%
<b>Service cost</b> Cost of statutory planning service	\$ direct cost of the statutory planning service per planning application	Movement of +/- \$250
<b>Decision making</b> Planning decisions upheld at VCAT	% of decisions subject to review by VCAT that were not set aside	Movement of +/- 10%
<b>Waste Collection</b>		
<b>Satisfaction</b> Kerbside bin collection requests	Number of kerbside bin collection requests per 1000 kerbside bin collection households	Movement of +/- 10 requests
<b>Service standard</b> Kerbside collection bins missed	Number of kerbside collection bins missed per 10,000 scheduled kerbside collection bin lifts	Movement of +/- 5 bins
<b>Service cost</b> Cost of kerbside garbage collection service	\$ direct cost of the kerbside garbage bin collection service per kerbside garbage collection bin	Movement of +/- \$10

Service/ <i>indicator</i> /measure	Measure expressed as:	Materiality threshold:
Cost of kerbside recyclables collection service	\$ direct cost of the kerbside recyclables collection service per kerbside recyclables collection bin	Movement of +/- \$5
<b>Waste diversion</b> Kerbside collection waste diverted from landfill	% of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill	Movement of +/- 10%

# Financial Statements

---



# Independent Auditor's Report

## To the Councillors of Mornington Peninsula Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Mornington Peninsula Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2017</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including a summary of significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described 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 in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a 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's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

---

MELBOURNE  
22 September 2017

  
Tim Loughnan  
*as delegate for the Auditor-General of Victoria*

**Mornington Peninsula Shire  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2017*

**Mornington Peninsula Shire  
Financial Report  
Table of Contents**

<b>FINANCIAL REPORT</b>	<b>Page</b>
<b>Financial Statements</b>	
Comprehensive Income Statement	1
Balance Sheet	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Statement of Capital Works	5
<b>Notes to Financial Statements</b>	
Introduction	6
Note 1 Significant accounting policies	6
Note 2 Budget comparison	13
Note 3 Rates and charges	17
Note 4 Statutory fees and fines	17
Note 5 User fees	17
Note 6 Grants	18
Note 7 Contributions	19
Note 8 Net gain / (loss) on disposal of property, infrastructure, plant and equipment	19
Note 9 Other income	19
Note 10 Employee costs	19
Note 11 Materials and services	20
Note 12 Depreciation and amortisation	20
Note 13 Borrowing costs	20
Note 14 Other expenses	20
Note 15 Cash and cash equivalents	21
Note 16 Other financial assets	21
Note 17 Trade and other receivables	21
Note 18 Inventories	22
Note 19 Non current assets classified as held for sale	22
Note 20 Other assets	22
Note 21 Property, infrastructure, plant and equipment	23
Note 22 Investment property	29
Note 23 Intangible assets	29
Note 24 Trade and other payables	29
Note 25 Trust funds and deposits	30
Note 26 Provisions	30
Note 27 Interest-bearing loans and borrowings	31
Note 28 Reserves	32
Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)	33
Note 30 Financing arrangements	33
Note 31 Commitments	34
Note 32 Operating leases	35
Note 33 Superannuation	35
Note 34 Contingent liabilities and contingent assets	37
Note 35 Financial instruments	38
Note 36 Related party disclosures	40
Note 37 Senior officer remuneration	41
Note 38 Events occurring after balance date	41
Note 39 Prior period adjustments	42
 Certification of the Financial Statements	 43

## Comprehensive Income Statement For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Income</b>			
Rates and charges	3	156,686	150,095
Statutory fees and fines	4	6,346	5,151
User fees	5	22,817	22,609
Grants - operating	6	24,087	17,654
Grants - capital	6	5,994	11,793
Contributions - monetary	7	5,093	4,132
Contributions - non monetary	7	3,751	3,788
Fair value adjustments for investment property	22	533	-
Other income	9	4,261	3,876
<b>Total income</b>		<b><u>229,568</u></b>	<b><u>219,098</u></b>
<b>Expenses</b>			
Employee costs	10	70,744	68,875
Materials and services	11	93,002	87,709
Depreciation and amortisation	12	28,602	26,166
Borrowing costs	13	1,306	1,649
Other expenses	14	5,005	5,110
Net loss on disposal of property, infrastructure, plant and equipment	8	8,153	10,284
<b>Total expenses</b>		<b><u>206,812</u></b>	<b><u>199,793</u></b>
<b>Surplus/(deficit) for the year</b>		<b><u>22,756</u></b>	<b><u>19,305</u></b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	28	<u>148,468</u>	<u>34,464</u>
<b>Total comprehensive result</b>		<b><u>171,224</u></b>	<b><u>53,769</u></b>

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

## Balance Sheet As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	2,050	40,155
Trade and other receivables	17	12,317	13,449
Other financial assets	16	58,600	13,575
Inventories	18	149	138
Non-current assets classified as held for sale	19	223	2,195
Other assets	20	2,352	2,317
<b>Total current assets</b>		<b>75,691</b>	<b>71,829</b>
<b>Non-current assets</b>			
Trade and other receivables	17	646	1,187
Other financial assets	16	8	8
Property, infrastructure, plant and equipment	21	2,203,020	2,039,938
Investment property	22	8,514	9,360
Intangible assets	23	1,445	1,150
<b>Total non-current assets</b>		<b>2,213,633</b>	<b>2,051,643</b>
<b>Total assets</b>		<b>2,289,324</b>	<b>2,123,473</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	24	14,433	15,402
Trust funds and deposits	25	3,923	3,755
Provisions	26	12,307	11,465
Interest-bearing loans and borrowings	27	7,394	7,257
<b>Total current liabilities</b>		<b>38,057</b>	<b>37,879</b>
<b>Non-current liabilities</b>			
Provisions	26	6,142	3,951
Interest-bearing loans and borrowings	27	11,922	19,657
<b>Total non-current liabilities</b>		<b>18,064</b>	<b>23,608</b>
<b>Total liabilities</b>		<b>56,121</b>	<b>61,487</b>
<b>Net assets</b>		<b>2,233,203</b>	<b>2,061,984</b>
<b>Equity</b>			
Accumulated surplus		984,181	961,703
Reserves	28	1,249,022	1,100,281
<b>Total Equity</b>		<b>2,233,203</b>	<b>2,061,984</b>

\* Council has restated the Statement of Changes in Equity to correct errors as outlined in Note 1 (a) and Note 39.

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

**Statement of Changes in Equity  
For the Year Ended 30 June 2017**

	Note	Accumulated		Revaluation	Other
		Total	Surplus	Reserve	Reserves
2017		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		2,061,978	961,702	1,099,394	885
Surplus/(deficit) for the year		22,756	22,756	-	-
Net asset revaluation increment/(decrement)	28(a)	148,468	-	148,468	-
Transfers to other reserves	28(b)	(275)	(275)	-	-
Transfers from other reserves	28(b)	275	-	-	275
<b>Balance at end of the financial year</b>		<b>2,233,203</b>	<b>984,181</b>	<b>1,247,862</b>	<b>1,160</b>

	Note	Accumulated		Revaluation	Other
		Total	Surplus	Reserve	Reserves
2016		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		1,997,926	932,290	1,064,930	703
Prior period adjustment *		10,289	10,289	-	-
Balance at beginning of the financial year as restated		2,008,215	942,579	1,064,930	703
Surplus/(deficit) for the year		19,305	19,305	-	-
Net asset revaluation increment/(decrement)	28(a)	34,464	-	34,464	-
Transfers to other reserves	28(b)	(182)	(182)	-	-
Transfers from other reserves	28(b)	182	-	-	182
<b>Balance at end of the financial year</b>		<b>2,061,984</b>	<b>961,702</b>	<b>1,099,394</b>	<b>885</b>

\* Council has restated the Statement of Changes in Equity to correct errors as outlined in Note 1 (a) and Note 39.

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

**Statement of Cash Flows  
For the Year Ended 30 June 2017**

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		157,380	148,503
Statutory fees and fines		6,346	5,152
User fees		28,512	25,705
Grants - operating		23,612	22,314
Grants - capital		5,994	11,793
Contributions - monetary		5,093	4,132
Interest received		1,664	1,668
Trust funds and deposits received		270	157
Net GST refund/payment		9,757	8,923
Employee costs		(70,052)	(70,152)
Materials and services		(102,820)	(97,218)
Other payments		(5,013)	(5,019)
<b>Net cash provided by/(used in) operating activities</b>	29	<u><b>60,743</b></u>	<u><b>55,958</b></u>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	21	(46,623)	(29,336)
Proceeds from sale of property, infrastructure, plant and equipment		1,767	349
Payments for investments (term deposits over 90 days placed)		(135,750)	(54,298)
Proceeds from investments (term deposits over 90 days uplifted)		90,729	42,796
<b>Net cash provided by/(used in) investing activities</b>		<u><b>(89,877)</b></u>	<u><b>(40,489)</b></u>
<b>Cash flows from financing activities</b>			
Finance costs		(1,374)	(1,715)
Repayment of borrowings		(7,597)	(7,453)
<b>Net cash provided by/(used in) financing activities</b>		<u><b>(8,971)</b></u>	<u><b>(9,168)</b></u>
Net increase (decrease) in cash and cash equivalents		(38,105)	6,301
Cash and cash equivalents at the beginning of the financial year		40,155	33,854
<b>Cash and cash equivalents at the end of the financial year *</b>		<u><b>2,050</b></u>	<u><b>40,155</b></u>
* Balance excludes term deposits over 90 days (refer Note 16)			
Financing arrangements	30		
Restrictions on cash assets	15		

The above statement of cash flow should be read in conjunction with the accompanying notes.

**Statement of Capital Works  
For the Year Ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
<b>Property</b>			
Land		232	630
Buildings		9,289	3,654
<b>Total property</b>		<u>9,521</u>	<u>4,284</u>
<b>Plant and equipment</b>			
Plant and equipment		490	854
Furniture and fittings		35	58
Information technology		63	23
Artworks		40	-
Library books		742	1,714
<b>Total plant and equipment</b>		<u>1,370</u>	<u>2,649</u>
<b>Infrastructure</b>			
Roads		14,086	13,225
Drainage		3,609	2,872
Bridges		609	-
Footpaths and cycleways		4,796	-
Recreational, leisure and community facilities		3,162	-
Parks, open space and streetscapes		8,332	-
Marine Structures		325	-
Other infrastructure *		658	6,519
<b>Total infrastructure</b>		<u>35,578</u>	<u>22,616</u>
<b>Total capital works expenditure</b>		<u>46,469</u>	<u>29,549</u>
<b>Represented by:</b>			
New asset expenditure		7,866	4,927
Asset renewal expenditure		24,495	15,315
Asset expansion expenditure		1,760	658
Asset upgrade expenditure		12,348	8,649
<b>Total capital works expenditure</b>		<u>46,469</u>	<u>29,549</u>

\* Other infrastructure for FY17 has been allocated between "Bridges, Footpaths, Recreational, Parks, and Marine to provide additional detail. This allocation is not available for previous period due to system limitations.

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

---

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Introduction**

The Mornington Peninsula Shire was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate.  
The Council's main office is located at 90 Besgrove Street, Rosebud.

**Statement of compliance**

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

**Note 1 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 1 (k) )
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 1 (l) )
- the determination of employee provisions (refer to Note 1 (r) )
- landfill rehabilitation provision (refer to Note 1(s) )

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.

In addition, the following comparative figures have been adjusted from the prior year audited financial statements with detailed explanation of the adjustments and their amounts disclosed in Note 39:

- property, infrastructure, plant and equipment – correction of prior period misstatement

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

**(b) Changes in accounting policies**

There have been no changes in accounting policies from the previous period.

**(c) Committees of management**

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

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 1 Significant accounting policies (cont.)**

**(d) Revenue recognition**

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

*Rates and Charges*

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.

*Statutory fees and fines*

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

*User fees*

User fees are recognised as revenue when the service has been provided or the payment is received, whichever first occurs.

*Grants*

Grant income is recognised when Council obtains control of the contribution. This is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 6. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

*Contributions*

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

*Sale of property, infrastructure, plant and equipment*

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

*Interest*

Interest is recognised as it is earned.

*Dividends*

Dividend revenue is recognised when the Council's right to receive payment is established.

*Other Income*

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 Report  
For the Year Ended 30 June 2017**

**Note 1 Significant accounting policies (cont.)**

**(e) Fair value measurement**

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. AASB 13 Fair value measurement, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

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

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

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

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

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

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

**(f) Cash and cash equivalents**

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.

**(g) Trade and other receivables**

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

**(h) Other financial assets**

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

Shares are valued at cost. Council's holdings in shares are with Procurement Australia (MAPS Group Ltd) and Rye and District Community Financial Services Ltd.

**(i) Inventories**

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

All other inventories are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(j) Non-current assets classified as held for sale**

A non-current asset classified as held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

---

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 1 Significant accounting policies (cont.)**

**(k) Recognition and measurement of property, infrastructure, plant and equipment and intangibles**

*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 detailed in Note 1 (l) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 21 Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land and buildings every 2 (two) years, and infrastructure assets every 3 (three) years. The valuation is performed by experienced council officers.

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.

*Land under roads*

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

In July 2011, the Department of Transport, Planning and Local Infrastructure (former Department of Planning and Community Development (DPCD)) issued guidance circular LGV circular 15/11 regarding the recognition and measurement of land under roads. It recommended that Council should recognise all land under roads it controls at fair value. In December 2014 an extended transitional period was proposed and the Department expects councils to be compliant by the 2017/18 financial year.

**(l) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles**

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

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

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

Straight line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

Notes to the Financial Report  
For the Year Ended 30 June 2017

Note 1 Significant accounting policies (cont.)

(l) Depreciation and amortisation of property, infrastructure plant and equipment and intangibles (cont'd)

<i>Asset recognition thresholds and depreciation periods</i>	<b>Depreciation Period</b>	<b>Threshold Limit \$'000</b>
<b>Property</b>		
Land	-	1
Land under roads	-	1
<b>Buildings</b>		
Buildings	10-200 years	5
<b>Plant and Equipment</b>		
Plant and equipment	3-10 years	2
Furniture and fittings	3-10 years	2
Information technology	3-15 years	1
Artworks	-	1
Library books	3-5 years	1
<b>Infrastructure</b>		
Road substructure	21-230 years	15
Road formation and earthworks	-	15
Road kerb, channel and minor culverts	29-100 years	15
Drainage	10-100 years	15
Bridges deck	50-80 years	15
Bridges substructure	50-80 years	15
Bridges other major culverts	100 years	15
Footpaths and cycleways	10-93 years	15
Recreational, leisure and community facilities	2-70 years	15
Parks, open space and streetscapes	4-116 years	15
Marine structures	30-38 years	15
Other infrastructure	3-100 years	15
<b>Intangible assets</b>		
Intangible assets	3-15 years	1

(m) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. 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.

(n) Investment property

Investment property is held for strategic purposes and as it may generate rental income, is classified as investment property as per AASB 140. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by Council's qualified valuer. Changes to fair value are recorded in the comprehensive income statement in the period that they arise. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

(o) Impairment of assets

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

Notes to the Financial Report  
For the Year Ended 30 June 2017

**Note 1 Significant accounting policies (cont.)**

**(p) Trust funds and deposits**

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 (refer to Note 25).

**(q) Borrowings**

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

*Borrowing costs*

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

**(r) Employee costs and benefits**

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

*Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values. Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

*Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Current liability - unconditional LSL is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months. The current liability comprises LSL entitlement for employees with seven or more years of continuous service.

The components of this current liability are measured at :

- present value - component that is not expected to be wholly settled within 12 months.
- nominal value - component that is expected to be wholly settled within 12 months.

*Termination Benefits*

Termination benefits are payable when employment is terminated or when an employee accepts voluntary redundancy in exchange for these benefits. The Mornington Peninsula Shire recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

*Classification of employee costs*

Non-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. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value.

**(s) Landfill rehabilitation provision**

Council is obligated to restore Rye landfill site to a particular rehabilitated state. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken (capping of the active cell and 30 years of subsequent monitoring and maintenance). Accordingly the estimate of the provision required is dependent on the accuracy of the forecast, timing of work required and related costs. During 2016/17, Council has commissioned an independent review to assess the adequacy of the landfill provision and the costs of work required to reinstate the site. Provision calculations are in line with AASB 137 (Provisions, Contingent Liabilities and Contingent Assets) and LGV guidance FG 2-2017.

Notes to the Financial Report  
For the Year Ended 30 June 2017

**Note 1 Significant accounting policies (cont.)**

**(t) Leases**

*Operating leases*

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

**(u) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(v) Financial guarantees**

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 34 contingent liabilities and contingent assets.

**(w) Contingent assets and contingent liabilities and commitments**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of note and presented inclusive of the GST payable.

**(x) Pending accounting standards**

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

*Revenue from contracts with customers (AASB 15) (applies 2019/20)*

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 *Leases (AASB 16) (applies 2019/20)*

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change.

Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

**(y) Rounding**

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars. Figures in the financial statement may not equate due to rounding.

Notes to the Financial Report  
For the Year Ended 30 June 2017

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of ten percent or \$1M where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 20 June 2016. 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*.

(a) Income and Expenditure

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Variance 2017 %	Ref
<b>Income</b>					
Rates and charges	155,549	156,686	1,137	0%	1
Statutory fees and fines	4,806	6,346	1,540	32%	2
User fees	21,943	22,817	874	3%	
Grants - operating	19,135	24,087	4,952	25%	3
Grants - capital	3,960	5,994	2,034	51%	4
Contributions - monetary	2,525	5,093	2,568	101%	5
Contributions - non monetary	3,000	3,751	751	25%	6
Fair value adjustments for investment property	-	533	533	100%	7
Other income	3,395	4,261	866	25%	8
<b>Total income</b>	<b>214,313</b>	<b>229,568</b>	<b>15,255</b>	<b>7%</b>	
<b>Expenses</b>					
Employee costs	70,094	70,744	(650)	0%	
Materials and services	93,292	93,002	290	0%	
Depreciation and amortisation	27,556	28,602	(1,046)	-3%	9
Borrowing costs	1,452	1,306	146	10%	
Other expenses	5,721	5,005	716	12%	10
Net loss on disposal of property, infrastructure, plant and equipment	-	8,153	(8,153)	100%	11
<b>Total expenses</b>	<b>198,115</b>	<b>206,812</b>	<b>(8,697)</b>	<b>-4%</b>	
<b>Surplus/(deficit) for the year</b>	<b>16,198</b>	<b>22,756</b>	<b>6,558</b>	<b>40%</b>	

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 2 Budget comparison (cont'd)**

**(i) Explanation of material variations**

<b>Ref</b>	<b>Item</b>	<b>Variance Fav / Unfav</b>	<b>Explanation</b>
1	Rates & Charges	Fav	Additional revenue from supplementary/additional rates (from subdivisions, building improvements and new dwellings) higher than budget, and higher than budgeted revenue from "Opt-in Green Waste" service.
2	Statutory fees and fines	Fav	Statutory fees and fines are higher than budget mainly due to increased level of development activity which has resulted in additional revenue from planning applications and building permits coupled with a State Government statutory fee increase part way through the 2016/17 financial year.
3	Grants - Operating	Fav	Grants - Operating higher than budget mainly due to decision by the Commonwealth Government to bring forward 50% of the Financial Assistance Grant for the 2017/18 financial year, with payment received in 2016/17 (timing difference).
4	Grants - Capital	Fav	Grants higher than budget attributed to additional grants linked to various projects including Emil Madsen Reserve, Blackspot program and Preschool upgrade.
5	Contributions - Monetary	Fav	Higher than forecast building/development activity across the Shire resulted in receipt of financial contributions ahead of budget (this amount is also budgeted conservatively). Also received unbudgeted contributions including Emil Madsen Reserve and Mt Eliza Village Flood mitigation works.
6	Contributions - Non Monetary	Fav	Contributions - Non-monetary is greater than budget mainly due to a new reserve (Duells Road, Rosebud) vested to Council, increasing land contributions.
7	Fair value adjustments for investment property	Fav	Investment property (land and buildings) increased in fair value over the last 12 months.
8	Other income	Fav	Other income higher than budget attributed to interest earned from funds allocated to projects that have been carried forward (i.e. not completed in 2016/17), and a stronger than budgeted opening cash position.
9	Depreciation and amortisation	Unfav	Depreciation higher than expected due to creation/acquisition of more infrastructure assets than projected.
10	Other expenses	Fav	Actual expenditure on staff training, outplacement services, staff conferences/seminars and uniforms was below budget.
11	Net loss on disposal	Unfav	A number of existing assets (mainly infrastructure assets) were disposed/replaced as part of Council's Capital Works Program.

Notes to the Financial Report  
For the Year Ended 30 June 2017

Note 2 Budget comparison (cont'd)

(b) Capital Works

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Variance 2017 %	Ref
<b>Property</b>					
Land	125	232	107	85%	1
<b>Total Land</b>	<b>125</b>	<b>232</b>	<b>107</b>	<b>85%</b>	
Buildings	8,261	9,289	1,028	12%	2
<b>Total Buildings</b>	<b>8,261</b>	<b>9,289</b>	<b>1,028</b>	<b>12%</b>	
<b>Total Property</b>	<b>8,386</b>	<b>9,521</b>	<b>1,135</b>	<b>13%</b>	
<b>Plant and Equipment</b>					
Artworks	45	40	(5)	-10%	3
Plant, machinery and equipment	137	490	353	257%	4
Fixtures, fittings and furniture	50	35	(15)	-30%	5
Computers and telecommunications	-	63	63	0%	6
Library books	1,100	742	(358)	-32%	7
<b>Total Plant and Equipment</b>	<b>1,332</b>	<b>1,370</b>	<b>38</b>	<b>2%</b>	
<b>Infrastructure</b>					
Roads	10,231	14,086	3,855	37%	8
Bridges	40	609	569	1422%	9
Footpaths and cycleways	3,460	4,796	1,336	38%	10
Drainage	3,585	3,609	24	0%	
Recreational, leisure and community facilities	1,582	3,162	1,580	99%	11
Parks, open space and streetscapes	3,444	8,332	4,888	141%	12
Marine Structures	779	325	(454)	-58%	13
Other infrastructure	25	658	633	2532%	14
<b>Total Infrastructure</b>	<b>23,146</b>	<b>35,577</b>	<b>12,431</b>	<b>53%</b>	
<b>Total Capital Works Expenditure</b>	<b>32,864</b>	<b>46,469</b>	<b>13,605</b>	<b>41%</b>	
<b>Represented by:</b>					
New asset expenditure	6,797	7,866	1,069	15%	
Asset renewal expenditure	17,990	24,495	6,505	36%	
Asset expansion expenditure	-	1,760	1,760	0%	
Asset upgrade expenditure	8,077	12,348	4,271	52%	
<b>Total Capital Works Expenditure</b>	<b>32,864</b>	<b>46,469</b>	<b>13,605</b>	<b>41%</b>	

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 2 Budget comparison (cont'd)  
(b) Capital Works (cont'd)**

**(i) Explanation of material variations**

Ref	Item	Variance Fav / Unfav	Explanation
1	Land	Unfav	Land acquisition expenses attributed to 2015/16 carry forward projects and minor land purchase (Victoria Avenue, Bittern).
2	Buildings	Unfav	Additional projects carried forward from 2015/16 have been completed in 2016/17 including construction of the Community Animal Shelter.
3	Artworks	Fav	While budget is put forward at the start of the year as an estimate, purchases are made in line with the exhibition program.
4	Plant, machinery and equipment	Unfav	Additional expenditure attributed to carry forward items from 2015/16, including purchase of a bus for Aged & Disability Unit.
5	Fixtures, fittings and furniture	Fav	While budget is put forward at the start of the year as an estimate, all required expenditure was made.
6	Computers and telecommunications	Unfav	Additional hardware requirements for new & existing employees.
7	Library books	Fav	Annual subscriptions (e-books) were re-classified during 2016/17 from capital expenditure to an operating expense. The level of spend on library books has remained consistent however the cost of getting books on the shelves has reduced due to the efficiencies of the Radio-frequency identification (RFID) system.
8	Roads	Unfav	Additional expenditure (as part of carry forward projects from 2015/16) on the Black Spot Road Safety Program and Roads to Recovery Program.
9	Bridges	Unfav	Additional expenditure (as part of carry forward projects from 2015/16) on the Roads to Recovery Program including construction of a bridge on Shands Road, Main Ridge.
10	Footpaths and cycleways	Unfav	Additional expenditure (as part of carry forward projects from 2015/16) on footpath construction and upgrades including additional expenditure on the boardwalk and footpath renewal programs and Coppin St, Sorrento footpath.
11	Recreational, leisure and community facilities	Unfav	Additional expenditure (as part of carry forward projects from 2015/16) including construction of Crib Point Football / Netball Club.
12	Parks, open space and streetscapes	Unfav	Additional expenditure (as part of carry forward projects from 2015/16) on streetscape works including Rosebud Jetty landscape master plan and Jetty Road and Hastings activity structure plan.
13	Marine structures	Fav	Actual expenditure below budgeted amount as Rye boat ramp renewal and upgrade was not completed in 2016/17, which will now be completed in the 2017/18 financial year.
14	Other infrastructure	Unfav	Creation of minor assets during the year, such as, signage, fencing and furniture.

**Notes to the Financial Report**  
**For the Year Ended 30 June 2017**

**2017**  
**\$'000**

**2016**  
**\$'000**

**Note 3 Rates and charges**

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

The valuation base used to calculate general rates for 2016/17 was \$64.354 billion (2015/16 \$58.556\* billion).

General Rates - Residential	120,936	117,329
General Rates - Commercial	6,416	5,943
General Rates - Industrial	2,060	1,817
General Rates - Agricultural rate	1,838	2,003
Waste service charge	19,204	17,663
Culture and recreational	151	151
Special rates and charges**	-	(337)
Service rates and charges (opt-in green waste)	3,745	3,242
Supplementary rates and rate adjustments	1,496	1,444
Revenue in lieu of rates	840	840
<b>Total rates and charges</b>	<b>156,686</b>	<b>150,095</b>

\* Amendment to prior year valuation base as stated at \$58.931 billion

\*\* During 2015/16 refunds were given to special charge schemes that had been previously over estimated.

The date of the latest general revaluation of land for rating purposes within the municipal district was 1st January 2016, and the valuation was applied in the rating year commencing 1st July 2016.

**Note 4 Statutory fees and fines**

Infringements and costs	1,306	1,411
Court recoveries	197	212
Town planning fees	2,434	1,320
Land information certificates	238	191
Permits	1,915	1,764
Other fees and charges	255	253
<b>Total statutory fees and fines</b>	<b>6,346</b>	<b>5,151</b>

**Note 5 User fees**

Aged and health services	1,837	1,711
Animal shelter fees	99	93
Art gallery fees	164	203
Building services	450	352
Child, youth and family care services	516	493
Employee reimbursement (motor vehicle staff contribution)	923	1,079
Events & festivals fees	78	70
Foreshore camping fees	2,770	2,651
Grounds and pavilions	108	183
Halls and community centres	669	455
Legal reimbursement	372	139
Leisure centre and recreation	3,183	3,291
Library fees and fines	131	128
Nursery and homestead	164	173
Parking and boat ramp	643	714
Planning fees	440	257
Registration and other permits	1,512	1,483
Tourism fees	43	353
Valuations and property	933	1,031
Waste management services	7,110	7,419
Other fees and charges	672	331
<b>Total user fees</b>	<b>22,817</b>	<b>22,609</b>

**Mornington Peninsula Shire**  
**2016/2017 Financial Report**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 6 Grants</b>		
Grants were received in respect of the following :		
<b>Summary of grants</b>		
Commonwealth funded grants	19,615	9,902
State funded grants	10,465	19,545
<b>Total grants received</b>	<b>30,080</b>	<b>29,447</b>
<b>Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Victoria Grants Commission	9,260	3,168
Family day care	801	751
Family and children	153	117
Aged Care	6,232	-
Indigenous Programs	83	-
<b>Recurrent - State Government</b>		
Aged care	2,568	8,321
School crossing supervisors	271	263
Libraries	956	940
Maternal and child health	1,372	1,195
Community safety	160	167
Family and Children	584	634
Indigenous Programs	88	167
Natural Disaster	164	-
Other	366	358
<b>Total recurrent operating grants</b>	<b>23,058</b>	<b>16,081</b>
<b>Non-recurrent - Commonwealth</b>		
Indigenous Programs	5	-
	<b>5</b>	<b>-</b>
<b>Non-recurrent - State Government</b>		
Aged Care	115	80
Tourism	-	275
Indigenous Programs	241	170
Environmental planning	427	453
Community safety	150	195
Footpaths and Cycleways	-	50
Boatramps and Piers	-	93
Family and children	67	220
Other	24	37
<b>Total non-recurrent operating grants</b>	<b>1,024</b>	<b>1,573</b>
<b>Total operating grants</b>	<b>24,087</b>	<b>17,654</b>
<b>Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	2,648	3,276
Roads and intersections	586	2,590
<b>Total recurrent capital grants</b>	<b>3,234</b>	<b>5,866</b>
<b>Non-recurrent - Commonwealth Government</b>		
Community Safety	395	-
Other	39	-
<b>Non-recurrent - State Government</b>		
Community Safety	30	177
Libraries	20	20
Recreation	1,804	44
Roads and Intersections	8	29
Boatramps and Piers	-	1,634
Streetscape Works	50	3,353
Buildings	384	670
Other	30	-
<b>Total non-recurrent capital grants</b>	<b>2,760</b>	<b>5,927</b>
<b>Total capital grants</b>	<b>5,994</b>	<b>11,793</b>
<b>Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	9,410	3,542
Received during the financial year and remained unspent at balance date	3,569	7,960
Received in prior years and spent during the financial year	(8,301)	(2,092)
Balance at year end	<b>4,678</b>	<b>9,410</b>

**Mornington Peninsula Shire**  
**2016/2017 Financial Report**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 7 Contributions</b>		
Monetary	5,093	4,132
Non-monetary	<u>3,751</u>	<u>3,788</u>
<b>Total contributions</b>	<b><u>8,844</u></b>	<b><u>7,920</u></b>
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Land	1,327	44
Buildings	-	50
Roads	884	1,261
Drainage	1,344	1,541
Land under roads	48	66
Other infrastructure	148	826
<b>Total non-monetary contributions</b>	<b><u>3,751</u></b>	<b><u>3,788</u></b>
<b>Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>		
Proceeds of sale	1,847	347
Written down value of assets disposed	<u>(10,000)</u>	<u>(10,631)</u>
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b><u>(8,153)</u></b>	<b><u>(10,284)</u></b>
<b>Note 9 Other income</b>		
Interest	1,880	1,755
Investment property rental	1,955	1,710
Other rent	426	411
<b>Total other income</b>	<b><u>4,261</u></b>	<b><u>3,876</u></b>
<b>Note 10 (a) Employee costs</b>		
Wages and salaries	50,779	47,756
WorkCover	982	1,363
Casual staff	4,980	4,567
Superannuation	5,681	5,478
Fringe benefits tax	891	892
Redundancies	1,104	3,331
Annual leave and long service leave	6,327	5,488
<b>Total employee costs</b>	<b><u>70,744</u></b>	<b><u>68,875</u></b>
<b>Note 10 (b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	<u>243</u>	<u>316</u>
	<b>243</b>	<b>316</b>
Employer contributions payable at reporting date.	-	-
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,728	3,835
Employer contributions - other funds	<u>1,711</u>	<u>1,327</u>
	<b>5,438</b>	<b>5,162</b>
Employer contributions payable at reporting date.	125	97

Council account for its obligations under the defined benefit fund as if it was a defined contribution plan. The reason for this is that the fund manager, Vision Super, is unable to provide accurate information to each employer in a timely manner. Additional information about Council's exposure in relation to the defined benefit fund is detailed at Note 33.

**Mornington Peninsula Shire**  
**2016/2017 Financial Report**

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 11 Materials and services</b>		
Contract payments	22,773	22,088
Rye landfill rehabilitation provision	2,586	200
Building maintenance	8,082	8,421
General maintenance	33,737	33,940
Utilities	3,566	3,796
Parking and travel	1,068	1,118
Operating leases	1,508	1,728
Information technology	4,290	3,315
Insurance	1,257	1,003
Legal	1,536	1,314
Consultants	3,336	3,019
Priority Projects *	4,553	2,816
Other	4,710	4,951
<b>Total materials and services</b>	<b>93,002</b>	<b>87,709</b>

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

**Note 12 Depreciation and amortisation**

Property	4,796	4,652
Plant and equipment	1,913	1,630
Infrastructure	21,767	19,763
<b>Total depreciation</b>	<b>28,476</b>	<b>26,045</b>
Intangible assets	126	121
<b>Total depreciation and amortisation</b>	<b>28,602</b>	<b>26,166</b>

Refer to note 21 and 23 for a more detailed breakdown of depreciation and amortisation charges

**Note 13 Borrowing costs**

Interest - Borrowings	1,306	1,649
<b>Total borrowing costs</b>	<b>1,306</b>	<b>1,649</b>

**Note 14 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	89	96
Auditors' remuneration - Internal	176	178
Councillors' allowances	379	408
Conferences and seminars	69	101
Community grants, contributions and subsidies paid	1,920	1,808
Family day care fee relief paid (offset by income)	752	757
Indirect recruitment costs (recruitment, staff training and uniforms)	594	581
Insurance excess and small claims	127	156
Property rental expenses	303	339
Other	596	686
<b>Total other expenses</b>	<b>5,005</b>	<b>5,110</b>

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>Note 15 Cash and cash equivalents</b>		
Cash on hand	17	18
Cash at bank	1,557	2,637
Term deposits (less than 90 days)	476	37,500
	<u>2,050</u>	<u>40,155</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 25)	3,922	3,755
- Other Reserve funds (Note 28 (b) )	1,160	885
<b>Total restricted funds</b>	<u>5,082</u>	<u>4,640</u>
<b>Total unrestricted cash and cash equivalents (excluding term deposits over 90 days (Note 16) )</b>	<u>(3,032)</u>	<u>35,515</u>
<b>Note 16 Other financial assets</b>		
<b>Current</b>		
Term deposits (over 90 days)	58,600	13,575
<b>Total current other financial assets</b>	<u>58,600</u>	<u>13,575</u>
<b>Non-current</b>		
Shares	8	8
<b>Total non-current other financial assets</b>	<u>8</u>	<u>8</u>
<b>Total other financial assets</b>	<u>58,608</u>	<u>13,583</u>
Shares are held in Procurement Australia (MAPS Group Ltd) and Rye and District Community Financial Services Ltd.		
<b>Note 17 Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	4,662	4,846
Rates pensioner rebate	-	983
Special rate assessment	368	-
Infringement debtors	1,123	1,058
Provision for doubtful debts - infringements	(880)	(835)
Grants - Government and Statutory Bodies	753	279
<i>Non statutory receivables</i>		
Net GST receivable	3,167	1,983
Other debtors	3,124	5,135
<b>Total current trade and other receivables</b>	<u>12,317</u>	<u>13,449</u>
<b>Non-current</b>		
Special rate scheme	646	1,187
<b>Total non-current trade and other receivables</b>	<u>646</u>	<u>1,187</u>
<b>Total trade and other receivables</b>	<u>12,963</u>	<u>14,636</u>
<b>(a) Ageing of Receivables</b>		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	1,724	3,340
Past due by up to 30 days	778	584
Past due between 31 and 60 days	68	324
Past due by more than 61 days	554	887
<b>Total trade &amp; other receivables</b>	<u>3,124</u>	<u>5,135</u>
<b>(b) Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	835	768
New Provisions recognised during the year	45	67
<b>Balance at end of year</b>	<u>880</u>	<u>835</u>

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Note 17 Trade and other receivables (cont'd)</b>		
<b>(c) Ageing of individually impaired Receivables</b>		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 60 days	-	-
Past due by more than 61 days	880	835
<b>Total trade &amp; other receivables</b>	<b>880</b>	<b>835</b>
<b>Note 18 Inventories</b>		
Inventories held for sale	149	138
<b>Total inventories</b>	<b>149</b>	<b>138</b>
<b>Note 19 Non current assets classified as held for sale</b>		
Land	223	2,195
<b>Total non current assets classified as held for sale</b>	<b>223</b>	<b>2,195</b>
<b>Note 20 Other assets</b>		
Prepayments	1,028	728
Accrued income	1,324	1,589
<b>Total other assets</b>	<b>2,352</b>	<b>2,317</b>

**Note 21 Property, infrastructure, plant and equipment**

Summary of property, infrastructure, plant and equipment

	At Net Fair Value 30 June 2016 \$'000	Acquisitions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	At Net Fair Value 30 June 2017 \$'000
Land	826,718	-	1,374	104,585	-	(2,182)	1,622	932,118
Buildings	131,991	5,757	-	4,816	(4,797)	(539)	1,729	138,957
Plant and Equipment	6,819	-	13	-	(1,913)	(16)	1,509	6,412
Infrastructure	1,060,458	-	2,363	39,067	(21,766)	(7,216)	20,181	1,093,086
Work in progress	13,953	-	-	-	-	-	18,493	32,447
	<u>2,039,939</u>	<u>5,757</u>	<u>3,751</u>	<u>148,468</u>	<u>(28,476)</u>	<u>(9,952)</u>	<u>43,534</u>	<u>2,203,020</u>

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Closing WIP \$'000
Buildings	2,505	10,480	(5,700)	7,285
Plant and Equipment	984	1,249	(2,096)	137
Infrastructure	10,464	34,738	(20,178)	25,024
Total	<u>13,953</u>	<u>46,467</u>	<u>(27,974)</u>	<u>32,447</u>

Note 21 Property, infrastructure, plant and equipment (cont'd)

Land and Buildings	Note	Land - specialised	Land - non specialised	Land Under Roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016		822,495	3,015	1,208	826,718	286,308	417	286,726	2,505	1,115,949
Accumulated depreciation at 1 July 2016		-	-	-	-	(154,410)	(325)	(154,735)	-	(154,735)
<b>At net fair value 1 July 2016</b>		<b>822,495</b>	<b>3,015</b>	<b>1,208</b>	<b>826,718</b>	<b>131,899</b>	<b>92</b>	<b>131,991</b>	<b>2,505</b>	<b>961,214</b>
<b>Movements in fair value</b>										
Acquisition of assets at fair value		-	-	-	-	5,757	-	5,757	-	5,757
Contributed assets		1,327	-	47	1,374	-	-	-	-	1,374
Revaluation increments/decrements		104,235	351	-	104,585	4,814	2	4,816	-	109,401
Fair value of assets disposed		(2,182)	-	-	(2,182)	(1,199)	-	(1,199)	-	(3,381)
Transfer from investment property		810	-	-	810	-	-	-	-	810
Transfers		1,022	(210)	-	812	3,047	-	3,047	4,780	8,639
		105,213	141	47	105,400	12,418	2	12,420	4,780	122,601
<b>Movements in accumulated depreciation</b>										
Depreciation and amortisation		-	-	-	-	(4,789)	(8)	(4,797)	-	(4,797)
Accumulated depreciation of disposals		-	-	-	-	660	-	660	-	660
Transfers		-	-	-	-	(1,318)	-	(1,318)	-	(1,318)
		-	-	-	-	(5,446)	(8)	(5,454)	-	(5,454)
At fair value 30 June 2017		927,708	3,155	1,255	932,118	298,727	420	299,146	7,285	1,238,550
Accumulated depreciation at 30 June 2017		-	-	-	-	(159,856)	(333)	(160,189)	-	(160,189)
<b>At net fair value 30 June 2017</b>		<b>927,708</b>	<b>3,155</b>	<b>1,255</b>	<b>932,118</b>	<b>138,871</b>	<b>86</b>	<b>138,957</b>	<b>7,285</b>	<b>1,078,360</b>

Note 21 Property, infrastructure, plant and equipment (cont'd)

Plant and Equipment	Note	Plant and equipment	Fixtures fittings and furniture	Computers and telecommunications	Artworks	Library books	Work in progress	Total plant and equipment
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016		6,457	3,048	921	2,518	6,760	984	20,688
Accumulated depreciation at 1 July 2016		(5,328)	(2,613)	(871)	-	(4,072)	-	(12,885)
<b>At net fair value 1 July 2016</b>		<b>1,129</b>	<b>435</b>	<b>50</b>	<b>2,518</b>	<b>2,688</b>	<b>984</b>	<b>7,803</b>
<b>Movements in fair value</b>								
Contributed assets		13	-	-	-	-	-	13
Fair value of assets disposed		(72)	(45)	-	-	(1,432)	-	(1,550)
Transfers		603	136	19	40	711	(847)	662
		544	91	19	40	(722)	(847)	(875)
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation		(322)	(365)	(26)	-	(1,200)	-	(1,913)
Accumulated depreciation of disposals		56	45	-	-	1,432	-	1,534
		(265)	(320)	(26)	-	232	-	(379)
At fair value 30 June 2017		7,001	3,139	940	2,558	6,038	137	19,813
Accumulated depreciation at 30 June 2017		(5,593)	(2,933)	(897)	-	(3,840)	-	(13,264)
<b>At net fair value 30 June 2017</b>		<b>1,408</b>	<b>205</b>	<b>43</b>	<b>2,558</b>	<b>2,198</b>	<b>137</b>	<b>6,549</b>

Note 21 Property, infrastructure, plant and equipment (cont'd)

Infrastructure	Note	Roads	Drainage	Bridges	Footpath & Cycleways	Recreational, Leisure and Community Facilities	Parks, Open Space and Streetscapes	Marine Structures	Other Infrastructure	Work In Progress	Total Infrastructure
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2016		797,270	525,585	1,397	96,046	20,836	75,792	4,417	18,909	10,464	1,550,715
Accumulated depreciation at 1 July 2016		(211,388)	(157,813)	(753)	(45,006)	(14,038)	(39,086)	(2,341)	(9,368)	-	(479,793)
<b>At net fair value 1 July 2016</b>		<b>585,882</b>	<b>367,772</b>	<b>644</b>	<b>51,040</b>	<b>6,798</b>	<b>36,706</b>	<b>2,076</b>	<b>9,540</b>	<b>10,464</b>	<b>1,070,922</b>
<b>Movements in fair value</b>											
Contributed assets		747	1,344	-	163	61	49	-	-	-	2,363
Revaluation increments/decrements		40,016	31,406	377	750	3,049	2,324	65	(4,863)	-	73,124
Fair value of assets disposed		(8,508)	(2,347)	(217)	(534)	(639)	(6,181)	-	(65)	-	(18,490)
Transfers		4,303	2,509	-	638	(2)	9,773	-	2,955	14,560	34,737
		36,558	32,912	159	1,017	2,469	5,966	65	(1,973)	14,560	91,733
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation		(8,546)	(5,579)	(17)	(2,086)	(1,269)	(3,176)	(81)	(1,013)	-	(21,766)
Accumulated depreciation of disposals		6,225	996	211	392	544	2,893	-	13	-	11,274
Revaluation increments/decrements		(24,872)	(9,907)	(6)	213	755	(695)	(27)	480	-	(34,058)
Transfers		4,360	-	-	(204)	-	(4,405)	-	254	-	5
		(22,833)	(14,490)	188	(1,685)	30	(5,383)	(108)	(266)	-	(44,545)
At fair value 30 June 2017		833,828	558,498	1,556	97,064	23,304	81,757	4,482	16,935	25,024	1,642,448
Accumulated depreciation at 30 June 2017		(234,221)	(172,303)	(565)	(46,691)	(14,007)	(44,468)	(2,450)	(9,634)	-	(524,339)
<b>At net fair value 30 June 2017</b>		<b>599,607</b>	<b>386,195</b>	<b>991</b>	<b>50,373</b>	<b>9,297</b>	<b>37,289</b>	<b>2,032</b>	<b>7,301</b>	<b>25,024</b>	<b>1,118,110</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 21 Property, infrastructure, plant and equipment cont'd**

*Valuation of land and buildings*

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

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

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

Refer to Note 1 (e) for explanation of asset classifications level 1, level 2, and level 3.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Total
Land - Specialised	-	-	927,708	<b>927,708</b>
Land - Non-specified	-	3,155	-	<b>3,155</b>
Buildings - Specified	-	-	138,656	<b>138,656</b>
Building - Non-specified	-	86	-	<b>86</b>
Land Under Roads	-	-	1,255	<b>1,255</b>
<b>Total</b>	-	<b>3,241</b>	<b>1,067,619</b>	<b>1,070,860</b>

*Valuation of infrastructure*

Valuation of infrastructure assets has been performed by Council's Asset Management Team.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

	Level 1	Level 2	Level 3	Total
Roads	-	-	599,607	<b>599,607</b>
Bridges	-	-	991	<b>991</b>
Footpaths and cycleways	-	-	50,373	<b>50,373</b>
Drainage	-	-	386,195	<b>386,195</b>
Recreational, leisure and community facilities	-	-	9,297	<b>9,297</b>
Waste management	-	-	-	-
Parks, open space and streetscapes	-	-	37,289	<b>37,289</b>
Marine	-	-	2,032	<b>2,032</b>
Other infrastructure	-	-	7,301	<b>7,301</b>
<b>Total</b>	-	-	<b>1,093,085</b>	<b>1,093,085</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 21 Property, infrastructure, plant and equipment cont'd**

*Description of significant unobservable inputs into level 3 valuations*

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$3.74 and \$5,340 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 \$148 to \$6,365 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 10 years to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 3 years to 230 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of specialised land</b>		
Land under roads	1,255	1,207
Parks and reserves	927,708	822,495
<b>Total specialised land</b>	<b>928,963</b>	<b>823,702</b>

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
<b>Note 22 Investment property</b>		
Balance at beginning of financial year	9,360	-
Transfer to Land & building	(1,379)	
Fair value adjustments	533	-
Transfer from Property, plant and equipment	-	9,360
Balance at end of financial year	<u>8,514</u>	<u>9,360</u>
<i>Valuation of investment property</i>		
Valuation of investment property has been determined in accordance with our qualified Council valuer Lauren Ashley AAPI, who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.		
<b>Note 23 Intangible assets</b>		
Software	1,445	1,150
<b>Total intangible assets</b>	<u>1,445</u>	<u>1,150</u>
<b>Gross carrying amount</b>		
Balance at the beginning of the year	4,125	4,125
Additions	419	-
<b>Balance at the end of the financial year</b>	<u>4,544</u>	<u>4,125</u>
<b>Accumulated amortisation and impairment</b>		
Balance at the beginning of the year	2,975	2,853
Amortisation expense	126	122
<b>Balance at the end of the financial year</b>	<u>3,101</u>	<u>2,975</u>
<b>Net book value at the end of the financial year</b>	<u>1,445</u>	<u>1,150</u>
<b>Note 24 Trade and other payables</b>		
Trade payables	8,398	10,370
Accrued expenses	6,035	4,828
Prepaid Income	-	204
<b>Total trade and other payables</b>	<u>14,433</u>	<u>15,402</u>

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>Note 25 Trust funds and deposits</b>		
Fire services levy	348	450
Bank guarantees	261	261
Refundable deposits	529	755
General	131	121
Hillview Quarries Restoration Fund	477	477
Rate recoveries	435	435
Subdivision maintenance deposits	1,372	883
Retention amounts	370	373
<b>Total trust funds and deposits</b>	<b>3,923</b>	<b>3,755</b>

*Purpose and nature of items*

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

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

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

**Note 26 Provisions**

	Employee \$ '000	Landfill restoration \$ '000	Native vegetation management \$ '000	Total \$ '000
<b>2017</b>				
Balance at beginning of the financial year	12,834	1,885	696	15,415
Additional provisions	6,559	2,586	362	9,507
Amounts used	(6,371)	-	(102)	(6,473)
<b>Balance at the end of the financial year</b>	<b>13,022</b>	<b>4,471</b>	<b>956</b>	<b>18,449</b>
<b>2016</b>				
Balance at beginning of the financial year	13,893	1,685	800	16,378
Additional provisions	5,599	200	-	5,799
Amounts used	(6,658)	-	(104)	(6,762)
<b>Balance at the end of the financial year</b>	<b>12,834</b>	<b>1,885</b>	<b>696</b>	<b>15,415</b>

**(a) Employee provisions**

**Current provisions expected to be wholly settled within 12 months**

Annual leave	3,633	3,270
Long service leave	3,803	4,239
Redundancies	92	115
	<b>7,528</b>	<b>7,624</b>

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

Annual leave	624	572
Long service leave	3,346	3,126
	<b>3,970</b>	<b>3,698</b>
Total current employee provisions	<b>11,498</b>	<b>11,322</b>

**Non-current**

Long service leave	1,524	1,512
Annual leave	-	-
Total non-current employee provisions	<b>1,524</b>	<b>1,512</b>
Aggregate carrying amount of employee provisions:		
Current	11,498	11,322
Non-current	1,524	1,512
Total aggregate carrying amount of employee provisions	<b>13,022</b>	<b>12,834</b>

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
<b>Note 26 Provisions (cont'd)</b>		
<b>(b) Land fill restoration</b>		
Non-current	4,471	1,885
	<u>4,471</u>	<u>1,885</u>
<b>(c) Native vegetation management</b>		
Current	809	142
Non-current	147	554
	<u>956</u>	<u>696</u>
<b>Note 27 Interest-bearing loans and borrowings</b>		
<b>Current</b>		
Borrowings - secured (1)	7,394	7,257
	<u>7,394</u>	<u>7,257</u>
<b>Non-current</b>		
Borrowings - secured (1)	11,922	19,657
	<u>11,922</u>	<u>19,657</u>
<b>Total</b>	<u>19,316</u>	<u>26,914</u>
 (1) Borrowings are secured by general rates		
 (a) The maturity profile for Council's borrowings is:		
Not later than one year	7,394	7,257
Later than one year and not later than five years	9,691	16,158
Later than five years	2,231	3,499
	<u>19,316</u>	<u>26,914</u>

Notes to the Financial Report  
For the Year Ended 30 June 2017

Note 28 Reserves

	Balance at beginning of reporting period	Increment	(Decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
<b>Property</b>				
Land *	590,385	104,585	-	694,970
Land Under Roads	249	-	-	249
Buildings	43,179	4,816	-	47,995
	633,813	109,401	-	743,214
<b>Infrastructure</b>				
Roads	180,201	15,144	(26)	195,319
Drainage	237,175	21,499	-	258,674
Bridges	100	370	-	470
Footpaths and cycleways	23,491	963	(677)	23,777
Recreational, leisure and community facilit	3,407	3,805	-	7,212
Parks, open space and streetscapes	17,695	1,630	(2,735)	16,590
Marine structures	868	38	(182)	723
Other infrastructure	2,646	-	(762)	1,883
	465,582	43,450	(4,383)	504,649
<b>Total asset revaluation reserves</b>	<b>1,099,395</b>	<b>152,851</b>	<b>(4,383)</b>	<b>1,247,863</b>

\* Land increment as a result of annual revaluation which reflects marketplace movement as at 30 June 2017.

<b>2016</b>				
<b>Property</b>				
Land	558,016	32,369	-	590,385
Land Under Roads	162	87	-	249
Buildings	36,129	7,050	-	43,179
	594,307	39,506	-	633,813
<b>Infrastructure</b>				
Roads	193,798	-	(13,597)	180,201
Drainage	228,620	8,555	-	237,175
Bridges	655	-	(555)	100
Footpaths and cycleways	22,277	1,214	-	23,491
Recreational, leisure and community facilit	3,709	-	(302)	3,407
Parks, open space and streetscapes	14,577	3,118	-	17,695
Marine structures	843	25	-	868
Other infrastructure	6,146	-	(3,500)	2,646
	470,625	12,912	(17,954)	465,582
<b>Total asset revaluation reserves</b>	<b>1,064,932</b>	<b>52,418</b>	<b>(17,954)</b>	<b>1,099,395</b>

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000	\$'000
<b>2017</b>				
Sustainability energy fund	446	275	-	721
Recreation land reserve	39	-	-	39
Municipal emergency reserve	400	-	-	400
<b>Total Other reserves</b>	<b>885</b>	<b>275</b>	<b>-</b>	<b>1,160</b>
<b>2016</b>				
Sustainability energy fund	264	275	(93)	446
Recreation land reserve	39	-	-	39
Municipal emergency reserve	400	-	-	400
<b>Total Other reserves</b>	<b>703</b>	<b>275</b>	<b>(93)</b>	<b>885</b>

*Sustainable Energy (Fund) Reserve*

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

- a) program of Shire wide energy reduction measures;
  - b) energy production initiatives; and educational programs.
- Funds available as at 30 June 2017: \$721k (\$446k in 2016).

*Recreation Land Reserve*

The purpose of this reserve is to provide for the purchase of land and/or improvements to places of recreation. Funds available as at 30 June 2017: \$39k (\$39k in 2016).

*Municipal Emergency Reserve*

The purpose of this reserve is to have an ability to finance the recovery response from unplanned emergency management events. Funds available as at 30 June 2017: \$400k (\$400k in 2016).

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>Note 29 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	22,756	19,305
Depreciation/amortisation	28,602	26,166
(Profit)/loss on disposal of property, infrastructure, plant and equipment	8,153	10,284
Fair value adjustments for investment property	(533)	-
Rye landfill rehabilitation provision	2,586	200
Employee Provisions	228	(1,059)
Native vegetation management	260	(104)
Increase/(Decrease) in provisions	(40)	-
Contributions - Non-monetary assets	(3,751)	(3,788)
Other	1,660	1,515
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	1,670	1,844
(Increase)/decrease in other assets	(36)	207
Increase/(decrease) in trade and other payables	(969)	2,082
(Increase)/decrease in trust funds and deposits	168	(679)
(Increase)/decrease in inventories	(11)	(15)
Net cash provided by/(used in) operating activities	<u>60,743</u>	<u>55,958</u>
<b>Note 30 Financing arrangements</b>		
Bank overdraft	5,000	5,000
Bank loans	19,316	27,253
Credit card facilities	200	200
Asset finance - leasing	3,000	3,000
Total facilities	<u>27,516</u>	<u>35,453</u>
Used facilities	<u>19,316</u>	<u>27,798</u>
Unused facilities	<u>8,200</u>	<u>7,655</u>

Notes to the Financial Report  
For the Year Ended 30 June 2017

**Note 31 Commitments**

The Council has entered into the following commitments

2017	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Cleansing - SIMS	8,143	8,428	27,094	9,671	53,336
Parks and Roadsides - SIMS	10,448	10,814	34,766	12,409	68,437
Furniture and Signs - SIMS	3,688	3,817	12,272	4,380	24,157
Buildings - SIMS	7,415	7,675	24,674	8,807	48,571
Safer Local Roads	11,198	11,590	24,411	-	47,199
Garbage Collection	5,983	-	-	-	5,983
Green Waste	2,429	-	-	-	2,429
Landfill & Transfer Station Management	1,448	-	-	-	1,448
Recycling	4,149	4,294	-	-	8,443
Telecommunications and IT	70	70	-	-	140
Consulting	101	-	-	-	101
Family Services	160	160	-	-	320
Internal Audit	180	360	-	-	540
<b>Total</b>	<b>55,412</b>	<b>47,208</b>	<b>123,217</b>	<b>35,267</b>	<b>261,104</b>
<b>Capital</b>					
Buildings	623	-	-	-	623
Recreation Facilities	5,316	76	-	-	5,392
Roads	2,409	-	-	-	2,409
Footpaths & Street Scapes	1,081	-	-	-	1,081
Drainage	134	-	-	-	134
<b>Total</b>	<b>9,563</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>9,639</b>
2016	Not later	Later than 1	Later than 2	Later than 5	Total
	than 1 year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Cleansing - SIMS	10,166	10,522	33,826	24,570	79,084
Parks and Roadsides - SIMS	11,260	11,654	37,466	27,214	87,594
Furniture and Signs - SIMS	3,338	3,455	11,108	8,068	25,969
Buildings - SIMS	7,619	7,886	25,352	18,415	59,272
Safer Local Roads	11,161	11,552	37,138	-	59,851
Garbage Collection	6,650	3,652	-	-	10,302
Green Waste	2,464	1,069	-	-	3,533
Landfill & Transfer Station Management	2,474	378	-	-	2,852
Recycling	4,117	4,261	4,410	-	12,790
Telecommunications and IT	69	69	138	-	276
Consulting	528	172	172	-	872
Internal Audit	176	-	-	-	176
VEC Local Government Elections	848	-	-	-	848
<b>Total</b>	<b>60,870</b>	<b>54,670</b>	<b>149,610</b>	<b>78,267</b>	<b>343,419</b>
<b>Capital</b>					
Buildings	1,026	12	28	-	1,066
Libraries	5	3	-	-	9
Recreation Facilities	2,413	4	-	-	2,416
Roads	3,832	-	-	-	3,832
Footpaths & Street Scapes	960	-	-	-	960
Drainage	203	-	-	-	203
Artworks	117	-	-	-	117
Parks, open space and streetscapes	62	-	-	-	62
<b>Total</b>	<b>8,618</b>	<b>19</b>	<b>28</b>	<b>-</b>	<b>8,665</b>

Notes to the Financial Report  
For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
<b>Note 32 Operating leases</b>		
<b>(a) Operating lease commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	2,288	1,473
Later than one year and not later than five years	3,080	1,546
Later than five years	-	257
	<u>5,368</u>	<u>3,276</u>
<b>(b) Operating lease receivables</b>		
The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.		
Future minimum rentals receivable under non-cancellable operating leases are as follows:		
Not later than one year	1,561	1,357
Later than one year and not later than five years	3,022	2,737
Later than five years	2,018	1,703
	<u>6,601</u>	<u>5,797</u>

**Note 33 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/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 2017, this was 9.5% as required under Superannuation Guarantee legislation).

**Defined Benefit**

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

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 2016, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa  
Salary information 4.25% pa  
Price inflation (CPI) 2.5% pa.

---

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 33 Superannuation (cont'd)**

Vision Super has advised that the estimated VBI at 30 June 2017 was 103.1%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

**Employer contributions**

**Regular contributions**

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/16). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

**Funding calls**

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated. Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

**2016 Interim actuarial investigation surplus amounts**

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 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 2016. 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. Council was notified of the 30 June 2016 VBI during August 2016.

**2017 Full triennial actuarial investigation**

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

---

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 34 Contingent liabilities and contingent assets**

**Guarantees for loans to other entities**

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

	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>The Mornington Peninsula Shire has guaranteed loans of:</b>		
Mornington District Basketball Association \$650,000	297	350
Mt Eliza Bowls Club \$364,000	153	225
Hastings Bowls Club Inc. \$300,000	73	141
Mt Martha Bowls Club Inc. \$170,000	62	81
Somerville Bowls Club \$140,000	28	43
Dromana Bowling Club Inc. \$280,000	-	3
	<b>613</b>	<b>843</b>

**Note 35 Financial instruments**

**(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

**(b) Market risk**

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

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

**(c) Credit risk**

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 34.

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 34, 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 27.

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

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 35 Financial instruments (cont'd)**

**(e) Fair value**

*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.

**(f) 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% and -1% in market interest rates (AUD) from year-end rates of 2.55%.

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.

Notes to the Financial Report  
For the Year Ended 30 June 2017

2017  
No.

Note 36 Related party disclosures

(i) Related Parties

*Parent entity*

Mornington Peninsula Shire is the parent entity.

*Subsidiaries and Associates*

Mornington Peninsula Cemetery Trust

(ii) 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 Bev Colomb (elected 2005 to current - Mayor from 14 November 2016)  
Councillor Antonella Celi (declared elected on 2 November 2016 to current)  
Councillor Bryan Payne (declared elected on 2 November 2016 to current)  
Councillor David Gill (declared elected on 2 November 2016 to current)  
Councillor Frank Martin (declared elected on 2 November 2016 to current)  
Councillor Hugh Fraser (declared elected on 2 November 2016 to current)  
Councillor Julie Edge (declared elected on 2 November 2016 to current)  
Councillor Kate Roper (declared elected on 2 November 2016 to current)  
Councillor Rosie Clark (declared elected on 2 November 2016 to current)  
Councillor Sam Hearn (declared elected on 2 November 2016 to current)  
Councillor Simon Brooks (declared elected on 2 November 2016 to current)  
Councillor Andrew Dixon (elected 2012 to 22 October 2016)  
Councillor Anne Shaw (elected 2003 to 22 October 2016)  
Councillor David Garnock (elected 2012 to 22 October 2016)  
Councillor David Gibb (elected 1997 to 22 October 2016)  
Councillor Graham Pittcock (elected 2008 to 22 October 2016)  
Councillor Tim Rodgers (elected 2005 to 22 October 2016)  
Councillor Tim Wood (elected 2014 to 22 October 2016)

**Total Number of Councillors**

18

**Key Management Personnel**

Chief Executive Officer - Carl Cowie  
Chief Operating Officer - Alison Leighton  
Chief Financial Officer - Matthew Green  
Chief Information Officer - Martin Hopley  
Executive Manager Human Resources - Marnie Williams  
Director Communities - Robin Adams  
Governance Manager - Joseph Spiteri  
General Counsel - David Carrington

**Chief Executive Officer and other Key Management Personnel**

8

**Total Key Management Personnel**

26

(iii) Remuneration of Key Management Personnel

2017

\$,000

Total remuneration of key management personnel was as follows:

Short-term benefits	2,190
Long-term benefits	207
Post employment benefit	43
<b>Total</b>	<b>2,440</b>

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

	<b>2017</b>
	<b>No.</b>
\$0 - \$19,000	6
\$20,000 - \$29,999	8
\$30,000 - \$39,999	3
\$70,000 - \$79,999	1
\$120,000 - \$129,999	1
\$170,000 - \$179,999	1
\$210,000 - \$219,999	1
\$220,000 - \$229,999	1
\$230,000 - \$239,999	1
\$310,000 - \$319,999	1
\$350,000 - \$359,999	1
\$400,000 - \$409,999	1
	<b>26</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 36 Related party disclosures (cont'd)**

**(iv) Transactions with related parties**

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

Responsible Officer	Position Held (including related parties of responsible officer)	Supplier/Entity	Nature of Transactions (on normal commercial terms)	Transaction Amount (\$'000)
Councillor Antonella Celi Councillor Hugh Fraser Councillor Katie Roper	Trustees	Mornington Peninsula Cemetery Trust	Amount received from services provided by Council	27
Councillor Samuel Hearn	Board member	Tanti Park Social Enterprise LTD	Placemaking grant	5
Alison Leighton	Director	Institute of Public Works Engineering Australasia (Victoria Division) Ltd	Annual membership fees	19

**(v) Outstanding balances with related parties**

No balances are outstanding at the end of the reporting period in relation to transactions with related parties which require disclosure.

**(vi) Loans to/from related parties**

No loans have been made, guaranteed or secured by the council to a responsible person of the council, or a related party of a responsible person during the reporting year which require disclosure.

**(vii) Commitments to/from related parties**

No aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party which require disclosure.

**Note 37 Senior Officer Remuneration**

A Senior Officer is an officer of Council, other than Key Management Personnel,  
a) has management responsibilities and reports directly to the Chief Executive; or  
b) whose total annual remuneration exceeds \$142,000

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

Income Range:	2017	2016
	No.	No.
\$0 - \$99,999	-	2
\$100,000 - \$109,999	1	2
\$120,000 - \$129,999	1	
\$130,000 - \$139,999	1	1
\$150,000 - \$159,999	2	5
\$160,000 - \$169,999	3	4
\$170,000 - \$179,999	5	2
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	-	2
\$210,000 - \$219,999	2	-
\$230,000 - \$239,999	-	1
	<b>16</b>	<b>20</b>
Total Remuneration for the reporting year for Senior Officers included above,	<b>2,484</b>	<b>3,214</b>

**Note 38 Events occurring after balance date**

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

**Notes to the Financial Report  
For the Year Ended 30 June 2017**

**Note 39 Prior period adjustments**


**Property, infrastructure, plant and equipment**

Due to historical data collection methods, the value of infrastructure assets were misstated. Council has continued the process of capturing all assets with spatial reference in the asset register. During the year Council has identified and recognised assets of \$10,289k due to mismatch in the asset register. These errors have been corrected by restating each of the affected financial statement line items for the prior year. The impact is set out in the table below:

<b>Balance Sheet Extract</b>	<b>As reported \$'000</b>	<b>Prior Period Error \$'000</b>	<b>Restated \$'000</b>
<b>Non-current assets</b>			
Property, infrastructure, plant and equipment	2,029,649	10,289	2,039,938
Total non-current assets	<u>2,041,354</u>	<u>10,289</u>	<u>2,051,643</u>
<b>Total assets</b>	<u><b>2,113,183</b></u>	<u><b>10,289</b></u>	<u><b>2,123,472</b></u>
<b>Net assets</b>	<u><b>2,051,696</b></u>	<u><b>10,289</b></u>	<u><b>2,061,984</b></u>
<b>Equity</b>			
Accumulated surplus	951,415	10,289	961,704
<b>Total Equity</b>	<u><b>2,051,696</b></u>	<u><b>10,289</b></u>	<u><b>2,061,984</b></u>

### Certification of the Financial Statements

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



Matthew Green CA  
Principal Accounting Officer

Date : 12 September 2017

Rosebud

In our opinion the accompanying financial statements present fairly the financial transactions of Mornington Peninsula Shire for the year ended 30 June 2017 and the financial position of the Council as at 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 the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Cr Bev Colomb  
Councillor

Date :

Rosebud



12 September 2017

Cr Bryan Payne  
Councillor

Date :

Rosebud



12 September 2017

Carl Cowie  
Chief Executive  
Officer

Date :

Rosebud



12 September 2017

# Performance Statement

---



# Independent Auditor's Report

## *To the Councillors of Mornington Peninsula Shire Council*

---

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Mornington Peninsula Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"><li>• description of municipality for the year ended 30 June 2017</li><li>• sustainable capacity indicators for the year ended 30 June 2017</li><li>• service performance indicators for the year ended 30 June 2017</li><li>• financial performance indicators for the year ended 30 June 2017</li><li>• other information and</li><li>• the certification of the performance statement.</li></ul> <p>In my opinion, the performance statement of Mornington Peninsula Shire Council in respect of the year ended 30 June 2017 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described 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 Australia 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>
<b>Councillors' responsibilities for the performance statement</b>	<p>The Councillors is 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**

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

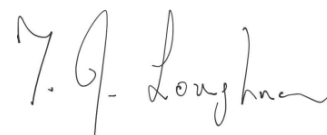
As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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 our 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 statement of performance, including the disclosures, and whether the statement of performance 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  
22 September 2017



Tim Loughnan  
*as delegate for the Auditor-General of Victoria*

# Mornington Peninsula Shire

## Performance Statement

For the year ended 30 June 2017

# Performance Statement

For the year ended 30 June 2017

---

## **Description of municipality**

### **Our Place**

Mornington Peninsula Shire covers 723 square kilometres of land with a coastline that extends for 192 kilometres (approximately 10 per cent of Victoria's total). The region is one of Melbourne's premier holiday and retirement destinations and has magnificent landscapes, coasts and beaches that are of state significance and attract 4.7 million visitors every year.

### **Our Community**

The Shire has 40 towns and villages spread across the peninsula, with the majority of the residential population living along the coastline. The Shire has an estimated permanent resident population of 160,862, as well as a non-resident population who spend part of the week, or their holidays, on the peninsula. Many beach holiday houses are based along the Port Phillip coastline, with the population swelling by up to 30 per cent in the summer months.

### **Our Environment**

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

### **Our Economy**

The Shire has a strong \$12 billion local economy, with \$6.3 billion in gross regional product. There are almost 14,000 businesses from a diverse range of industries including retail, manufacturing, construction and business services. The region also has a distinguished agricultural history, including beef, viticulture (grapes) and horticulture (fruit, vegetables and flowers), with the existing food and wine producers being recognised as world class and industry leaders in their respective fields. Tourism is another sector that plays a significant role in our local economy; contributing 11 per cent (directly and indirectly) to the region's Gross Regional Product and employment.

## Sustainable Capacity Indicators

For the year ended 30 June 2017

<i>Indicator/measure</i>	Results			Material Variations
	2015	2016	2017	
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,258.89	\$1,288.86	\$1,285.65	No material variation.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$7,981.65	\$7,767.51	\$7,909.56	No material variation.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	90.15	90.49	94.68	No material variation.
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,109.97	\$1,172.34	\$1,185.13	No material variation.
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$187.04	\$124.87	\$161.89	Increase is driven by an increase in 'Grants - recurrent' for the 2016/17 financial year represented by the decision by the Commonwealth Government to bring forward 50% of the Financial Assistant Grant for the 2017/2018 financial year, with payment received in June 2017.
<b>Disadvantage</b> <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	8.00	8.00	8.00	No material variation.

---

**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 2017

Service/indicator/measure	Results			Material Variations
	2015	2016	2017	
<b>Aquatic facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	1.81	1.76	1.62	The reduction in utilisation of aquatic facilities is a result of lower attendance at Pelican Park Recreation Centre (-5.4%) largely driven by competition from newer facilities. Attendance at Crib Point Pool, a seasonal outdoor facility, increased by over one-fifth (+22.9%).
<b>Animal management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	50.00	40.00	52.00	Increased prosecutions reflect the increased demand through 2016/17. In this period there were 370 reported dog attack and dog rush cases.
<b>Food safety</b> <b>Health and safety</b> <i>Critical and major non-compliance 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	92.16%	89.55%	93.17%	From 1 July 2016, 'Critical and major non-compliance outcome notifications' will be reported by calendar year. Previously this indicator was reported by financial year. This has been implemented to better align reporting with the Department of Health and Human Services. This may result in some variances year on year.  A risk-based approach has been adopted by the Shire's Environmental Health Team in relation to food safety. The team will be striving to achieve as close as possible to 100% of critical and major non-compliances followed-up before the end of the calendar year.

<i>Service/indicator/measure</i>	<b>Results</b>			<b>Material Variations</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	
<b>Governance</b> <b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	57.00	56.00	52.00	The trend shown is consistent with the rest of the state. The Mornington Peninsula Shire actively seeks community feedback with a number of metrics we use to track customer satisfaction. However, this trend is of concern and further community engagement will be conducted.
<b>Home and community care</b> <b>Participation</b> <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	41.91%	35.86%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Participation</b> <i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	30.56%	27.78%	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	18.73%	19.31%	19.09%	Active library members remains stable (-1.13%). The total number of borrowers rose slightly (+2.6%), just behind the increase in the Estimated Residential Population (+3.8%).

<i>Service/indicator/measure</i>	<b>Results</b>			<b>Material Variations</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	
<b>Maternal and child health Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	73.39%	74.55%	71.96%	Maternal and child health nurses actively promote the service and provide a flexible and responsive approach. The team proactively deliver an outreach service to clients, especially those who find it difficult to access the centres, delivering the Key Ages and Stages consultations in the client's own homes or in Kindergartens and Early Learning Centres.
<b>Participation</b> <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	76.04%	69.03%	73.25%	The maternal and child health team developed a service innovation in 2016-17 focussing on increasing participation of Aboriginal children in the maternal and child health service. All team members undertook professional development activities in cultural sensitivity and responsiveness. It should be noted that as the total number of Aboriginal children enrolled in the MCH is a low figure, larger year on year variations are expected.
<b>Roads Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	58.00	55.00	54.00	This result is not significantly different to either the state-wide result or last year's result and should be read in conjunction with the 'sealed local road requests' and 'sealed local roads maintained to condition standards' results which indicate that the level of service requests related to sealed local roads remains stable while the overall condition of roads has improved over the last two years. We will continue to monitor the progress of this indicator closely and advocate for improvements in all roads across the Shire.

Service/indicator/measure	Results			Material Variations
	2015	2016	2017	
<b>Statutory Planning</b> <b>Decision making</b> 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	56.67%	67.65%	66.67%	The percentage of the Shire's planning decisions upheld at VCAT has remained stable (-1.45%). It is important to note that this indicator includes section 79 VCAT decisions which are 'failure to grant a planning permit' reviews. By including these applications as 'decisions', applications which Council has not determined impact the results. If these appeals types were excluded from the calculation, the result would be 78.05%.
<b>Waste Collection</b> <b>Waste diversion</b> 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	49.53%	50.01%	50.95%	The Shire's kerbside green waste service is an opt-in service. Our participation rate for this service continues to increase; therefore, the volume of green waste also continues to increase. The commencement of a new summer weekly kerbside recycling collection service also resulted in an increase of recyclable material received.
<b>Definitions</b> "Aboriginal child" means a child who is an Aboriginal person "Aboriginal person" has the same meaning as in the Aboriginal Heritage Act 2006 "active library member" means a member of a library who has borrowed a book from the library "annual report" means an annual report prepared by a council under sections 131, 132 and 133 of the Act "CALD" means culturally and linguistically diverse and refers to persons born outside Australia in a country whose national language is not English "class 1 food premises" means food premises, within the meaning of the <i>Food Act 1984</i> , 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 <i>Food Act 1984</i> , that have been declared as class 2 food premises under section 19C of that Act "Community Care Common Standards" means the Community Care Common Standards for the delivery of HACC				

---

services, published from time to time by the Commonwealth

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

---

## Financial Performance Indicators

For the year ended 30 June 2017

Dimension/indicator/measure	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<b>Efficiency</b> <b>Revenue level</b> Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,395.50	\$1,463.84	\$1,510.42	\$1,540.63	\$1,571.44	\$1,602.87	\$1,634.93	The trend is driven by rate capping assumptions and anticipated levels of supplementary rating assessments
<b>Expenditure level</b> Expenses per property assessment [Total expenses / Number of property assessments]	\$1,968.86	\$1,311.84	\$2,079.29	\$2,113.40	\$2,135.03	\$2,217.82	\$2,304.86	Historical expense levels in key expense categories drive the trend in expenses per assessment - particularly labour and maintenance contract costs
<b>Workforce turnover</b> Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	18.66%	15.66%	13.05%	13.87%	13.80%	13.80%	13.80%	Restructuring has led to a higher result in 2015/16 - the ratio is expected to return to more 'normal' levels over the coming years

Dimension/ <i>indicator/meas ure</i>	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	151.94%	189.63%	198.89%	141.16%	139.98%	131.66%	117.06%	This is driven by an increase in current assets, mainly an increase in cash invested in term deposits as not all capital expenditure projects were completed in the current year and have been carried forward.
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i>  [Unrestricted cash / Current liabilities] x100	83.14%	131.93%	-7.97%	64.14%	54.79%	44.39%	27.19%	This unfavourable variance is due to the majority of cash (\$58.6m) being invested in term deposits over 90 days as at year end.
<b>Obligations</b> <b>Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	74.08%	58.80%	86.67%	68.54%	66.36%	65.40%	64.46%	There has been a large increase in asset renewal. The expenditure on asset renewal is based on the Council's asset renewal and maintenance program.
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	24.36%	17.89%	12.33%	10.47%	7.44%	5.47%	4.05%	The Council has a debt reduction strategy and has not borrowed in the current year.

Dimension/ <i>indicator/meas ure</i>	Results			Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	
<b>Loans and borrowings</b> <i>Loans and borrowings  repayments compared to  rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	12.52%	6.09%	5.73%	5.33%	3.35%	2.19%	1.58%	The Council has a debt reduction strategy and due to loans expired during the year, repayments were reduced.
<b>Indebtedness</b> <i>Non-current liabilities  compared to own source  revenue</i> [Non-current liabilities / Own source revenue] x100	17.94%	12.99%	9.48%	9.19%	6.83%	5.59%	4.84%	Variance is mainly due to reduction of Council's debt.

Dimension/ <i>indicator/measure</i>	Results			Forecasts				Dimension/ <i>indicator/measure</i>
	2015	2016	2017	2018	2019	2020	2021	
<b>Operating position</b> <b>Adjusted underlying result</b> Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	5.21%	2.66%	5.12%	2.58%	3.80%	2.51%	1.15%	Variance is driven by increase in surplus/-deficit for the year and decrease in Grants capital - non-recurrent. The increase in surplus is driven by the overall increase in revenue and the reason for the decrease in Grants capital - non-recurrent is due to not receiving the 'roads and intersections' and 'streetscape works' grants.
<b>Stability</b> <b>Rates concentration</b> Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	69.06%	73.29%	71.88%	74.73%	74.69%	74.73%	74.78%	No material variation.
<b>Rates effort</b> Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality ] x100	0.24%	0.26%	0.24%	0.25%	0.25%	0.25%	0.26%	No material variation.

---

**Definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

---

## Other Information

For the year ended 30 June 2017

### 1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the performance statement. Council has adopted materiality thresholds relevant to each indicator and measure and explanations have not been provided for variations below the materiality thresholds unless the variance is considered to be material because of its nature.

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 13 June 2017 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*.



Matthew Green  
**Principal Accounting Officer**  
Dated: 12 September 2017

In our opinion, the accompanying performance statement of the Mornington Peninsula Shire for the year ended 30 June 2017 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.

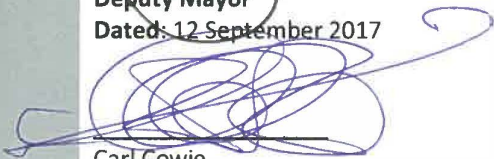
We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Bev Colomb  
**Mayor**  
Dated: 12 September 2017



Cr Bryan Payne  
**Deputy Mayor**  
Dated: 12 September 2017



Carl Cowie  
**Chief Executive Officer**  
Dated: 12 September 2017