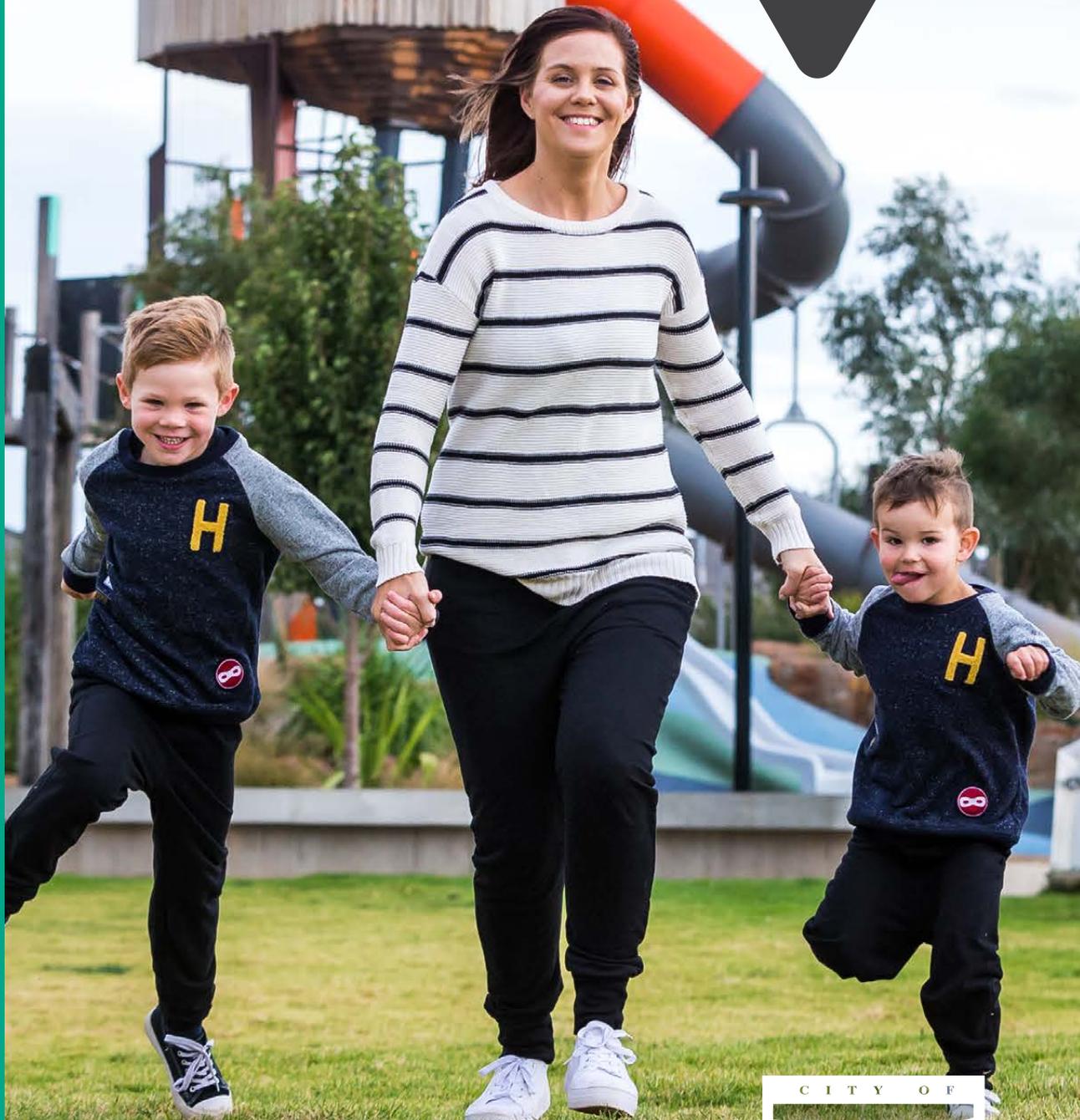


Melton City Council Annual Report

2017/2018

A THRIVING COMMUNITY
WHERE EVERYONE
BELONGS



528 km
sq of land

City of Melton snapshot



Located

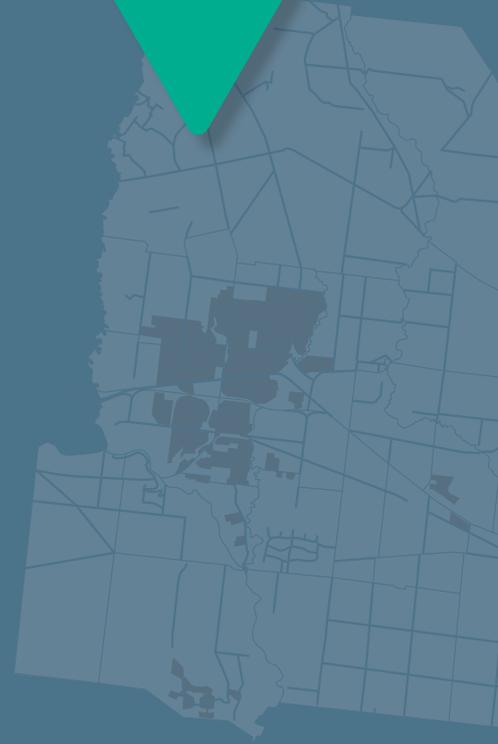
19km

west of Melbourne CBD



504

Equivalent Full-Time (EFT) Melton City Council employees



156,044

Population as at 30 June 2018

30,000+

The number of migrants who call the City of Melton home



5%

Estimated annual growth rate

56,751

Rateable properties as at 30 June 2018



20

Families move into the City of Melton each day



44

Babies are born in the City of Melton each week

CONTENTS

Introduction	2
Acknowledgement of Traditional Owners	2
About this Annual Report	3
Events	4
Mayor's message	6
CEO's message	7
Councillors and Wards	8
Report of Operations	10
Highlights of the year	12
Challenges and future outlook	14
The Year in Review	16
Financial summary	17
Sustainability statement	19
Description of operations	20
Economic factors	20
Major capital works	20
Major changes	21
Our People	22
Organisational structure	23
Our workforce	24
Volunteers	28
Our Performance	30
Planning and accountability framework	31
Melton City Council and Wellbeing Plan 2017-2021	32
Performance	33
Governance, Management and other information	68
Governance	69
Management	76
Governance and Management Checklist	77
Statutory information	80
Developer Contributions Plan (DCP) Report	84
Victorian Local Government Indicators	88
Glossary	90
Financial Report	92
Performance statement	93
Financial Statements	107

Acknowledgement of Traditional Owners

Melton City Council acknowledges the traditional custodians of the land, the Kulin Nation. The City celebrates its rich Indigenous history, the diversity of its people and their important ongoing connections to Country. We acknowledge the past injustices faced by our First Peoples and are committed to play our part in ensuring that these injustices are not repeated. We appreciate that we still have a long journey ahead of us. Melton City Council advocates for Aboriginal and Torres Strait Islander peoples' right to self-determination.



About this Annual Report

Welcome to Melton City Council's 2017/2018 Annual Report.

Council is committed to transparent reporting and accountability to the community.

This Annual Report provides the City of Melton community with information about Council's operations and performance during the financial year, and meets all obligations under Section 131 of the *Local Government Act 1989 (Vic)*.

Our purpose

Vision

A thriving community where everyone belongs

Mission

To support the growth, wellbeing and aspirations of our community through leadership, excellence and inclusion.

Our values

Continuous improvement

We encourage and support innovation and creativity

We commit to driving continuous improvement

We constantly review what we do

We embrace and respond to change as it occurs

We strive to deliver the best possible outcomes

Recognition

We recognise and encourage the contributions of others

We actively support and promote our colleagues

We acknowledge and reward employees exceeding performance expectations

We give credit where credit is due

We celebrate success

Accountability

We work in an open and transparent manner and follow through on commitments

We take responsibility for our personal decisions and actions

We adhere to policies and procedures

We make the best use of our time and resources

We all take responsibility for the way we treat each other

Fairness

We show respect when speaking to and about others

We build trusting and productive relationships

We deal with others fairly and consistently

We actively listen and respond appropriately

We respect all people and celebrate our diversity

Teamwork

We help each other to achieve organisational goals

We involve team members in solving problems and decision-making

We encourage everyone's contribution to the team

We communicate clearly, openly and respectfully

We provide positive, constructive and timely feedback

Our offices

Melton Civic Centre

232 High Street, Melton

☎ 03 9747 7200

📠 03 9743 9970

Melton Library and Learning Hub

31 McKenzie Street, Melton

☎ 03 9747 7200

Caroline Springs Library and Learning Hub

193 Caroline Springs Boulevard, Caroline Springs

☎ 03 9747 7200

📠 03 9363 1491

PO Box 21 Melton Victoria 3337

DX 33005 Melton

ABN 22 862 073 889

🌐 melton.vic.gov.au

✉ csu@melton.vic.gov.au

EVENTS

Djerriwarrh Festival

More than 35,000 turned out to the annual Djerriwarrh Festival on 18 November, which kicked off with a parade along High Street and finished with a spectacular fireworks display.

Antipodean Rock Collective, featuring Australian music royalty from iconic bands including Jet, Spiderbait, Powderfinger and You Am I, entertained the crowd at Melton Recreation Reserve.

For the first time, an environment expo was added to the program. There was also a bonfire, market stall village, pet expo, food from around the world, the Lion's Club Carnival and an incredible fireworks display.

The theme for the 2017 Djerriwarrh Festival was *I belong. A celebration of community.*

Harmony Day

Council celebrated the municipality's rich diversity with a number of events in March.

Harmony Day marked the start of Cultural Diversity Week, held between 17-25 March.

Council hosted a Harmony Day community event at Willows Historical Park featuring food and performances from around the world, African drumming, henna tattooing, face painting, and children's activities.

In the lead up to Harmony Day, a poster competition for children to express what harmony and diversity in the community means to them was run through Melton's libraries and Neighbourhood Houses.

Prizes were awarded in age categories and winners were announced at the Harmony Day event.

IDAHOBIT celebrations

Melton joined the International Day Against Homophobia, Biphobia, Intersex-phobia and Transphobia Day on 17 May with a flag raising ceremony.

A free lunch followed the ceremonial flag raising at the Melton Community Hall.

Joining this international day shows Council's commitment to reducing barriers faced by LGBTIQ people in its community, fostering a sense of social connectedness, equality and respect for all.

Australia Day

More than 170 new Australians were officially welcomed to Melton during the annual Citizen Ceremony as part of Australia Day celebrations on 26 January.

A number of Community Achievement Awards were also presented, recognising the contribution volunteers make to the City and their communities. These included:

Citizen of the Year – John Bentley

Young Citizen of the Year Award – Sharie May Castillo

Woman of the Year Award – Jane Sultana

Access and Inclusion Leader of the Year Award – Lesley Jenner

The Community Project of the Year Award – Linking Melton South

Other free Australia Day activities at Willows Historical Park included a barbecue, ANZAC biscuits, henna tattoos, Bunnings and Scouts activities, and even a chance to pat a dingo, from the Dingo Discovery Centre.



Summersault

Summersault, the annual event that brings the Caroline Springs Town Centre to life each February was a showcase of fantastic music, food, rides and amusements.

Highlights of the Saturday 10 February event included eats from some of Melbourne's finest food vendors, and Melton City's Youth Zone.

Mitch King, Riley Pearce, Pierce Brothers, Caravāna Sun and The Jezabels provided main stage entertainment.

Antipodean Rock Collective returned to Melton after appearing at the Djerriwarrh Festival to raise the roof one more time.

The evening was topped off with a glittering fireworks finale.

Council would like to thank its official partners in this alcohol-free family event including SES, CFA and Victoria Police.

Twilight Christmas @ the Horse

Council hosted a fun-filled Twilight Christmas @ the Horse event on 19 December in place of the Carols by Candlelight event that was cancelled due to heavy rain.

The Twilight Christmas @ the Horse event included food supplied by local retailers and food vans, stories, live music and craft activities in locations between High Street and McKenzie Street, in the Melton Town Centre.

While coming alive to celebrate the start of the festive season, this event was also a great opportunity to showcase the revamped Town Centre.

Carols by Candlelight will return to Melton in December 2018, weather permitting.

Community Achievement Award recipients with the Mayor and Councillors on Australia Day.





On behalf of my fellow Councillors, I am delighted to present Melton City Council’s Annual Report for 2017/2018. We are extremely proud of our achievements and the positive outcomes that have been delivered for our residents.

The past financial year saw Council celebrate the completion of a number of major projects, which provide much needed community infrastructure for residents. These included the opening of Abey Road Bridge and stage three of the Melton Town Centre redevelopment; along with the commencement of works on the duplication of Hume Drive; construction of Westwood Drive and Bridge; the extension of Caroline Springs Leisure Centre and Tennis Complex; redevelopment of Macpherson Park; and upgrades to Bridge Road.

We also awarded the \$12 million contract for the construction of Fraser Rise Pavilion, which will include two synthetic soccer pitches with spectator fencing, and sports field lighting; a bistro, commercial kitchen, canteen space, umpires rooms, first aid rooms, eight change rooms, and storage, among other features.

These exciting projects were delivered as part of our extensive capital works program, alongside more than 120 community services, which range from maternal and child health, through to social support groups for our older residents.

On the event front, Djerriwarrh Festival and Summersault continued to be community favourites, attracting thousands of merrymakers to our City; and we also presented an outstanding program of visual arts exhibitions that included writer and illustrator, Graeme Base, and visual artists, Haha and Anu Patel.

Council made significant inroads in the area of diversity and interculturalism by officially launching our 2017—2021 Intercultural Plan, and 2018—2021 Interfaith Strategy.

This was particularly fitting in a year when we welcomed hundreds of new citizens to our community, and were also declared an Intercultural City by the Intercultural Cities Network—only the second city in Australia to be part of the program and joining over 120 cities across Europe, Asia, North America, Africa and the Middle East.

Council also became a member of the Welcoming Cities initiative, which supports local government to advance communities where everyone can belong and participate in social, cultural, economic and civic life.

At a local level, we ran the inaugural Daughters of the West program, off the back of our hugely successful Sons of the West program that’s been running since 2014, and of which, I am a graduate. It was wonderful to see 78 women make their health and wellbeing a priority, and complete the challenging eight week program.

On behalf of my fellow Councillors, I would like to take this opportunity to thank our residents for their support over the past 12 months, and we would also like to thank the Executive Team and staff for the delivery of the quality services we have come to expect.

I’m confident that the next year will bring many new opportunities and outstanding achievements for our community, and will further cement the City of Melton as one of Melbourne’s most desirable places to live, work and play.

Cr Bob Turner
Mayor, City of Melton



On behalf of Melton City Council, I am pleased to present this Annual Report which outlines the organisation's performance in 2017/2018.

The past year has once again seen some very positive financial results for Melton City Council, achieving an operating surplus of \$168.5 million, \$42.9 million higher than the previous year and \$77.6 million higher than budgeted.

This result was predominantly driven by Council's hugely successful joint venture agreement with LendLease, which generated \$39.6 million from the development of Atherstone: a 4,300-lot masterplanned community in Cobblebank and Strathtulloh, 35km west of the CBD.

The joint venture underpins Council's capacity to deliver community infrastructure at an unprecedented rate, especially when coupled with our ongoing advocacy efforts that secured over \$14.2 million in capital grant funding from the State and Federal governments.

Our residential growth rate increased steadily in 2017/2018 at a rate of around five per cent. Continuing low interest rates proved beneficial for the residential housing market, providing some mortgage stress relief for members of our community.

Key infrastructure projects—including the redevelopment of Melton Town Centre, construction of Abey Road Bridge, and commencement of works on Bridge Road Bridge, City Vista Recreation Reserve, the duplication of Hume Drive, the extension of Caroline Springs Leisure Centre and sub-regional tennis complex, and Westwood Drive Bridge—further cemented Council's commitment to the delivery of quality infrastructure to our community in 2017/2018.

These projects formed part of a \$77.82 million investment across the municipality that also included \$17.15 million on roads; \$22.69 million on buildings; \$4.71 million on bridges; \$24.72 million on recreation; \$1.15 million on footpaths and cycleways; and \$2.83 million on land.

In 2017/2018 the Plumpton and Kororoit Precinct Structure Plans (PSP) were approved by the Minister for Planning. Prepared by the Victorian Planning Authority, in close collaboration with Council, they provide the framework for the next 20 plus years of local development to be delivered by Council, other levels of government, business and industry, and developers, in two of our newest suburbs — Deanside and Fraser Rise.

Organisationally, Council maintained its high standards of service delivery through a strategic approach to understanding community needs. Both the Metropolis and JWS household surveys, conducted independently, achieved strong results in customer service and indicated the community's general satisfaction with Council's performance across all sectors.

Council faced many challenges in 2017/2018, ranging from managing our rapidly growing population, and delivering key community infrastructure in a timely manner, to addressing the high rate of family violence, improving perceptions of safety in the community, and providing facilities to accommodate the growing participation of women in football.

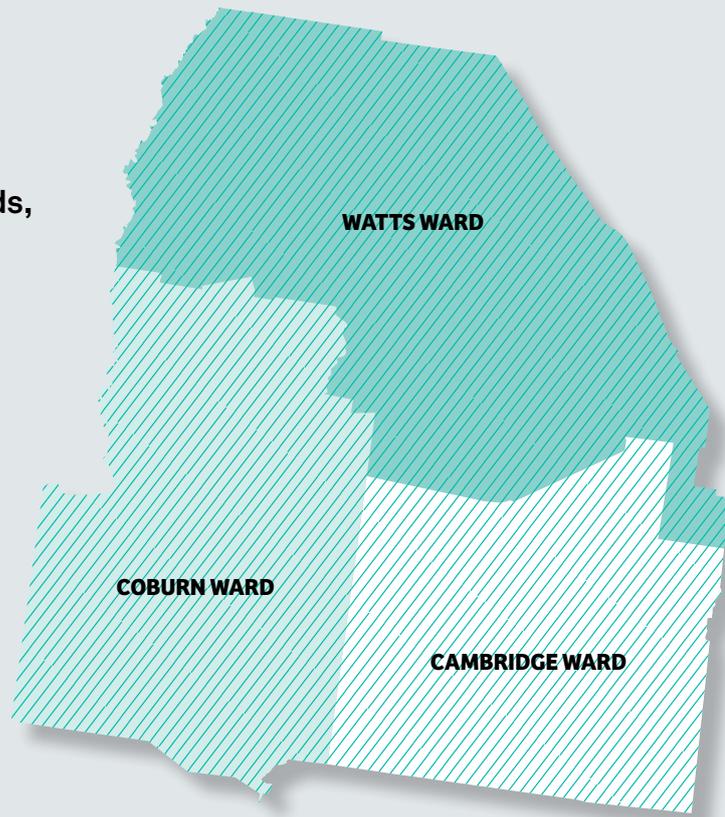
In closing, I'd like to take this opportunity to extend my appreciation to our Council staff, for their ongoing commitment to our community, the organisation, and their significant contribution to enhancing the lives of residents.

I would also like to acknowledge and thank all Councillors for the positive manner in which they partner with staff to ensure a well-served community and their strategic guidance and leadership to the organisation.

Kelvin Tori
Chief Executive Officer, Melton City Council

COUNCILLORS AND WARDS

The City of Melton is comprised of three wards, each represented by democratically elected Councillors to serve a four-year period.



MELTON CITY COUNCILLORS ARE

COBURN WARD



Mayor, Cr Bob Turner

First elected November 2008
0412 584 224
bob.turner@melton.vic.gov.au



Deputy Mayor, Cr Ken Hardy

First elected November 2016
0437 226 887
ken.hardy@melton.vic.gov.au



Cr Melissa De Santis

First elected November 2016
0437 236 597
melissa.desantis@melton.vic.gov.au



Cr Sophie Ramsey

First elected October 2001
0412 584 067
sophie.ramsey@melton.vic.gov.au

CAMBRIDGE WARD



Cr Steve Abboushi

First elected November 2016
0437 231 680
steve.abboushi@melton.vic.gov.au



Cr Goran Kesic

First elected November 2016
0437 241 436
goran.kesic@melton.vic.gov.au



Cr Kathy Majdlik

First elected November 2008
0412 584 058
kathy.majdlik@melton.vic.gov.au

WATTS WARD



Cr Lara Carli

First elected October 2012
0409 951 020
lara.carli@melton.vic.gov.au



Cr Michelle Mendes

First elected November 2016
0437 249 824
michelle.mendes@melton.vic.gov.au





Report of Operations 2017/2018

Council is committed to transparent reporting and accountability to the community. The Report of Operations 2017/2018 is the primary means of informing the City of Melton community about Council's operations and performance during the financial year.



HIGHLIGHTS OF THE YEAR



01

Theme 1

A proud, inclusive and safe community

Strategic Objective

A City of people leading happy and healthy lives

- *Melton: A City for All People* is an integrated plan incorporating ageing well, disability, early years and youth into one all-encompassing document that was adopted by Council in 2017/2018
- Council adopted *Equality and Respect 2030: A Strategy to prevent violence against women through gender equity*
- Council ran the inaugural Daughters of the West program, on the back of the hugely successful Sons of the West program that's been running since 2014. Seventy eight women completed the challenging eight week health and wellbeing program



02

Theme 2

A thriving and resilient natural environment

Strategic Objective

A City that preserves and enhances its natural environment for future generations

- A new Integrated Water Management Plan was formally adopted by Council in May 2018 following significant consultation with stakeholders and community
- Council continued to support local environmental groups and schools through the delivery of a range of environmental programs and activities



03

Theme 3

A well planned and built City

Strategic Objective

A City with a clear vision to manage growth in a sustainable and accessible way

- The Rockbank Town Centre Urban Design Framework was completed and will be presented to Council in 2018/2019
- The MacPherson Park Future Directions Paper was completed and adopted by Council at the December meeting
- A new Domestic Animal Management Plan was developed and adopted by Council at the December meeting
- Stage Three of the Pride of Melton project was completed. Work commenced on Stage Four and Five
- The Abey Road bridge was completed and opened this year



04

Theme 4

A strong local economy and lifelong learning City

Strategic Objective

A City rich in local employment and education opportunities

- Council ran a number of successful community events including the Djerriwarrh and Summersault festivals
- Melton’s library service delivered 1,616 programs and welcomed 600,000 visitors
- A new outreach service, the Atherstone Library Access Point, at Bridge Road Children’s and Community Centre launched in June 2018



05

Theme 5

A high performing organisation demonstrating leadership and advocacy

Strategic Objective

An organisation operating with innovation, transparency, accountability and sustainability

- In 2017/2018, Council continued to advocate for improved public transport with very pleasing results, after the State Government announced that a new train station would be built on Ferris Road, Cobblebank
- Council also re-wrote its Advocacy Priorities document which outlines what is required from State and Federal governments to manage the City’s current and future population growth
- Council continued to advocate on a number of fronts including female participation in sport, improved education facilities, better public transport networks, and improving safety in the municipality
- In 2017/18, Council committed to launching a community advocacy campaign, with the view to securing a commitment from the Government, opposition and candidates running in the November State election, to build a 24 hour, full service hospital in the City of Melton
- In December 2017, Council was successful in securing \$8.1 million in funding for critical community infrastructure projects, under the State Government’s Growing Suburbs Fund (GSF)

CHALLENGES AND FUTURE OUTLOOK

Challenges

Council faced these challenges in 2017/2018:

- Managing its growing population
- Advocating for improved health facilities and services, particularly Melton Hospital
- Advocating for improved public transport, particularly the upgrade of the Western Highway and Melton Highway
- Delivering key community infrastructure at the right time
- Addressing family violence and community perceptions of safety
- Providing facilities appropriate to accommodate growth in participation of women in football.

The future

Council plans to undertake these actions in 2018/2019:

- Continue to advocate for the electrification of the Melton rail line, Melton Hospital, more schools and road improvements
- Foster community pride through significant streetscape improvements and projects such as the Melton Town Centre Redevelopment project (formerly called Pride of Melton)
- Develop precinct structure plans for urban growth areas
- Complete projects identified in the Capital Works Plan
- Undertake service reviews to identify efficiencies and cost saving opportunities
- Maximise funding from State and Federal governments to support the provision of community infrastructure.

Council will continue to advocate for the electrification of the Melton rail line, Melton Hospital, more schools and road improvements in 2018/2019.





The Year in Review



FINANCIAL SUMMARY

Melton City Council's equity increased by \$406 million in 2017/2018. At the end of the financial year, Council's net worth to the community was \$2.15 billion.

\$2.15b

net worth

\$168.5m

operating surplus

\$132.9m

cash

\$12.3m

spent on infrastructure renewal

Operating position

Council achieved an operating surplus of \$168.5 million for the 2017/2018 reporting period. This is \$42.9 million higher than the previous year.

The result was predominantly driven by developer contributions, non-monetary contributions and Atherstone land sales due to market forces.

The actual surplus of \$168.5 million is \$77.6 million higher than budgeted due mainly to developer non-monetary contributions and Atherstone land sales.

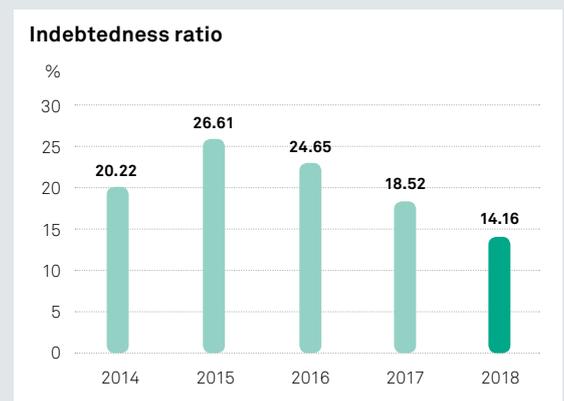
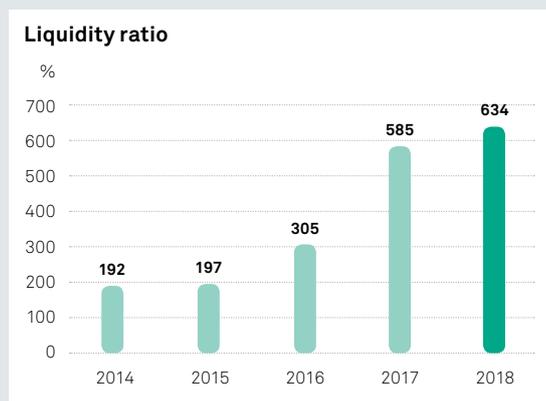
Liquidity position

Council's cash position at the end of the year increased by \$32.6 million to \$132.9 million.

This was mainly due to higher operating income.

The working capital (liquidity) ratio, which is the measure of Council's ability to pay existing (current) commitments in the next 12 months, is calculated by measuring Council's current assets as a percentage of current liabilities.

For 2017/2018 this measure was 634 per cent. A ratio higher than 100 per cent means there is more cash and liquid assets than short-term liabilities.



Financial summary

Council aims to ensure that it is in a position to maintain its infrastructure assets at expected levels while continuing to deliver essential services and new infrastructure required for a growing community.

In 2017/2018, Council spent \$12.3 million in infrastructure renewal and \$39.7 million on capital works in total during the reporting period.

At the end of the financial year Council had \$18.8 million in outstanding borrowings.

Council's indebtedness ratio is a comparison of non-current liabilities (mainly comprised of borrowings) to own-sourced revenue. It is a measure of Council's capacity to pay non-current liabilities when they fall due. The higher the percentage, the less able it is to cover non-current liabilities from the revenues the entity generates itself.

For 2017/2018 the indebtedness ratio is under 14.16 per cent.

A percentage under 40 per cent is considered as no concern over the ability to repay debt from own-sourced revenue.

Asset renewal ratio

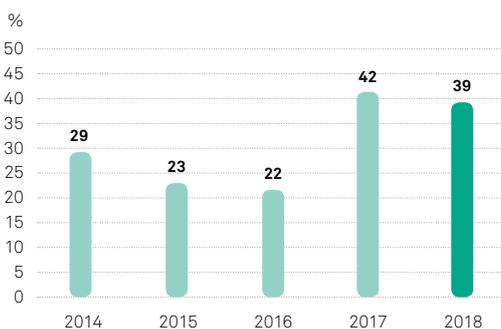
This is a measure of Council's expenditure on maintaining existing assets as a percentage of depreciation expenses.

Council more than doubled its renewal expenditure in the 2017/2018 year.

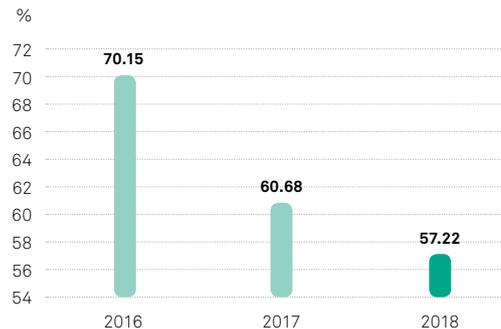
Stability

Council's revenue stream comprises of rates revenue, land sales, grants and contributions, fees, fines and charges. Rates form a significant part of the Council's revenue stream. Council is focused on maximising income from government grants and contributions in its attempt to reduce the dependence on rates revenue. The stability ratio is trending favourably in 2017/2018 due to land sales.

Renewal Gap



Percentage of rate income on underlying revenue



Sustainability statement

Council integrates sustainability into all aspects of its work. Along with acting in an environmentally sustainable way, Council considers the social and financial impacts of its activities and ensures that they are sustainable.

Social sustainability

To be socially sustainable, Council aims to develop programs and infrastructure that meet the needs of its community now and into the future. Council fosters a socially sustainable community that is equitable, safe, diverse, connected and inclusive, and provides good quality of life.

Council offers a range of initiatives to support the health and wellbeing of its community. Policies, strategies and programs are in place to support a growing population, address disadvantage, increase physical activity, celebrate cultural diversity and Indigenous culture, promote gender equality and community safety, encourage healthy eating and build community leadership.

Workplace sustainability

Providing a safe and healthy workplace where employees can grow and prosper is critical to the development of an appropriate corporate culture. Council provides a mechanism to allow for work/life balance and openly explores flexible working arrangements. Council's policies, procedures and frameworks promote health and wellbeing, learning and development, and leadership development. Policies and procedures protect employees from discrimination, harassment and bullying in the workplace.

More information about Council's workforce is available in the Our People section of this Report.

Environmental sustainability

Council is committed to protecting and enhancing its natural environment including grasslands, woodlands and waterways. Melton's community values the City's natural spaces and wants to ensure they are preserved, accessible and welcoming now and for future generations. Council recognises the many benefits of the natural environment, including for health and wellbeing. It also recognises the adverse impacts of climate change and is committed to actively taking steps to reduce its effects. In coming

years, as climate change and high rates of development impact the local environment, environmental sustainability will continue to be a strong focus of its work. In 2017, Council adopted its *Environment Plan*, a 10-year strategy that sets a number of goals in the areas of biodiversity, waste, water and climate change. The principles outlined in the plan ensure environmental sustainability is considered in all of Council's services and operations.

The *Environment Plan* is available on Council's website.

Economic sustainability

A healthy and resilient local economy helps to ensure a better quality of life for residents. Council has a lead role in stimulating the local economy to build community pride and prosperity.

To support the economic sustainability and resilience of Melton's local economy, Council has developed a range of strategies and programs. These revolve around brokering meaningful relationships that create positive economic outcomes; stimulating existing businesses and attracting new investment to improve local employment outcomes; activating business precincts; and understanding and promoting Melton's visitor economy.

The *Economic Development and Tourism Plan 2014-2030* provides the overarching framework, which is complemented by the *Digital Business Strategy 2016-2019* and the *Investment Attraction Strategy 2016-2019*.

These documents are available on Council's website.

Financial sustainability

As well as its focus on the external economy, Council works hard to manage its financial sustainability. Sustainability principles are applied to procurement, operational efficiency, financial planning, and asset management. Strategies and policies are implemented to ensure the organisation's long-term financial sustainability. More information is available in the Financial Report section of this Annual Report.

Description of operations

Council is responsible for more than 120 services. These include family and children's services, traffic regulation, open space, youth facilities, waste management, and community planning. Other matters concerning business development, planning for appropriate development, and ensuring accountability for Council's budget are also part of day-to-day operations.

Council's broad range of community services and infrastructure support the wellbeing and prosperity of its community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in the Council and Wellbeing Plan, the Budget, and in this year's Annual Report.

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

Economic factors

The rate of growth in Melton continued to accelerate in 2017/2018.

Continuing historically low interest rates proved to benefit the residential housing market and provide some relief to the community in terms of mortgage stress, which remains an issue.

The new 1,000-bed medium security men's prison at Ravenhall commenced operation in November 2017. This major project created more than 1,000 ongoing jobs, providing a major boost to the local economy.

The State Government imposed rate capping on all Victorian councils of 2.25 per cent for 2017/2018. Land sales at Council's joint-venture project with Lend Lease, Atherstone, were positive, contributing significantly to Council's strong financial position.

Major capital works

During 2017/2018, major capital works included the following:

Melton Town Centre Redevelopment

Melton's central business district is transforming to create a vibrant and pedestrian-friendly town centre.

The redevelopment works, located within Palmerston Street between High Street and McKenzie Street, and along McKenzie Street between Alexandra Street and Palmerston Street, will improve the space by making clear pathways to encourage people movement. Spaces will also be created that enable both passive and organised use and provide more opportunities for traders to utilise the streetscape.

Council completed Stage 3 of the Melton Town Centre Redevelopment in November 2017. This stage involved upgrading McKenzie Street, adjacent to the Melton Library and Learning Hub, which included improved traffic management, installation of public art works, and establishing a significant area for a range of public events and activities. Upgrading linkages to High Street were also completed.

Stages 4 and 5 commenced in May 2018, and include upgrades to Wallace Square and Bakery Square.

These works consist of improved pedestrian connections and footpaths, public lighting, soft landscaping, upgraded way-finding signage and seating. Works are expected to be complete by late December 2018.

The total project cost is approximately \$13.5 million, including \$5.5 million from the Federal Government through the National Stronger Regions Fund and \$3.5 million from the State Government through the Growing Suburbs Fund.

Abey Road Bridge

The Abey Road bridge construction project was completed during the year. This bridge provides a vital east-west connection across the Toolern Creek, connecting Abey Road and Brooklyn Road.

The \$6.1 million Council-funded project provides alternative access to the Western Freeway, reducing traffic on Station Road and increasing access to Melton train station.

Bridge Road Bridge

Construction commenced in 2018, with completion expected by early 2019. This project provides a significant link from Atherstone Estate to Melton South.

City Vista Recreation Reserve

Council commenced construction of this significant recreation facility consisting of two synthetic and two natural turf soccer fields plus a large pavilion. The project is a partnership with George Cross Football Club, which is contributing \$1 million to the project.

Hume Drive duplication

This project duplicates Hume Drive from Calder Park Drive to the Council boundary, which will alleviate significant traffic congestion when it opens in late 2018.

Caroline Springs Leisure Centre Extension and Tennis Complex

This project will deliver two additional indoor high-ball sports courts bringing the total to five, along with a 12-court regional tennis complex to address the needs of a growing community.

Westwood Drive Bridge

This bridge project is an important element in the Palmers Road corridor, which will significantly ease current traffic congestion on Caroline Springs Boulevard. The bridge is expected to be completed in early 2019.

Major changes

A number of changes occurred with the organisational structure of Council. These were made to better equip Council to meet the challenges of growth, rate capping and changes in government direction and policy.

Most significant areas of change were in Youth (Young Communities), Information Technology and Waste Management. These changes occurred after a substantial service review was completed in each area.

Within the youth area, a restructure was undertaken to focus on program delivery to meet the challenges of young people in a growth area.

Information Technology was expanded to transform the way Council's business processes are undertaken, and to maximise the functionality of Council's core business systems. Council also transitioned 'into the cloud'.

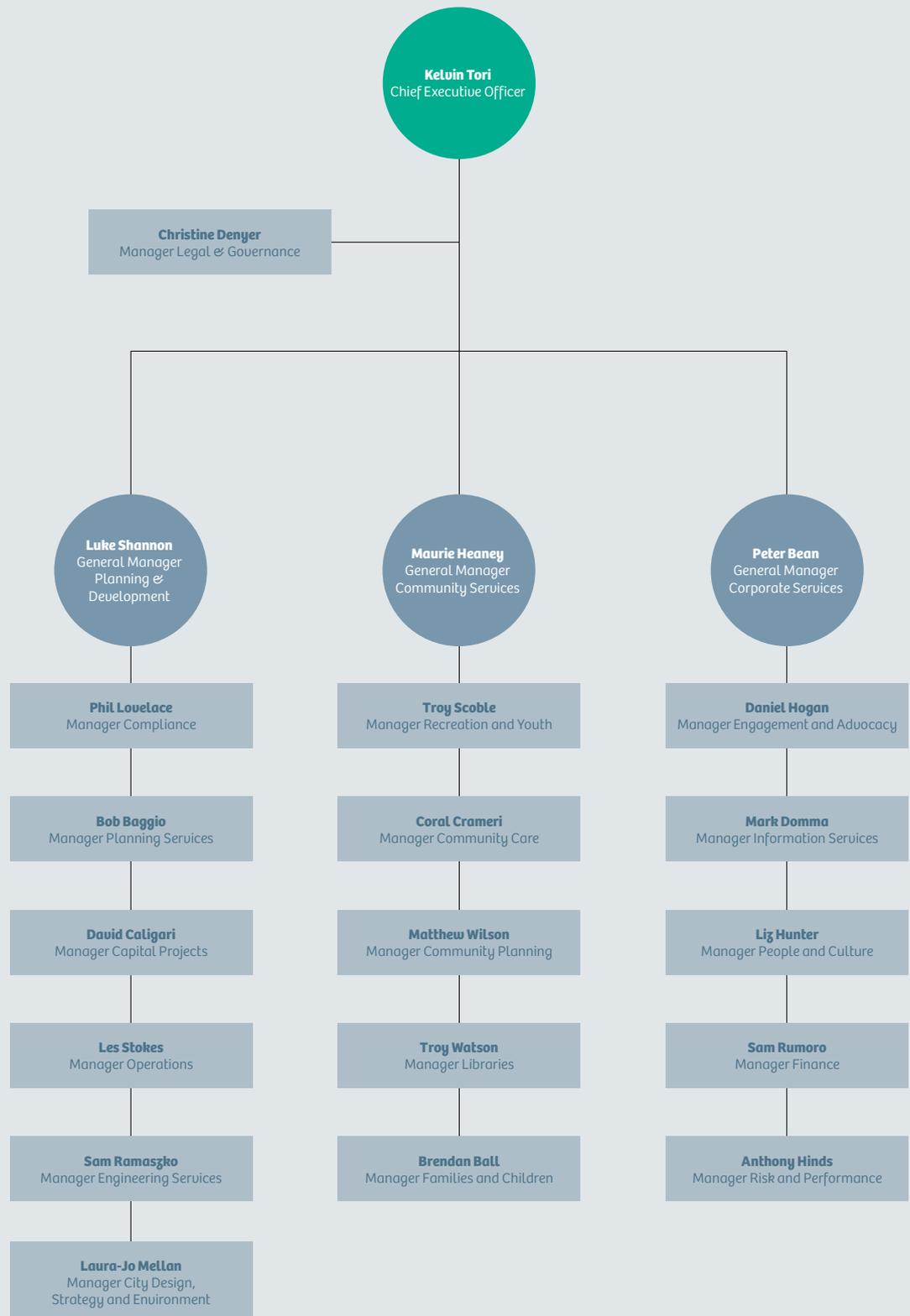
Waste Management was restructured to ensure Council could appropriately meet the challenges and expectations of a growing community.



Our People



ORGANISATIONAL STRUCTURE



OUR WORKFORCE

EXECUTIVE TEAM

The Executive Team consists of three General Managers led by the Chief Executive Officer. Each General Manager has designated areas of responsibility and is supported by Service Unit Managers.



Chief Executive Officer, Kelvin Tori

Appointed as Chief Executive Officer in May 2011, Kelvin Tori provides strategic guidance for the management and development of Melton City Council. Kelvin is responsible for providing strong leadership to the organisation and oversees the management and operations of Council, including the Legal and Governance portfolio.

Kelvin Tori holds a Bachelor of Economics and Politics and has over 30 years' experience in local government.

Contract period

May 2016-May 2020.

Remuneration

\$378,225 includes a motor vehicle and employer's superannuation.

Entitlements

Reimbursement or payment of all membership fees and subscriptions as approved and reimbursement or payment of the reasonable costs of the Officer attending conferences, seminars, in-service training courses and study.



General Manager Corporate Services, Peter Bean

Peter Bean holds a Bachelor of Business (Local Government), a Graduate Certificate in Local Government Management and a Masters of Business Administration. Peter has worked for metropolitan Melbourne, interface and north-eastern Victorian councils for over 20 years. His portfolio covers these areas: Engagement and Advocacy; Finance; Information Technology; People and Culture; and Risk and Performance.



General Manager Community Services, Maurie Heaney

Maurie Heaney has over 25 years' experience in local government. Maurie manages infrastructure provision and community service delivery for Melton City Council. His portfolio covers these areas: Community Care; Families and Children; Community Planning; Recreation and Youth; and Libraries.



General Manager Planning and Development, Luke Shannon

Luke Shannon holds a Bachelor of Applied Science (Environmental Planning) and a Graduate Diploma in Cultural Heritage and has worked in local government for 25 years. His portfolio covers these areas: Capital Projects; City Design, Strategy and Environment; Compliance; Engineering Services; Operations; and Planning Services.

Full-time

Office of the CEO	Community Services	Corporate Services	Planning and Development	Total
3 MALE	31 MALE	32 MALE	83 MALE	149 MALE
9 FEMALE	97 FEMALE	44 FEMALE	45 FEMALE	195 FEMALE

Part-time

Office of the CEO	Community Services	Corporate Services	Planning and Development	Total
0 MALE	13 MALE	0 MALE	15 MALE	28 MALE
2 FEMALE	160 FEMALE	25 FEMALE	76 FEMALE	263 FEMALE

Casual

Office of the CEO	Community Services	Corporate Services	Planning and Development	Total
0 MALE	11 MALE	0 MALE	7 MALE	18 MALE
1 FEMALE	35 FEMALE	0 FEMALE	15 FEMALE	51 FEMALE

EMPLOYMENT BY REMUNERATION CLASSIFICATION

	F	M	Total
Band 1	79	20	99
Band 2	6	4	10
Band 3	116	19	135
Band 4	109	17	126
Band 5	63	32	95
Band 6	60	37	97
Band 7	29	31	60
Band 8	11	19	30
Nurses	29	0	29
Others	7	16	23
Total	509	195	704

Equal Employment Opportunity Program

Council aims to create a workplace where the best applicants secure employment opportunities. This is achieved by creating equal opportunity and removing unreasonable barriers to entry that are unrelated to job suitability.

Council's Equal Opportunity Program continues to provide a comprehensive induction for all staff early in their employment. This program ensures staff are aware of their responsibilities and Council's expectations during their employment.

Recruitment panels are balanced to ensure gender diversity and to eliminate unintentional gender bias in the selection process.

Training programs in cultural awareness enable leaders to be aware of issues for both staff and recipients of Council services.

A Prevention of Bullying and Harassment training program was rolled out to all staff in 2017 to enhance an understanding of rights and responsibilities.

Council will continue to identify barriers to equal opportunity and implement contemporary and relevant initiatives that promote equality in employment.

Enterprise Bargaining Agreement

The Melton City Council Enterprise Bargaining Agreement No 8 2016 is scheduled to expire on 30 June 2019. Council commenced planning for the next Enterprise Bargaining Agreement negotiation, which will succeed the 2016 document.

Professional development

A range of professional development opportunities is offered to staff each year. These events provide staff with access to a range of workshops in areas such as business skills, communication skills, IT, and personal development. Council offered 65 workshops across 42 subject areas in 2017/2018. In addition, a comprehensive induction program was administered along with a number of e-learning modules in compliance.

Prevention of Bullying and Harassment training was rolled out to all staff to enhance their understanding of rights and responsibilities.

65

Professional development workshops were held in 2017/2018

Leadership development program

Council offers comprehensive training opportunities to all existing and emerging leaders. In 2017/2018, Council offered 24 leadership workshops across 12 subject areas. Council took part in the annual Emerging Leader Challenge to give emerging leaders an opportunity to act as an executive team for the day. A targeted training program for nominated high-performing future leaders was held along with a development day for coordinator level staff.

Reward and recognition program

The Reward and Recognition Framework provides opportunities for staff to nominate a colleague for their contribution to the organisation. More than 90 staff received recognition in 2017/2018. The annual STAR awards recognised contributions from seven outstanding staff members, and one outstanding team, as well as 106 individual staff members for their length of service.

Prevention of violence against women/ gender equity strategy

Council recognises gender inequality as the root cause of violence against women, and is committed to leading a gender equitable, safe and inclusive community and workplace. Council's Family Violence Policy and Procedure supports staff who have experienced family violence. *Equality and Respect 2030: A Strategy to prevent violence against women through gender equality* promotes gender equity in Melton.

Health and safety

Council moved to self-insurance for workers' compensation, through the Municipal Association of Victoria. Staff emergency preparedness at buildings other than Melton Civic Centre was strengthened. An organisation-wide review was conducted on methods to ensure personnel safety when dealing with potentially aggressive individuals. Other highlights include:

- Council's lost time injuries remained at 12, the same as the previous year
- WorkCover claims reduced and of claims made, 50 per cent of employees returned to pre-injury duties
- WorkCover premiums reduced, despite greater staff numbers
- The Corporate Global Challenge was held with 168 participants.

Risk management

JLT Australia conducted a review of Council's strategic and corporate risks, as identified in the organisation's Risk Register. The review showed Council's overall risk controls were sound; recommendations for further improvements were made.

Melton was one of six councils that took part in the Independent Broad-based Anti-corruption Commission (IBAC) review of integrity frameworks. The purpose was to identify good practices in fraud and corruption control across the sector and enable information sharing. IBAC identified no major issues, and will publish a summary report later this year.

90+

Staff received recognition for outstanding contribution to the organisation

24

Leadership workshops were held across 12 subject areas

Volunteers

Council thanks the 1,963 people who volunteered their time, skills and expertise to assist in Council programs, events and festivals in 2017/2018.

The table below shows the number of volunteers for each of the Council areas listed. This report does not include volunteer members on Council Committees and Advisory Groups.

Council service unit		Number of volunteers	Volunteer role
Ageing Well		4	Ambassadors delivered Council's Ageing Well exercise programs including Tai Chi for Arthritis, Seniors Walking Group and Nordic Walking Groups in Melton.
Carers Group		1	Volunteers assisted carers by encouraging social and peer support, and helped at outings and activities from the Carers Social Calendar.
Events		132	Volunteers worked at Council events and festivals helping out with car parking, marshalling, providing information to attendees and food service.
Environment		1,661	Volunteers participated in activities to improve the City of Melton's land and waterways including Clean Up Australia Day, Friends of Toolern Creek, Friends of the Melton Botanic Garden, Toolern Vale Landcare Group, Eynesbury Environment Group, Pinkerton Landcare and Environment Group, Utsav Malayalee Samaj, Melton Environment Group, Parwan Landcare and Dingo Discovery Sanctuary.
Food Services		4	Volunteers assisted with general duties in the kitchen and dining rooms for Council's meals on wheels service, centre-based meals program and Social Support Groups. They also hosted the Chat and Chew program.
Men's Shed		22	Volunteers provided around 319 hours of support to Men's Shed classes, projects and groups each month across both Melton and Taylors Hill Men's Sheds.
Neighbourhood House Program		24	Neighbourhood House volunteers planned and supported the operation of weekly children's programs and walking groups, and offered support to neighbours at community events and in administration duties.
Social Support		16	Volunteers assisted Social Support staff to deliver programs and activities.
Libraries		29	Library volunteers assisted with home service deliveries, family history research, the digitisation project, chess club and English conversation classes.
Volunteer Transport		11	Volunteers provided door-to-door transport for people in need to get to medical or other appointments.
Youth		59	Volunteers took part in 12 youth-led event programs that engaged young people.



Our Performance

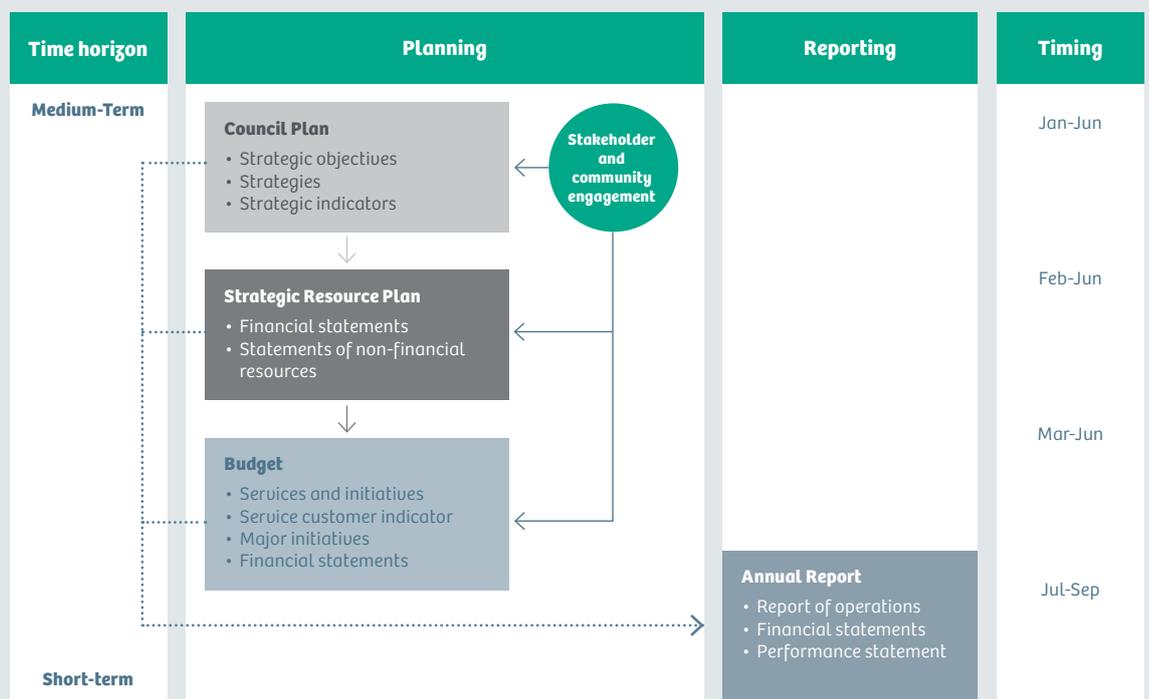


PLANNING AND ACCOUNTABILITY FRAMEWORK

The Victorian Local Government Act requires councils to prepare:

- 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.



The Council and Wellbeing Plan guides all activities over the four-year term of the elected Council. The key elements of the Council and Wellbeing Plan are:

Themes	Used to focus a council's strategic planning into common subject matter using a few key words followed by a short statement of explanation.
Strategic outcome	Describes the desired future condition upon the achievement of the stated objectives.
Objectives	The strategic purpose statements that set the direction to manage underlying issues or take advantage of presenting opportunities.
Strategies	Set of approaches directed at achieving the objectives in the Council Plan.
Strategic performance indicators	How Council's performance is measured against the Council Plan strategic objectives.

				
A proud, inclusive and safe community	A thriving and resilient natural environment	A well planned and built City	A strong local economy and a Lifelong Learning City	High performing organisation demonstrating Leadership and advocacy
A City of people leading happy and healthy lives	A City that preserves and enhances its natural environment for future generations	A City with a clear vision to manage growth in a sustainable and accessible way	A City rich in local employment and education opportunities	An organisation operating with innovation, transparency, accountability and sustainability

PERFORMANCE

Council's performance for 2017/2018 is reported against each Council and Wellbeing Plan theme, desired strategic outcome and objective to demonstrate how Council is performing in achieving the 2017-21 Council and Wellbeing Plan.

Community satisfaction surveys

Council's performance is measured through two annual satisfaction surveys: the City of Melton Community Satisfaction Survey and the Local Government Victoria Community Satisfaction Survey. Reports on both of these surveys are available on Council's website.

Council Annual Action Plan

The Council and Wellbeing Plan activities including services, programs and projects are recorded in service unit business plans. All activities align to the Melton City Council and Wellbeing Plan objectives and strategies. The Council Action Plan is an annual plan that documents key activities and initiatives. Progress reports are prepared on a quarterly basis and published on Council's website.

The *2017/2018 Council Annual Action Plan End of Year Performance Report* was presented to Council at the 17 September 2018 ordinary meeting. The report provides commentary on achievements, progress and explanations for delays and postponements. Of the 153 actions documented in the plan, 131 actions were completed, 11 actions were on track, nine actions were not on track, and two actions were postponed.

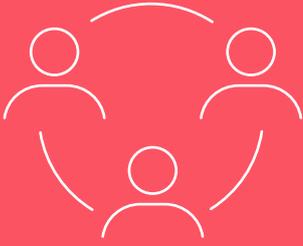
A copy of this report is available on Council's website under Publications.

The following outlines Council's performance against:

- Strategic Indicators in the 2017-2021 Council and Wellbeing Plan
- Progress reports against initiatives in the 2017/2018 Budget
- Information in relation to services funded in the 2017/2018 Budget
- Results of the prescribed service performance indicators and
- Measures as set out in the Local Government Performance Reporting Framework.

NB: As this is the first year of the 2017-2021 Council and Wellbeing Plan, prior year data will not be available for all strategic indicators. Where prior year data is available, it will be included in the comments column.

Health and wellbeing is embedded throughout the Council and Wellbeing Plan, cutting through each theme, outcome, objective, strategy and indicator. The areas with a stronger link to health and wellbeing, are displayed with a heart icon. ❤️



01

Theme 1

A proud, inclusive
and safe community

Strategic outcome

A city of people
leading happy and
healthy lives

Our community is at the heart of everything we do. Council is committed to supporting a strong and inclusive community that elicits pride. People in our City have told us they value a sense of community, want to feel and be safe in their homes and neighbourhoods and want opportunities to participate in community programs and gatherings. Proud, inclusive and safe communities are created through strong partnerships, local leadership, services and programs and environments that promote and protect community wellbeing.





Objective 1.1

A community where all people feel welcome, valued and proud

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
The proportion of the population who agree they feel proud of, connected to and enjoy their neighbourhoods	7.03	This is a new strategic indicator and therefore no prior year data is available.
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		
The proportion of the population who believe the City of Melton is a welcoming and supportive community for everyone	7.57	This is a new strategic indicator and therefore no prior year data is available.
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		

Objective 1.2

A safe and equitable community

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community perception of safety during the day	7.43	2017 – 7.61 2016 – 8.33
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		
Community perception of safety at night	5.64	2017 – 5.33 2016 – 6.36
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		
Community perception of the prevalence of family violence	28.6% agree	This is a new strategic indicator and therefore no prior year data is available.
<small>Source: Metropolis Community Satisfaction Survey 2018</small>		

Objective 1.3

Equitable, inclusive and accessible community and health infrastructure services

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction with the level of access to local health services	7.53	2017 – 7.42 2016 – 7.22
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		
Community satisfaction with support services	7.32	This is a new strategic indicator and therefore no prior year data is available.
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		

Objective 1.4

A resilient community promoting social cohesion

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction with designated cultural activities	7.22	2017 – 7.41 2016 – 7.70
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		
Community satisfaction with Council's provision of Arts events and exhibitions	7.09	This is a new strategic indicator and therefore no prior year data is available.
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		

Objective 1.5

Environments that enable and encourage positive public health and wellbeing outcomes 

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Active sport and recreation groups in the City 	90	This is a new strategic indicator and therefore no prior year data is available.
Community satisfaction with recreational facilities and leisure centres 	7.54	2017 – 7.86 2016 – 7.99

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Objective 1.6

Reconciliation to support healthy communities 

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Indigenous specific services in the City 	11	This is a new strategic indicator and therefore no prior year data is available.

**The Melton
community's
perception of safety
at night increased
from 2016/2017.**



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

MAJOR INITIATIVES	PROGRESS	COMMENTS
1) Proposed pavilion extension Hillside Tennis Club	Ongoing	The extension to the pavilion is progressing. Balance of funding carried forward.

INITIATIVES	PROGRESS	COMMENTS
2) Improvements to Blackwood Reserve Pavilion and grounds seating	Completed	Picnic settings installed.
3) Improvements to Arnolds Creek Reserve paving	Cancelled	The funding provided was to facilitate access from change rooms to oval. Landscaping works programmed at the site addressed this matter with no funding required.
4) Improvements to Kurunjang Reserve – kitchen renovations	Ongoing	Works due to commence September 2018.
5) Improvements to Botanical Springs Children's and Community Centre blinds	Completed	The funding was to provide blinds to reduce glare from windows in the community room.
6) Burnside Recreational Reserve modifications	Completed	Additional reserve seating installed.
7) Burnside Heights Reserve – power points near cricket nets	Completed	Power points have been installed.
8) Burnside Recreational Reserve upgrade – kitchen exhaust	Completed	Commercial canteen ventilation installed.
9) Hillside Recreational Reserve modifications	Completed	Additional reserve seating installed.
10) Scoping for court lights for Kurunjang Tennis Club	Completed	Design documentation completed.
11) Design of roof for range 4 at Melton Pistol Club	Completed	Design completed.
12) Horse wash improvements at Melton Equestrian Park	Ongoing	Completion due August 2018. Funding provided to the club to carry out these works on behalf of Council. No carry forward required.
13) Melton Health Expo	Completed	The expo was held on 19 April 2018.
14) Mount Cottrell Aboriginal Recognition	Ongoing	Research into the Indigenous history of Mount Cottrell was completed. Balance of funding carried forward.

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

SERVICE	DESCRIPTION	NET COST ACTUAL
		BUDGET VARIANCE
		\$000
Families and Children's Services	Provision of services for children 0-12 years and their families. Programs include Maternal and Child Health, child care services, kindergarten enrolment, playgroup and children's programs, family parenting programs, family support services, preschool field officer program, Best Start program and housing support (to vulnerable individuals and families). The service also facilitates Council's Early Years Partnership committee delivering Melton's Municipal Early Years program.	\$2,900
		<u>\$3,866</u>
		\$966
Community Care	Provision of a range services and programs for the older people, people with a disability and their carers including delivered and centre-based meals, personal care, domestic assistance, community transport, property maintenance, community and centre-based respite and Men's Shed.	\$1,937
		<u>\$2,592</u>
		\$655
Recreation and Youth	Provision of leisure and aquatic centres, sports infrastructure, reserves, youth support services and youth programs through Melton and Taylors Hill Youth Centres. The service also provides advice to Council on open space planning, sport development, leisure needs and access to recreation activities.	\$3,131
		<u>\$3,572</u>
		\$441
Community Planning	Plans, promotes and supports a more inclusive, engaged, sustainable, healthier, learned and safer community. This is delivered through strategic planning, policy development, and program delivery services in the functions of Council planning, social research, social planning, community infrastructure planning, health and wellbeing, community safety, road safety and active travel, the prevention of violence against women, community capacity development, reconciliation, culturally and linguistically diverse engagement, community engagement, policy management, community funding, Neighbourhood Houses, community facilities management, and community learning planning and programs.	\$3,020
		<u>\$3,109</u>
		\$89



The following statement provides the results of the prescribed service performance indicators and measures including explanation of material variations. *(No material variation means the result is within the permissible range figure provided by Local Government Victoria).*

SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Aquatic Facilities				
Service standard				
Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities/number of Council aquatic facilities]	2	4	1	2017 visits to the facility were higher than normal due to customer complaints on the water quality. This resulted in additional inspections in that year.
Health and safety				
Reportable safety incidents at aquatic facilities [Number of WorkSafe reportable aquatic facility safety incidents]	0	0	0	There were no reportable safety incidents during the year.
Service cost				
Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received/ number of visits to indoor aquatic facilities]	\$1.68	\$2.02	\$2.63	The 2018 result was impacted by the inclusion of a contract variation due to major maintenance works resulting in a 12-week closure of some areas.
Utilisation				
Utilisation of aquatic facilities [Number of visits to aquatic facilities/municipal population]	1.93	1.8	1.69	Major maintenance works impacted the 2018 result, which resulted in a 12-week closure of some areas.
Maternal and child health				
Satisfaction				
Participation in first MCH home visit [Number of first MCH home visits/ number of birth notifications received] x 100	105.54%	104.91%	105.07%	The number of home visits is dependent on babies born and families who have moved into the area.

SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Service standard				
Infant enrolments in the MCH service	100.00%	100.00%	100.00%	
[Number of infants enrolled in the MCH service (from birth notifications received)/number of birth notifications received] x 100				
Service cost				
Cost of MCH service	\$90.40	\$92.93	\$89.95	
[Cost of the MCH service/hours worked by MCH nurses]				
Participation				
Participation in the MCH service	73.05%	72.05%	68.95%	A number of staff reductions relating to maternity leave, staff secondments and commencement of the Right@Home program impacted the result in 2018. Recruitment to backfill vacancies is ongoing.
[Number of children who attend the MCH service at least once (in the year)/number of children enrolled in the MCH service] x100				
Participation				
Participation in the MCH service by Aboriginal children	61.62%	58.81%	57.31%	Although the variation from year to year is marginal, Council is working with Koolin Balat to increase the Aboriginal and Torres Strait Islander attendance to reverse the trend.
[Number of Aboriginal children who attend the MCH service at least once (in the year)/number of Aboriginal children enrolled in the MCH service] x 100				

The number of first home visits by a maternal and child health nurse increased in 2017/2018.





02

Theme 2

A thriving and resilient natural environment

Strategic outcome

A City that preserves and enhances its natural environment for future generations

Council is committed to protecting and enhancing its natural environments including grasslands, forests, waterways and its flora and fauna.

We recognise the adverse effects of climate change and are committed to actively taking steps to reduce its effects.

Our community values the City's natural spaces and wants to ensure they are preserved, accessible and welcoming now and for future generations. They recognise the many benefits of the natural environment – including for health and wellbeing. A whole-of-community commitment will be required to ensure a thriving natural environment for current and future generations.





Objective 2.1

A resource efficient City

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Kerbside collection waste diverted from landfill	49.3%	Population growth will continue to see increases in waste generation rates for Melton. Ongoing initiatives including a resource education program, social media campaigns, engagement at events and bin inspection programs will continue to encourage positive recycling behaviours and waste diversion. Results can be seen in the increase of recycling rates in the kerbside service. 2017 – 43.80% 2016 – 43.39%
Percentage of Council buildings (floor space) audited for water efficiency	41.15%	This is a new strategic indicator and therefore no prior year data is available

Objective 2.2

A 'low carbon city' well-adapted to changing climate conditions

STRATEGIC INDICATOR	RESULT	COMMENTS
Percentage of Council buildings (floor space) audited for energy efficiency	10.88%	This is a new strategic indicator and therefore no prior year data is available.
Trees planted in the City	4,000	The annual planting program was completed as planned. This is a new strategic indicator and therefore no prior year data is available.

Objective 2.3

A City with healthy waterways, biodiversity and ecosystems

STRATEGIC INDICATOR	RESULT	COMMENTS
Percentage of Council-managed conservation reserves with Reserve Management and Monitoring Plans	1%	The plan for the state-owned, Council-managed Melton Gilgai Nature Conservation Reserve is complete. Preliminary work commenced on a plan for Mount Cottrell ('the volcano'). This is a new strategic indicator and therefore no prior year data is available.

Objective 2.4

A City growing and developing sustainably

STRATEGIC INDICATOR	RESULT	COMMENTS
Photovoltaic cells (solar panels) commissioned on the roofs of Council buildings	0.0%	No photovoltaic cells projects were commissioned in 2017/2018. This is a new strategic indicator and therefore no prior year data is available.

Objective 2.5

An environmentally aware community that appreciates the City's unique environmental assets

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Participants (including volunteers) that attend environment and sustainability events coordinated or supported by Council	1,350	Council does not monitor attendance at community-run events, therefore these figures are an approximate. Figures include Harmony Day and Toolern Vale events. This is a new strategic indicator and therefore no prior year data is available.
Community sustainability events coordinated or supported by Council	22	Events included World Environment Day grants and Keep Victoria Beautiful awards. This is a new strategic indicator and therefore no prior year data is available.

Council took part in World Environment Day and Keep Victoria Beautiful Awards events.



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

MAJOR INITIATIVES	PROGRESS	COMMENTS
15) Platypus Festival, Friends of Toolern Creek	Completed	This grant was provided directly to the Friends of Toolern Creek.

The following statement provides information in relation to the services funded in the 2017/2018 Budget and the persons or sections of the community who provided the service.

SERVICE	DESCRIPTION	NET COST ACTUAL BUDGET VARIANCE \$000
City Design, Strategy and Environment	Provision of strategic planning and administration of the Melton Planning Scheme, environmental planning and management, environmental education programs, urban design and landscape architecture for assessment of planning permits, design and delivery of council assets and facilities.	\$3,186 \$3,100 -\$86
Operations	Provision of waste management and cleaning services that include kerbside waste, recycling and organics collection, street and footpath sweeping services, litter collection, graffiti removal and the operation of the Melton Recycling Facility. Maintenance of parks, open spaces, trees, property, drainage and roads.	\$38,332 \$37,951 -\$381

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

SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Waste				
Satisfaction				
Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests/ number of kerbside bin collection households] x1000	102.75	130.84	67.65	Population growth has resulted in an increased number of services (e.g. bins). There has been a reduction in the number of requests this year (less cancellations, repairs and missed services) due to improved service levels by Council's contractor and efficiencies with internal processes.
Service standard				
Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed/ number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	4.0	5.14	3.26	While there has been an increase in the number of households, and therefore bin services, Council has seen a reduction in the number of missed services this year due to efficiencies and improved performance by the collections contractor.
Service cost				
Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service/ number of kerbside garbage collection bins]	\$101.32	\$105.34	\$104.12	The number of kerbside garbage collection bins has increased due to population growth. Annual kerbside costs have increased at a relative rate. Council has however recorded a decrease in the number of bin lifts. This is most likely due to improved recycling behaviours by residents as a result of education programs. Councils pays a 'per lift rate', which means that positive recycling behaviours by the community have balanced population growth with increased costs.



SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Service cost				
Cost of kerbside recyclables collection service	\$25.04	\$21.99	\$24.50	Recycling bins increased due to population growth as have kerbside costs. Council pays a 'per lift rate', which is impacted by growth, CPI and community behaviour. In 2018, Melton residents increased recycling, resulting in costs increasing.
[Direct cost of the kerbside recyclables bin collection service/ number of kerbside recyclables collection bins]				
Waste diversion				
Kerbside collection waste diverted from landfill	43.39%	53.03%	49.30%	Population growth continues to result in waste generation rate rises. Ongoing initiatives, including a resource education program, social media campaigns, engagement at events and bin inspection programs continue to encourage positive recycling behaviours and waste diversion. The 2018 result saw an increase in recycling rates in kerbside services. Correction: the result for 2018 should be 43.80%. An incorrect tonnage for the denominator was used.
[Weight of recyclables and green organics collected from kerbside bins/weight of garbage, recyclables and green organics collected from kerbside bins] x 100				



03

Theme 3

A well planned and built city

Strategic outcome

A City with a clear vision to manage growth in a sustainable and accessible way

Council is committed to ensuring that the growth and development of the City occurs in an accessible, fair and responsible way. Our community has told us that community infrastructure and connected and flexible transport networks will continue to be important. Public spaces should be created and maintained, providing places for everyone. The City should grow in a way that supports the health and wellbeing of the community. Council will not be able to achieve this alone and will be an advocate and partner with planning and service providers to work towards achieving this.





Objective 3.1

A City that strategically plans for growth and development

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community perception of Council's performance on planning for a growing population	6.4	This is a new strategic indicator and therefore no prior year data is available.

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Objective 3.2

Community facilities, infrastructure and services that are equitably planned for, provided and maintained

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction with Council facilities	7.32	This is a new strategic indicator and therefore no prior year data is available.

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Percentage completion of the Annual Capital Works Program	76.0%	2017 – 62% 2016 – 71%
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Objective 3.3

Public spaces that are vibrant and engaging places for all

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction with the maintenance of parks and gardens	7.33	2017 – 7.14 2016 – 7.44

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Community satisfaction with Council's provision of parks and gardens	7.44	2017 – 7.42 2016 – 7.74
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Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Objective 3.4

A flexible, safe and health-promoting transport network that enables people to move around

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction with the public transport network within the City	6.57	2017 – 6.61 2016 – 6.23

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Community satisfaction with parking and traffic management in the City	6.80	2017 – 6.47 2016 – 6.76
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Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Objective 3.5

A City that encourages and enables people to work, shop and spend time locally

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Residents that agree the City of Melton is vibrant, accessible and engaging	6.95	This is a new strategic indicator and therefore no prior year data is available.

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

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

MAJOR INITIATIVES	PROGRESS	COMMENTS
16) Footpath extensions Navan Park	Ongoing	The project is in the approval stage. Balance of funding carried forward.

INITIATIVES	PROGRESS	COMMENTS
17) Venue modifications for senior citizens in Caroline Springs	Ongoing	The project is in the approval stage. Balance of funding carried forward.
18) Landscape improvements in Hillside and Burnside	Completed	Tree and shrub planting completed in consultation with the clubs.
19) Upgrade and upkeep at Brookside Community Centre bike racks	Completed	Bike racks installed.
20) Fenced dog park – Diggers Rest	Ongoing	Fencing was completed, and procurement of shelter and seating commenced. Expected completion date: 31 August 2018. Balance of funding carried forward.
21) Repairs and improvements to Banchory Community Centre	Completed	Repair works to the moveable wall, fencing and flooring were completed.
22) Additional external lighting at Banchory Community Centre	Cancelled	Additional lighting was unable to be installed due to Planning Permit restriction.
23) Review the Masterplan for Melton Botanic Garden development	Ongoing	The Project Control Group reviewed the draft. Further consultation with Council and the Executive will be completed by September 2018. No carry forward, will proceed through operational budget.
24) Walkway concreting at Melton Foodbank	Completed	A new footpath was completed, enhancing disability access, and a driveway and loading zone to the facility.



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

SERVICE	DESCRIPTION	NET COST ACTUAL BUDGET VARIANCE \$000
Engineering Services	Provision of design for capital works, traffic management planning, built assets management, civil and landscape infrastructure planning, and geographic information systems.	\$2,333 \$4,274 \$1,941
Planning	Provision of assessment of planning and subdivision proposals under the relevant planning and subdivision legislation, and ensuring compliance with the planning controls. Services provided include the assessment of planning and subdivision applications, pre-application consultation, planning advice, post-permit approvals, issue of statements of compliance, and collection, monitoring and reporting of development contributions.	\$798 \$1,809 \$1,011
Capital Projects	Responsible for planning, design and construction of a complex suite of new civil and community infrastructure within an operational framework delivering a works program via project management processes and controls. The unit's primary responsibility is to achieve the timely programming and roll-out of Council's capital projects.	\$2,325 \$1,868 -\$457

Landscape improvements at Hillside and Burnside were completed in 2017/2018 along with a new footpath to enhance disability access at Melton Foodbank.

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

SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Roads				
Satisfaction of use				
Sealed local road requests [Number of sealed local road requests/kilometres of sealed local roads] x 100	22.45	26.48	26.37	
Condition				
Sealed local roads maintained to condition standards [Number of kilometres of sealed local roads below the renewal intervention level set by Council/ kilometres of sealed local roads] x 100	98.69%	92.69%	93.81%	
Service cost				
Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction/square metres of sealed local roads reconstructed]	\$142.40	\$76.02	\$78.47	Although the result is within the threshold, there was a significant reduction in the amount spent and the length of local roads reconstructed as Council had a greater focus on constructing buildings this year.
Service cost				
Cost of sealed local road resealing [Direct cost of sealed local road resealing/square metres of sealed local roads resealed]	\$18.70	\$9.71	\$10.04	Although the result is within the threshold, there was a significant reduction in the amount spent and the length of local road resealed as Council had a greater focus on constructing buildings this year.
Satisfaction				
Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	64	62	63	

Source: Local Government Satisfaction Survey 2018



SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Statutory Planning				
Timeliness				
Time taken to decide planning applications	63 days	63 days	64 days	
[The median number of days between receipt of a planning application and a decision on the application]				
Service standard				
Planning applications decided within required time frames	76.97%	74.12%	75.82%	Additional PSP areas being released resulted in an increase of about 30% in application numbers.
[Number of planning application decisions made within 60 day/ number of planning application decisions made] x 100				
Service cost				
Cost of statutory planning service	\$2,190.41	\$2,393.29	\$2,010.65	Less reliance on legal representation on VCAT matters and staff vacancies being unfilled for extended periods contributed to reduced unit cost.
[Direct cost of the statutory planning service/number of planning applications received]				
Decision-making				
Council planning decisions upheld at VCAT	50.00%	28.57%	25.00%	Four applications to set aside Council's decision in relation to the planning permit were made to VCAT. Of those, one did not set aside Council's decision.
[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] x 100]				



04

Theme 4

A strong local economy and lifelong learning city

Strategic outcome

A City rich in local employment and education opportunities

A strong local economy offers a variety of education, training, employment and visitor opportunities for all ages and life stages. Our community has told us that as the population grows, the need for local schools and tertiary providers will become critical. They want to study and work locally and have more local employment opportunities. Council is committed to creating a lifelong learning City, full of opportunities for all. We will work in partnership with the community, private sector and other levels of government to achieve this.





Objective 4.1

A diverse economy that fosters business growth, encourages new investment and leads and responds to change

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Annual new planning permits issued for industrial and commercial properties	137	The number of permits issued for industrial and commercial developments for the year represents approximately 25% of all planning permits issued. This is a new strategic indicator and therefore no prior year data is available.
Capital investment value of new planning permits for industrial and commercial properties	\$199,793,677	Investment comprised a mix of small scale commercial and industrial developments, changes of land use, larger-scale warehouse and distribution uses and neighbourhood activity centre developments consisting of supermarkets, shops and retail premises. This is a new strategic indicator and therefore no prior year data is available.

Objective 4.2

More local employment options with an increasing number of residents employed 

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
The City's unemployment rate relative to the state of Victoria's annual unemployment rate 	9.2% (Melton) 5.9% (Vic)	The unemployment rate over this year has had an overall rise of 0.2% with a peak of 9.5%, which is substantially higher than the state average. The final quarter showed the gap has closed slightly. Figures as at March 2018. This is a new strategic indicator and therefore no prior year data is available.
Job vacancies within the municipality publically advertised locally	496	The final quarter of the year showed an increase in job advertisements. A lot of this can be attributed to a strong residential housing construction market, and major projects such as the Ballarat Line Upgrade and the CS Square expansion. This is a new strategic indicator and therefore no prior year data is available.

Objective 4.3

A visitor economy that adds value to local businesses

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
People engaged at visitor information points within the City	3,555	An increase in engagement in the third quarter included outreach activities promoting the Melton City Much More App. This is a new strategic indicator and therefore no prior year data is available.
Visitor engagements through digital channels	1,977	An increase in digital engagement in 2018 included promoting the Melton City Much More App. This is a new strategic indicator and therefore no prior year data is available.

Objective 4.4

A City with a variety of local education facilities and programs

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community perception of Council advocacy for improved education facilities	6.83	2017 – 6.00 2016 – 7.09
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		
The rate of school leavers entering higher education, vocational education or employment 	92.7%	71% of school leavers were in further education or training and 21.7% were employed either full or part-time.
<small>Source: On Track Survey – Local Government Area Website</small>		

Objective 4.5

Lifelong learning opportunities are available and promoted

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
People participating in Neighbourhood House programs 	3,759	This is a new strategic indicator and therefore no prior year data is available.
Community satisfaction with local library services 	8.40	2017 – 8.83 2016 – 8.68
<small>Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10</small>		



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

MAJOR INITIATIVES	PROGRESS	COMMENTS
25) Early years tree initiative	Completed	Children attending four-year-old kindergarten in the City of Melton received a local indigenous seedling to take home and plant. More than 2,500 children from 51 different kindergartens received the seedlings in Term 1 of 2018.

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

SERVICE	DESCRIPTION	NET COST ACTUAL BUDGET VARIANCE \$000
Libraries	Provision of public library services including collections, programs, activities and access to technology from two library locations, online and via outreach services to promote reading, learning and literacy.	\$3,025
	Provision of arts and cultural activities.	\$2,823
		-\$202

The Melton City Much More App was launched to increase Council's digital engagement with the community.

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

SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Libraries				
Library collection usage				
[Number of library collection item loans/number of library collection items]	4.25	4.17	5.25	The 2018 result was impacted by improving the age of the library collection by removing outdated material, which resulted in a reduced collection size.
Resource standard				
Standard of library collection [Number of library collection items purchased in the last 5 years/number of library collection items] x 100	57.79%	57.59%	74.77%	The 2018 result was impacted by improving the age of the library collection by removing outdated material, which resulted in a reduced collection size.
Service cost				
Cost of library service [Direct cost of the library service/number of visits]	\$5.96	\$6.47	\$6.90	The increase in direct cost is mostly due to additional investment by Council in library service delivery following a service review.
Participation				
Active library members [Number of active library members/municipal population] x 100	11.26%	10.26%	9.43%	The result was impacted by a significant growth in Melton's population over previous years.







05

Theme 5

A high performing organisation demonstrating leadership and advocacy

Strategic outcome

An organisation operating with innovation, transparency, accountability and sustainability

Council is committed to providing strategic leadership and working in collaboration to better engage, represent and communicate with our diverse community. We will ensure our services and facilities are efficient, effective and appropriate to get the best outcomes for our community. We will manage the municipality in an innovative, responsible and financially sustainable way that meets the needs and aspirations of current and future communities.





Objective 5.1

Deliberative engagement and effective communication with the community that informs planning and decision-making

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction with consultation and engagement	6.74	2017 – 6.22 2016 – 7.02

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Objective 5.2

A flexible, innovative and creative organisation that responds to rapidly changing community and operating environments

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community perception that Council is efficient and run well	7.12	2017 – 6.51 2016 – 6.92

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Workforce turnover	12.42%	2017 – 10.66% 2016 – 9.00%
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Objective 5.3

Effective civic leadership, advocacy, partnerships and good governance

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community satisfaction rating for Council making decisions in the best interest of the community	7.07	2017 – 6.04 2016 – 6.89

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Councillor attendance at Council meetings*	97.6%	2017 – 98.6% 2016 – 85.71%
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Objective 5.4

An organisation that demonstrates excellence in local government leadership and customer and community service

STRATEGIC INDICATOR	RESULT 30 JUNE 2018	COMMENTS
Community perception of Council's overall performance	7.12	2017 – 6.51 2016 – 6.92

Source: Metropolis Community Satisfaction Survey 2018 – index score out of 10

Working capital ratio	6.26:1	2017 – 5.85:1 2016 – 3.05:1
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* Denotes performance indicator is required under the Local Government Performance Reporting Framework

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

SERVICE	DESCRIPTION	NET COST
		ACTUAL BUDGET VARIANCE
		\$000
Compliance	Administers general local laws enforcement, planning enforcement, building services, environmental health (Food Safety & Immunisation programs), animal management, parking enforcement and school crossings.	\$2,091
		\$2,891
		-\$800
Engagement and Advocacy	Provides inbound call handling and counter services, communication campaigns and media management, hosting of events, artistic and cultural activities, facilitation of economic development and tourism outcomes and advocacy promoting Council priorities.	\$5,081
		\$5,915
		\$834
Finance	Provides financial services to both internal and external customers including the management of Council's finances, raising and collection of rates and charges, and property valuation.	-\$12,381
		-\$10,606
		\$1,775
Information Services	Provides leadership, support and improvement capability in the area of information and technology so that the organisation can deliver effective services.	\$10,172
		\$6,744
		-\$3,428
People and Culture	Provides human resources, learning and development, payroll, industrial relations.	\$1,663
		\$1,768
		\$105
Executive and Councillors	This area of governance includes the mayor, councillors, chief executive officer and executive management team and associated support.	\$2,549
		\$2,537
		-\$12
Legal and Governance	Provides a range of internal services to Council including governance, legal, procurement, insurance, contractual and internal audit services. Also administrative support to the mayor and councillors.	\$2,608
		\$2,196
		\$412
Risk and Performance	Provides risk management services through occupational health and safety programs, workers' compensation services, health and wellbeing initiatives, fraud and corruption control, municipal fire prevention, business continuity management, and community emergency management (planning, preparedness and recovery). Provides performance management through corporate planning and performance reporting functions.	\$1,295
		\$1,302
		\$7



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

SERVICE/INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Animal Management				
Timeliness				
Time taken to action animal management requests	2.67 days	2.47 days	2.38 days	
[Number of days between receipt and first response action for all animal management requests/ number of animals management requests] x 100				
Service standard				
Animals reclaimed	45.02%	39.29%	44.74%	
[Number of animals reclaimed/ number of animals collected] x 100				
Service cost				
Cost of animal management service	\$39.78	\$46.44	\$53.69	The increase in cost per animal can be attributed to a decrease in the number of registered animals in the City and a small increase in the overall cost of the service.
[Direct cost of the animal management service/number of registered animals]				
Health and safety				
Animal management prosecutions	2	8	14	The introduction of the new guideline on dog attacks has resulted in an increase in, and consistent approach to, prosecutions.
[Number of successful animal management prosecutions]				
Food Safety				
Timeliness				
Time taken to action food complaints	2.79 days	2.73 days	2.46 days	
[Number of days between receipt and first response action for all food complaints/number of food complaints]				
Service standard				
Food safety assessments	93.55%	94.82%	83.99%	An increase in the overall number of registered premises has resulted in a slightly lower inspection rate.
[Number of registered Class 1 food premises and Class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> /number of registered Class 1 food premises and Class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i>] x 100				

SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Service cost				
Cost of food safety service	\$559.85	\$572.25	\$567.97	
[Direct cost of the food safety service/number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]				
Health and safety				
Critical and major non-compliance outcome notifications	100.0%	100.0%	0	No notifications received this year.
[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] x 100				
Governance				
Transparency				
Council decisions made at meetings closed to the public	18.71%	9.20%	8.89%	Growth in the City of Melton has given rise to the number of resolutions considered by Council in both total resolutions and resolutions made at closed meetings. Allowing for the increase, Council has committed to greater transparency by attempting to keep the number of resolutions presented at closed meetings to a minimum.
[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] x 100				
Consultation and engagement				
Satisfaction with community consultation and engagement	54	55	59	Improvement in this area can be attributed to the implementation of the Community Engagement Framework and processes involved in the development of the Community Vision, Council and Wellbeing Plan and the Municipal Strategic Statement.
Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement				



SERVICE/ INDICATOR / MEASURE	RESULT 2016	RESULT 2017	RESULT 2018	MATERIAL VARIATIONS
Attendance				
Councillor attendance at Council meetings	85.71%	98.60%	97.62%	
[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)] x 100				
Service cost				
Cost of governance	\$52,678.96	\$56,195.22	\$56,696.76	It should be noted, expenditure for 2018 covers nine Councillors for the full year, whereas in 2017 was for eight months only. This has contributed to the increased costs per Councillor in 2018.
[Direct cost of the governance service/number of Councillors elected at the last Council general election]				
Satisfaction				
Satisfaction with Council decisions	56	55	60	Improvement in this result can be attributed to increased confidence in a number of areas including how Council dealt with issues of safety, consultation and engagement, and overall transparency in its operations and meetings.
Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community				

Council's community satisfaction results improved in the areas of consultation and engagement, and decision-making in 2017/2018.





Governance, Management and other information



GOVERNANCE

The Local Government Act 1989 sets out the purpose and objectives of Melton City Council and defines its functions and powers. Council is a statutory body incorporated under the Act. Its role is to provide leadership for the City of Melton in service of the community.

Melton City Council:

- acts as a representative government and considers community needs when making decisions
- establishes strategic objectives for municipal services and monitors their achievement
- ensures the responsible and accountable management of its resources
- advocates local community interests to other communities and governments
- is a responsible partner in government, taking the needs of other communities into account
- fosters community cohesion and encourages participation in civic life.

Councillor vacancies and appointments

In 2015, the Victorian Electoral Commission (VEC) completed an election representational review of Melton City Council and recommended that it change to consist of nine councillors elected from one four-councillor ward, one three-councillor ward and one two-councillor ward. An Order in Council made by the Governor in Council was published in the Victoria Government Gazette on 14 April 2016 implementing the recommendation of the VEC to the Minister for Local Government with effect at the next general election of the Melton City Council.

The Local Government General Elections were held on 22 October 2016, resulting in the following appointments of the Melton City Council:

Steven Abboushi	Kathy Majdlik
Lara Carli	Michelle Mendes
Melissa De Santis	Sophie Ramsey
Ken Hardy	Bob Turner
Goran Kesic	

Meetings of Council

Ordinary meetings of Council are typically held monthly in Council Chambers at 232 High Street, Melton, and are open to the public. Controlled by the Mayor as chairperson, a range of matters are considered from local planning applications through to advocacy work targeting state and federal governments. For any agenda item requiring a resolution of Council, a vote among Councillors occurs, through which the powers of Council are discharged.

Encouraging the participation of the community, public questions from the gallery may be asked during Council meetings. Questions must be received by Council before 5pm on the day of the scheduled meeting. A person who has submitted a public question must be present in the gallery for their question to be asked.

Meeting agendas are available on the Council website, as are minutes of any meeting, including audio recordings.

Council meetings were held on these dates in 2017/2018. The meetings set out below were Ordinary Meetings of Council except where indicated as Special Meetings:

- 10 July 2017 (Special Meeting of Council)
- 24 July 2017
- 21 August 2017
- 18 September 2017
- 16 October 2017
- 2 November 2017 (Special Meeting of Council)
- 13 November 2017
- 18 December 2017
- 5 February 2018
- 5 March 2018
- 26 March 2018
- 30 April 2018
- 28 May 2018
- 25 June 2018

Code of conduct

The *Local Government Act 1989* ('the Act') requires that all Victorian Councils adopt a Councillor Code of Conduct and that each Councillor make a declaration that he/she will abide by it within four months of a general election. In accordance with section 76C of the Act, the 2017 Councillor Code of Conduct was adopted at the special meeting of Council held 20 February 2017.

The 2017 Councillor Code of Conduct includes sections on courtesy, integrity, responsibility, stewardship, discretion, decision-making, acceptance of gifts, conflicts of interest, functional separation and a comprehensive section on dispute resolution procedures.

In carrying out their role, Councillors will:

- act with integrity
- exercise their responsibilities impartially in the interests of the local community
- not make improper use of their position to advantage or disadvantage any person.

In addition, in performing this role, Councillors will:

- avoid conflicts between public duties as Councillors and personal interests and obligations
- act honestly and avoid making oral or written statements and avoid actions that may mislead a person
- treat all persons with respect and show due respect for the opinions, beliefs, rights and responsibilities of other Councillors, Council officers and other people
- exercise reasonable care and diligence and submit to lawful scrutiny that is appropriate to their office
- ensure that public resources are used prudently and solely in the public interest
- act lawfully and in accordance with the trust required as elected representatives of the community
- support and promote these principles by leadership and example to ensure the public has confidence in the office of Councillor.

 The Code of Conduct is available from Council's website: melton.vic.gov.au.

Conflict of interest

Councils are entrusted with a range of decision-making powers to govern in the best interests of local communities. These powers must only be exercised impartially, with integrity, and must not seek to deliberately confer an advantage or disadvantage on any person. It must be clear that the private interests of Councillors are not affecting public duties and the position of Councillor is not being used for personal benefit.

The Act defines the specific circumstances that give rise to a conflict of interest and describes the actions that Councillors must take where a conflict arises. The Local Law Meeting Procedure of Council facilitates declarations of interest and the appropriate manner in which to meet statutory obligations.

Delegations of authority

With few exceptions, the powers granted to Melton City Council under the *Local Government Act 1989* or any other Act may be delegated to a special committee of Council, to the Chief Executive Officer or to a Council officer through a properly authorised instrument of delegation.

The delegation of powers is a mechanism to ensure the effective day-to-day functioning of Council where resolutions of Council would prove impractical.

In accordance with Section 98 of the Act Council periodically revises and updates instruments of delegation to ensure appropriate authorisation. The Council updated its key instruments of delegation on 25 June 2018.

Governance Charter

Council represents the broad interests of the community and will implement decisions and follow processes that are informed by good information and data and stakeholder views. Council is committed to the principles of good governance and adopted a Governance Charter at the ordinary meeting of Council on 6 February 2017. Specifically, the Charter is aimed at providing:

- clear information on decision-making processes
- advice on the authorising environment of Council
- guidelines for Councillors, Executive and Managers in relation to roles and responsibilities
- a reference point for disputes, and clarifies the relationship between the law and internal rules/policies/documents.



The Governance Charter is available from Council's website; melton.vic.gov.au

Councillor allowances

Councillors are paid an allowance set by Council within a prescribed range by State legislation. This allowance is paid in recognition of their voluntary Councillor roles in carrying out their civic and statutory duties as representatives of Melton City Council. For the purposes of calculating allowances payable, Melton City Council is classified as a Category 3 Council.

In accordance with section 74(1) of the Act, Council reviewed and determined the level of the Councillor and Mayoral allowance within six months of the October 2016 election. Allowances were confirmed on 3 May 2017 after a notice of intention to review Councillor and Mayoral allowances was advertised on 4 April 2017 and no submissions were received.

Mayor and Councillors' allowances for 2017/2018

Councillor	Allowance \$
Steve Abboushi	\$32,877
Lara Carli	\$32,877
Melissa De Santis	\$32,877
Ken Hardy	\$32,877
Goran Kesic	\$32,877
Kathy Majdlik	\$32,877
Michelle Mendes	\$32,877
Sophie Ramsey (Mayor 8 November 2016 - 1 November 2017)	\$56,607
Bob Turner (Mayor 2 November 2017 - current)	\$81,285

Councillor expenses

In accordance with Section 75 of the Act, Councillors are entitled to be reimbursed for any necessary out-of-pocket expenses they incur while performing their duties as a Councillor.

To ensure that Council policy, in relation to the appropriate provision of resources and support provided to Councillors, meets contemporary standards of probity and community expectations, the policy review panel endorsed a revised and updated Resource Support and Expenses of Councillors and Special Committee Members Policy in July 2016, which was approved at the 22 August 2016 Council meeting.

The policy governs the appropriate provision of motor vehicles, office equipment, secretarial support, travel expenses, training and seminar expenses, hospitality and caring allowances. The policy applies to the Mayor, Councillors and appointed members of special committees of Council.

Councillor Expenses

	Cr Steve Abboushi	Cr Lara Carli	Cr Melissa De Santis	Cr Ken Hardy	Cr Goran Kestic	Cr Kathy Majdlik	Cr Michelle Mendes	Cr Sophie Ramsey	Cr Bob Turner
Conferences, Seminars & Training	2,468	0	364	10,121	0	1,015	0	2,363	2,646
Travel Local	218	0	0	0	0	3,302	0	39	0
Communications	763	1,538	593	949	549	1,560	652	1,953	2,178
Functions External to Civic Centre	1,132	2,647	2,416	1,487	617	866	1,365	2,237	2,101
Child Care Expenses	1,722	0	0	0	0	18,798	0	0	0
Councillor Allowances	32,877	32,877	32,877	32,877	32,877	32,877	32,877	56,607	81,285
Total	39,180	37,062	36,250	45,434	34,043	58,418	34,894	63,199	88,210

Committees

Committee	Councillor representative	
	November 2016 to October 2017	November 2017 to October 2018
Arts & Culture Advisory Committee	Cr Turner Cr Carli Cr Mendes	Cr Turner Cr Carli Cr Mendes
Audit Committee	Cr Carli Cr Hardy	Cr Hardy Cr Turner
Boral Deer Park Community Liaison Committee	Cr Abboushi	Cr Abboushi
CALD Advisory Committee	Cr Turner Cr De Santis	Cr Turner Cr De Santis
Calder Highway Improvement Committee (CHIC)	Officer Representation	Officer Representation
Caroline Springs Leisure Centre Users Forum	Cr Abboushi Cr Kesic	Cr Abboushi Cr Kesic
CEO Review Special Committee (s86 Special Committee)	Cr Ramsey Cr Turner Cr Kesic	Cr Hardy Cr Majdlik Cr Ramsey Cr Turner
Community Grants Program – Semi-Annual Grants Assessment Panel	Cr Kesic Cr Ramsey Cr Turner	Cr Kesic Cr Ramsey Cr Turner
City of Melton Community Benefit Program – Grants Assessment Panel (Collingwood)	Cr Hardy Cr Carli	Cr Carli Cr De Santis Cr Kesic
City of Melton Community Benefit Program – Grants Assessment Panel (HRV)	Cr Carli Cr De Santis	Cr Hardy Cr Ramsey Cr Turner
Community Grants Program – Bi-Monthly Response Grant Panel	Cr Mendes	Cr Carli Cr Majdlik Cr Mendes
Community Achievement Awards Assessment Panel	Cr Ramsey Cr Turner	Cr Hardy Cr Turner
Community Learning Board	Cr Ramsey	Cr Majdlik
Community Safety Committee	Cr Ramsey Cr Turner	Cr Hardy Cr Turner
Councillor Representations Nominations Advisory Committee	All Councillors	All Councillors
Disability Advisory Committee	Cr Majdlik	Cr Majdlik
Early Years Partnership Committee	Cr Ramsey Cr Carli	Cr Carli

Committee	Councillor representative	
	November 2016 to October 2017	November 2017 to October 2018
Heritage Advisory Committee	Cr Turner	Cr Turner
Interface Councils	Cr Ramsey	Cr Turner Cr Hardy & Cr Ramsey (substitutes)
LeadWest Ltd	Cr Ramsey	Cr Hardy
Leisure Advisory Committee	Cr Abboushi Cr Turner	Cr Abboushi Cr Turner
Mayoral Charity Fund Committee (s86 Special Committee)		Cr Hardy Cr Turner
Melbourne Regional Landfill Community Reference Group	Cr Kesic Cr Turner	Cr Majdlik Cr Turner
Melton Indoor Recreation Centre	Cr De Santis Cr Ramsey	Cr De Santis Cr Ramsey
Melton Waves Reference Group	Cr De Santis Cr Ramsey	Cr De Santis Cr Hardy
Melton Weir Development Advisory Group	Cr Turner Cr De Santis	Cr De Santis Cr Hardy
Metropolitan Waste Management Forum	Cr Turner	Cr Turner Cr Abboushi (substitute)
Military Commemoration Investment Advisory Committee (MCIAC)	All Councillors	All Councillors
Municipal Association of Victoria	Cr Majdlik	Cr Majdlik
Municipal Emergency Management Planning Committee	Cr Turner	Cr Turner
Municipal Fire Management Planning Committee	Cr Ramsey	Cr Ramsey Cr Turner (substitute)
National Growth Areas Alliance (NGAA)	Cr Ramsey Cr Hardy Cr Kesic	Cr Hardy Cr Ramsey Cr Turner Cr Kesic (substitute)
Policy Review Panel	Cr Carli Cr Hardy Cr Majdlik Cr Ramsey	Cr Carli Cr Hardy Cr Majdlik Cr Turner
Preventing Family Violence Advisory Committee		All Councillors
Property Development Advisory Committee (PDAC)	Cr Ramsey Cr De Santis Cr Hardy	Dissolved

Committee	Councillor representative	
	November 2016 to October 2017	November 2017 to October 2018
Public Hospital for Melton Advisory Committee	Committee to be reactivated	All Councillors
Ravenhall Prison Project – Community Advisory Group (CAG)	Cr Kesic Cr Majdlik	Cr Abboushi Cr Majdlik
Reconciliation Advisory Committee	Cr Carli Cr De Santis	Cr Carli Cr De Santis
Road Safe Westgate	Cr Ramsey	Cr Ramsey
Road to Zero Steering Committee	Cr Ramsey Cr Carli	Cr Carli
Strategic Health Forum	Cr Ramsey Cr Turner Cr Hardy (substitute)	Officer Representation
Transport Reference Group		Cr Majdlik Cr Ramsey Cr Turner
Victorian Local Governance Association	Cr Hardy	Cr Hardy
Western Highway Action Committee (WHAC)	Cr Mendes	Cr Mendes
Western Melbourne Tourism Board	Cr Ramsey Cr Abboushi	Cr Ramsey Cr Abboushi
Western Region Mayors Forum	Cr Ramsey	Cr Turner
West Waters/ City of Melton Community Benefit Program	Cr Abboushi Cr Majdlik	Cr Abboushi Cr Mendes
Youth Consultative Committee	Cr Abboushi Cr De Santis Cr Turner	Cr Abboushi Cr De Santis Cr Turner

Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks leads 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 on the following pages. The following items have been highlighted as important components of the management framework.

Audit Committee

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

The Audit Committee terms of reference sets out the Committee's objectives, authority, composition, responsibilities and reporting. The Audit Committee does not have executive powers or authority to implement actions in areas over which Council management has responsibility. The Audit Committee does not have any management functions and is therefore independent of management.

Melton City Council is committed to maintaining effective internal audit practices, inclusive of an Audit Committee that meets industry best practice guidelines. The internal audit function is an integral component of Melton City Council's commitment to good governance.

As part of Council's governance obligations to its community, the audit committee oversees responsibilities in relation to:

- Application of accounting policies
- Financial management
- Effective internal control systems
- Council policies and practices
- Compliance with applicable laws, regulations and best practice guidelines
- Risk management, in particular monitoring and controlling of community and commercial risk.

Members of the Audit Committee

This Committee is made up of three external independents and two Councillors with full voting rights. The committee is chaired by one of the three external independents.

The Audit Committee met six times during the year, and reviewed the 2016/2017 Statement of Accounts, which included the provision of comments on the external auditors' management letter.

Members of the Audit Committee and meetings attended during 2017/2018

Audit Committee member	Position	Meetings attended
Adam Roberts	Chairperson Independent external (to December 2017)	2
Robert Tommasini	Chairperson Independent external (from February 2018)	6
Alan Hall	Independent external	6
Farshan Mansoor	Independent external (from January 2018)	2
Cr Hardy	Councillor	6
Cr Carli	Councillor (to November 2017)	2
Cr Turner	Councillor (from April 2018)	1

All recommendations from the Audit Committee were presented to Council for consideration at the next ordinary meeting of Council. The Legal and Governance Department provides secretarial support to the Audit Committee.

Internal audit

The internal audit function for 2017/2018 was provided under contract by auditors Oakton Services.

During 2017/2018, the following audits were undertaken by Council's internal auditors:

- Strategic Internal Audit Plan 2018/2019-2020/2021
- Review of Business Continuity & IT Disaster Recovery Planning
- Review of Project Management
- Review of Procurement including CAATs
- Review of Events Management
- Review of Fraud & Corruption
- Review of Home & Community Care (HACC)
- Review of Follow Up of Recommendations.

External audit

The Victorian Auditor-General externally audits Council each year. The Victorian Auditor-General's representative conducted the annual external audit of Council's financial statements and performance statement. The external auditors attended the August 2017 and April 2018 audit committee meetings to present the independent audit report and annual audit plan. The external audit management letter and responses are also provided to the audit committee.

Governance and Management Checklist

The following are the results in the prescribed form of Council's assessment against the prescribed Governance and Management Checklist.

Governance and Management Checklist		
	Governance and Management Items	Assessment
1	Community engagement policy (policy outlining council's commitment to engaging with the community on matters of public interest)	Date of operation of policy: 23 June 2015 
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Date of operation of current guidelines: 23 June 2015 
3	Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years)	Adopted in accordance with section 126 of the Act. Date of adoption: 25 June 2018 
4	Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act. Date of adoption: 25 June 2018 
5	Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Road Asset Management Plan Buildings Asset Management Plan, Open Spaces Asset Management Plan, Drainage Asset Management Plan. Date of operation of all current plans: 3 February 2015 
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Date of operation of current strategy: 1 April 2014 The Rating Strategy is reviewed annually as part of Budget process 
7	Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Date of operation of current policy: 8 March 2018 

Governance and Management Checklist

Governance and Management Items	Assessment
8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Date of operation of current policy: 6 February 2017 ✔
9 Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Act. ✔ Date of preparation: 12 September 2017
10 Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Act. ✔ Date of approval: 16 December 2014
11 Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Date of current plan: 1 November 2017 ✔
12 Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Information Technology Disaster Recovery Plan. ✔ Date of preparation: 23 May 2014
13 Risk management framework (framework outlining council's approach to managing risks to the Council's operations)	Date of operation of current framework: 8 March 2018 ✔
14 Audit Committee (advisory committee of Council under section 139 of the Act whose role it is to oversee the integrity of a council's financial reporting, processes to manage risks to 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: 2 February 1998 Revised Audit Committee Terms of Reference were adopted by Council on 24 July 2017
15 Internal audit (independent accounting professionals engaged by Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Date of engagement of current provider: 10 July 2015. At its Ordinary Meeting held 26 March 2018, Council resolved to extend this contract to June 2020 ✔
16 Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Council has incorporated the Local Government Performance Reporting Framework Performance Indicators Service indicators into the Council Budget, which was adopted by Council on 26 June 2017 ✔
17 Council Plan reporting (report reviewing the performance of the council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Dates for Council Annual Action Plan Progress Reporting to Council: 21 August 2017, 13 November 2017, 5 March 2018, 28 May 2018 ✔ Reporting on the Council Plan Strategic Indicators occurs twice a year via the Annual Report, adopted by Council on 13 November 2017 and the Midyear Performance Report to Executive on 15 February 2018

Governance and Management Checklist

Governance and Management Items	Assessment
<p>18 Financial reporting (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 were adopted by Council: 16 October 2017, 13 November 2017, 26 March 2018 and 28 May 2018</p>
<p>19 Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)</p>	<p>Risk reporting only conducted once this year, on 4 Jan 2018, as a result of aligning to financial year reporting. Future reporting will be conducted in the first and third quarters of the financial year</p>
<p>20 Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)</p>	<p>Reporting on the indicators occurs twice a year via the Annual Report, adopted by Council 13 November 2017 and the Midterm Performance Report to Executive, 15 February 2018</p>
<p>21 Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)</p>	<p>Considered at a meeting of Council in accordance with section 134 of the Act.</p> <p>Date Report presented to the Minister: 30 September 2017. Adopted by Council, 13 November 2017</p>
<p>22 Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)</p>	<p>Reviewed in accordance with section 76C of the Act.</p> <p>Date reviewed: 20 February 2017</p>
<p>23 Delegations (a document setting out the powers, duties and functions of council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>Reviewed in accordance with section 98(6) of the Act.</p> <p>Date of review: 25 June 2018</p>
<p>24 Meeting procedures (a local law governing the conduct of meetings of council and special committees)</p>	<p>Meeting procedures local law made in accordance with section 9(1) of the Act.</p> <p>Date local law made: 23 July 2013</p>

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



Kelvin Tori
Chief Executive Officer
Dated 25 September 2018



Cr Bob Turner
Mayor
Dated 25 September 2018

Statutory information

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

Documents available for public inspection

The following is a list of documents that are available for inspection at Melton City Council offices in accordance with Regulation 12 of the *Local Government (General) Regulations 2015*. Copies of the documents can be obtained for the purposes of Section 222 of the Act.



Some of these documents may also be available on the website, melton.vic.gov.au

- Overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or officers in the previous 12 months
 - Agendas and minutes for ordinary and special meetings held in the previous 12 months, except if the minutes relate to parts of meetings which have been closed to members of the public
 - Minutes of meetings of special committees held in the previous 12 months, except if the minutes relate to parts of meetings which have been closed to members of the public
 - A register of delegations
 - 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 of authorised officers
 - A list of donations and grants made by Council during the financial year.
- ### Best Value
- Melton City Council incorporates Best Value principles through regular business planning and performance monitoring processes, and through a commitment to continuous improvement.
- Councils are required by the Act to take into account Best Value Principles to ensure that services:
- Meet their agreed quality and cost standards
 - Are responsive to the needs of their community
 - Are accessible to those members of the community for whom the service is intended
 - Achieve continuous improvement in the provision of services for the community
- Include consultation with the community in relation to the services it provides
 - Regularly report on their performance to the community.
- Council undertook the following Best Value activities during 2017/2018:
- Three service units undertook a service review or were restructured during the year
 - Five My City My Say community engagement events across the municipality were delivered
 - Stage 3 of the Pride of Melton project was completed
 - Abey Road Bridge was completed
 - The Melton Interfaith Strategy was developed and adopted
 - *Melton: A City for All People*, an integrated plan that incorporates Ageing Well, Disability, Early Years and Youth into one all-encompassing document, was developed and adopted
 - *Equality and Respect 2030: A Strategy to prevent violence against women through gender equality*, was developed and adopted
 - A number of programs improving the delivery of services to the community were reviewed and modified
 - An Alcohol Management Framework based on harm minimisation and health promotion was developed and adopted
 - An Integrated Water Management Plan, which brings together all elements of the water cycle to achieve the greatest social, economic and environmental benefits to the community, was developed and adopted
 - The MacPherson Park Future Directions Paper, which provides a new vision to maximise use, improve safety and enhance the amenity and attractiveness of the facility, was developed and adopted
 - A new Domestic Animal Management Plan was developed and adopted
 - A new Melton City Libraries app to provide a streamlined and simplified access to the Library catalogue was launched.

Carers recognition

In accordance with the *Carers Recognition Act 2012*, Council is required to report annually on its care measurement obligations under Section 11 of that Act.

Council has taken all practicable measures to comply with its responsibilities outlined in the *Carers Recognition Act 2012*.

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 and displaying printed material through relevant Council services and at Council events
- Providing information to organisations represented in Council and community networks
- Involving carers in decision-making, planning and reviews of the support for carers program.

Council has taken all practicable measures to ensure staff, agents and volunteers are informed about the principles and obligations of the *Carers Recognition Act 2012* by including information on the care relationship in:

- Council induction and training programs for staff working in community care
- Council induction and training programs for staff working in front-line positions with the general community.

Council's process, policies and procedures, as well as Council's enterprise bargaining agreement, include the principles of the *Carers Recognition Act 2012* such as:

- Flexible working arrangements
- Employee wellbeing
- Personal/carers leave provisions
- Induction and training programs for volunteers working directly with the community.

Contracts

During the year, Council did not enter into any contracts valued at \$150,000 or \$200,000 or more for works or more of a kind specified in section 186(5)(a) of the Local Government Act.

Under Section 186(5)(c) of the Act, in accordance with arrangements approved by the Minister for the purposes of this subsection, Council did not enter into any contract for works of \$200,000 or more, but did enter into the following contracts for goods/services valued at \$150,000 or more:

- (EC8310-2018) – Gas & Electricity Supply Contracts and Associated Services through Municipal Association of Victoria (MAV)
- 1911/0631 – Debt Collection & Legal Services through Procurement Australia Contract.

Council 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.

The following actions from the Disability Action Plan 2013-2017 and newly created strategy Melton: A City for all People were implemented in 2017/2018:

- In partnership with Disability, Mental Health, Early Childhood Intervention Services and carer organisations, capacity and service delivery responses across the municipality were enhanced through the Melton Service Provider Network.
- Council advocated to State and Federal governments to attract specialist health services, programs and funding which included 'Changing Places' funding to build a change facility that will feature an adult change table and hoist for Melton Waves Leisure Centre, valued at \$100,000.
- Council's Carer Support Program was delivered, enhancing carer's physical and emotional wellbeing.
- The annual CARE Melton Expo was held.
- The expertise of the Melton Disability Advisory Committee was utilised to support community planning and decision-making. The Committee received the 2017 Victorian Disability Award for Excellence in promoting rights, fairness and safety.

- Disability Advisory Committee community representative Lesley Jenner was awarded the Access and Inclusion Leader of the Year as part of Australia Day celebrations.
- Council reviewed and disseminated 2,500 copies of *A Guide to Disability and Aged Services in the City of Melton*.
- Inclusive programs through the Community Grants Scheme were supported.
- Council supported the Business Excellence Awards as a platform to educate local businesses about the benefits of engaging people of all abilities.
- Council continued to build and upgrade accessible Council facilities and path systems throughout the municipality which also included Melton Town Centre redevelopment.
- Council supported the community to prepare for transition to the National Disability Insurance Scheme (NDIS).
- Council developed information packs that support promotion of relevant community events and celebrations during assessment by Melton City Council Regional Assessment Service (RAS).

Domestic Animal Management Plan

In accordance with the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan at four-yearly intervals and evaluate its implementation in the annual report.

In accordance with the *Domestic Animals Act 1994*, Council adopted the Domestic Animal Management Plan 2017-2021 on 18 December 2017.

Key achievements in 2017/2018 included:

- Officer training including Certificate IV in Animal Control and Regulation, Certificate IV in Government (Statutory Compliance), OH&S – dealing with aggressive customers and conflict resolution.
- Council's website is updated daily and includes information on animals impounded.
- A review of Council's arrangements for re-homing animals has resulted in a total of 39 Section 84Y agreements under the *Domestic Animals Act 1994* now being in place.
- Between July 2017 and June 2018, 20 menacing, restricted and dangerous dog inspections were completed on premises.
- All 12 domestic animal businesses operating in the City of Melton were inspected and complied with the *Domestic Animals Act 1994*.
- Council adopted the Dog Attack Policy on 30 April 2018.

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.

Council received no Ministerial Directions during the financial year.

Freedom of Information

Access to Council's documents may be obtained through written request to the Freedom of Information Officer.

As detailed in Section 17 of the *Freedom of Information Act 1982*, the request should:

- Be in writing
- Identify as clearly as possible which document is being requested
- Be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).



Further information can be found at foi.vic.gov.au and on Council's website.

In 2017/2018, Melton City Council received 23 requests for information under the *Freedom of Information Act 1982*. The results of the applications are as follows:

Result of access	Number of requests
Access granted in full	7
Access granted in part	4
Access denied in full	1
Other	
No documents	1
Request withdrawn	1
Request closed/did not proceed/not valid (no response from applicant)	6
Request not yet finalised as at 30 June 2018	0
Request outside the Act	2
Request transferred to another agency	1
Total number of requests	23

Protected Disclosures Procedures

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

During 2017/2018, no disclosures were notified to Council officers appointed to receive disclosures, or to the Independent Broad-based Anti-corruption Commission (IBAC).

Road Management Act Ministerial Direction

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 Ministerial Directions were received by Council during the financial year.

DEVELOPMENT CONTRIBUTIONS PLAN REPORT

Infrastructure and development contributions

In accordance with section 46GM and 46QD of the *Planning and Environment Act 1987*, a council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. The report must be published in a council's annual report.

Total DCP Levies received 2017-2018

DCP name and year approved	Levies received in 2017-2018 financial year (\$)*
Diggers Rest (2012)	\$2,141,299.16
Melton North (2010)	\$1,554,966.98
Rockbank North (2012)	\$3,700,534.61
Taylors Hill West (2010)	\$2,847,353.43
Toolern (2011)	\$2,566,933.75
Paynes Road	\$7,098,450.00
Toolern Park (2014)	\$-
Total	\$19,909,537.93

* Levies include DIL and CIL

DCP land, works, services or facilities accepted as works in kind 2017-2018

DCP name and year approved	Project ID	Project description	Item purpose	Project value (\$)
Diggers Rest (2012)	IT02	Vineyard Road and Houdini Drive. Intersection. Construction of signalised 4-way intersection (interim layout). Purchase of 0.17 hectares of additional required land (ultimate takeup)	The construction of the intersection was required as part of works associated with PA2012/3782 for a residential subdivision at the Bloomdale estate.	\$2,993,579.98
Diggers Rest (2012)	IT03	Vineyard Rd and License Road: Intersection. Construction of roundabout (interim layout). Purchase of 0.45 hectares of additional acquired land (ultimate land take)	Vineyard Road and License Road – land acquisition was required as part of works associated with PA2016/5231 for a residential subdivision at the Bloomdale estate.	\$93,600.00
Diggers Rest (2012)	OS02	Indoor Active Recreation (Diggers Rest Community Hub). Purchase of 1 hectare of land for indoor recreation facility	Active Open Space – land acquisition was required as part of works associated with PA2016/5231 for a residential subdivision at the Bloomdale estate.	\$1,450,000.00
Diggers Rest (2012)	OS03	Diggers Rest Recreation Reserve (Diggers Rest Community Hub). Purchase of 1 hectare of additional land for Diggers Rest Community Hub (adjoining the existing Diggers Rest Recreation Reserve)	Active Open Space – land acquisition was required as part of works associated with PA2016/5231 for a residential subdivision at the Bloomdale estate.	\$1,450,000.00
Melton North (2010)	RD04	Coburns Road upgrade (from rural to urban standard) between southern boundary of PSP (eastern side) and Minns Road	The construction of the road was required as part of works associated with PA2010/2823 for a residential subdivision at the Willandra estate.	\$746,264.24
Rockbank North (2012)	OS01	Active Playing Fields 1. Land and construction of 2 football/ cricket ovals, cricket nets, including lighting, drainage and associated car parking and landscape works	The construction of the active playing fields was required as part of works associated with PA2013/4253 for a residential subdivision at the Woodlea estate.	\$7,439,809.54

DCP Land, works, services or facilities accepted as works in kind 2017-2018 (continued)

DCP name and year approved	Project ID	Project description	Item purpose	Project value (\$)
Rockbank North (2012)	OS03	Tennis Courts. Land and construction of a 10-tennis court facility	The construction of tennis courts was required as part of works associated with PA2013/4253 for a residential subdivision at the Woodlea estate.	\$2,071,382.14
Rockbank North (2012)	RD04	Intersection. Land acquisition for ultimate and construction of an interim signalised intersection at the intersection of the north-south arterial and the east-west arterial (Taylors Road)	Taylors Road – land acquisition and construction of the road was required as part of works associated with PA2015/5010 for a residential subdivision at the Woodlea estate.	\$1,418,335.75
Rockbank North (2012)	RD05	Intersection. Land acquisition for ultimate and construction of an interim signalised intersection at the intersection of the north-south arterial and the east-west arterial (Taylors Road)	Taylors Road – land acquisition and construction of the road was required as part of works associated with PA2015/5010 for a residential subdivision at the Woodlea estate.	\$1,198,672.32
Taylors Hill West (2010)	DI-OS-02	Revegetation of overland flow path	Revegetation of overland flow path was required as part of works associated with PA2012/3628 for a residential subdivision at the Infinity estate.	\$897,264.51
Taylors Hill West (2010)	DI-TR-02	Bicycle and Pedestrian Trail 2 – construction	The construction of the bicycle and pedestrian trail was required as part of works associated with PA2012/3628 for a residential subdivision at the Infinity estate.	\$37,939.26
Taylors Hill West (2010)	DI-TR-03	Bicycle and Pedestrian Trail 3 – construction	The construction of the bicycle and pedestrian trail was required as part of works associated with PA2012/3628 for a residential subdivision at the Infinity estate.	\$294,316.72
Toolern (2011)	BD02	Bridge Road Bridge: 2-lane bridge over Toolern Creek, incorporating abutments and street lighting (12 metre wide concrete structure, deck length 91.5 metre)	The construction of the bridge was required as part of works associated with PA2016/5224 for a residential subdivision at the Atherstone estate.	\$6,241,210.00
Toolern (2011)	PT01	Purchase land to provide for Local Bus Interchange (1 hectare)	Local Bus Interchange – land acquisition was required from Coles Group Property Developments Limited as part of works associated with PA2018/5978.	\$1,450,000.00
Toolern (2011)	RD20	Ferris Road: Melbourne Ballarat Rail Line to East West Arterial. Purchase land to increase reserve width from 20 metres to 38 metres for road section on Property 30 only. Area = 0.50 hectares (ultimate)	Ferris Road – land acquisition was required from Coles Group Property Developments Limited as part of works associated with PA2018/5978.	\$793,647.46
Total				\$28,576,021.92

** Paynes Road was part of Toolern DCP

Total DCP Contributions received and expended to date (for DCPs approved after 1 June 2016)

DCP Name and Year Approved	Total Levies Received (\$)	Total Levies Expended (\$)	Total Works-In-Kind Accepted (\$)	Total DCP Contributions Received (Levies and Works-In-Kind) (\$)
Rockbank (August 2016)	\$-	\$-	\$-	\$-
Total	\$-	\$-	\$-	\$-

Land, works, services or facilities delivered in 2017-2018 from DCP levies collected

Project description	Project ID	DCP name and year approved
Construction (rural standard, spray seal surface) of Minns Road from Coburns Road for a distance of 1,225 metres in an easterly direction	RD07	Melton North (2010)
2 senior football/cricket ovals – construction	DI_OS_1	Taylors Hill West (2010)
Pavilion – construction	CI_OS_1	Taylors Hill West (2010)
Tennis courts – construction	CI_OS_2	Taylors Hill West (2010)
Outdoor netball courts – construction	CI_OS_3	Taylors Hill West (2010)
Multi-purpose Community Centre – construction (Maternal Child Health and kindergarten components)	DI_CF_1	Taylors Hill West (2010)
Multi-purpose Community Centre – construction (community component)	CI_CF_1	Taylors Hill West (2010)
Ferris Road and MAC Northern Collector: Intersection. *Interim layout* Construction of signalised T-intersection and slip lanes	IT14	Toolern (2011)
Abey Road: Toolern Creek to Ferris Road. Upgrade of existing 2-lane sealed/unsealed road to provide 2-lane carriageway of divided secondary arterial road (38 metre road reserve, length 2,160 metres) *Interim layout*. Purchase land to increase reserve width from 19 metres to 38 metres for 270 metres east of Toolern Creek (ultimate)*	RD18	Toolern (2011)
Offset cost estimate associated with removal of scattered trees for RD18	RD18A	Toolern (2011)
Offset cost estimate associated with removal of EVC for RD18	RD18B	Toolern (2011)
Preparation of Precinct Structure Plan and Development Contributions Plan	PL01	Toolern (2011)
Total		

	DCP fund expended (\$)	Works-in-kind accepted (\$)	Council's contribution (\$)	Other contribution (\$)	Total project expenditure (\$)	Percentage of item delivered
	\$122,783.27	\$-	\$-	\$-	\$122,783.27	100.00%
	\$973,125.26	\$-	\$-	\$500,000.00	\$1,473,125.26	20.00%
	\$681,187.68	\$-	\$-	\$350,000.00	\$1,031,187.68	20.00%
	\$214,087.56	\$-	\$-	\$110,000.00	\$324,087.56	20.00%
	\$77,850.02	\$-	\$-	\$40,000.00	\$117,850.02	20.00%
	\$-	\$-	\$-	\$502,844.13	\$502,844.13	9.50%
	\$-	\$-	\$-	\$335,229.42	\$335,229.42	9.50%
	\$176,600.02	\$-	\$-	\$-	\$176,600.02	12.61%
	\$234,262.32	\$-	\$-	\$-	\$234,262.32	96.00%
	\$23.53	\$-	\$-	\$-	\$23.53	96.00%
	\$988.15	\$-	\$-	\$-	\$988.15	96.00%
	\$146,163.46	\$-	\$-	\$-	\$146,163.46	40.00%
	\$2,627,071.27	\$-	\$-	\$1,838,073.55	\$4,465,144.82	

Victorian Local Government Indicators

The Victorian Government requires all Victorian councils to measure and annually report against 11 Victorian Local Government Indicators (VLGI). These indicators provide information regarding expenditure, cost of services and infrastructure provision, customer satisfaction and governance.

The following table presents the results of the VLGI for the 2017/2018 year.

INDICATORS	CALCULATION	2017/2018	2016/2017
1 Average rates and charges per assessment	Total rates and charges receivable at the beginning of the year / number of assessments in the adopted budget	\$2,286	\$2,173
2 Average residential rates and charges per assessment	Rates and charges declared for residential assessments receivable at the beginning of the year / number of residential assessments in the adopted budget	\$1,782	\$1,704
3 Average liabilities per assessment	Total liabilities / number of assessments in the adopted budget	\$1,068	\$961
4 Operating result per assessment	Net surplus / number of assessments in the adopted budget	\$3,126	\$2,433
5 Average operating expenditure per assessment	Operating expenditure / number of assessments in the adopted budget	\$2,910	\$2,735
6 Community satisfaction rating for overall performance generally of Council	Result from the annual Local Government Community Satisfaction Survey*	61	59
7 Average capital expenditure per assessment	Capital expenditure / number of assessments in the adopted budget	\$736	\$591
8 Renewal gap	Capital renewal / average annual asset consumption	39%	42%
9 Renewal and maintenance gap	Capital renewal and maintenance / average annual asset consumption planned maintenance	47%	53%
10 Community satisfaction rating for Council's advocacy and community representation on key local issues	Result from the annual Local Government Community Satisfaction Survey*	58	54
11 Community satisfaction rating for Council's engagement in decision making on key local issues	Result from the annual Local Government Community Satisfaction Survey*	60	55

* The Local Government Community Satisfaction Survey is an independent survey of a sample 400 residents to gauge their views about Council's performance over the last 12 months. It is conducted by Local Government Victoria on behalf of councils across Victoria and participation is optional. Results are benchmarked against a state-wide average and other large rural shires.



GLOSSARY

Act	The <i>Local Government Act 1989</i>
Annual Report	A report of the Council's operations of the previous financial year and contains a report of operations, audited financial statements and an audited performance statement
Appropriateness	Indicators or measures that provide users with sufficient information to assess the extent to which an entity has achieved a predetermined target, goal or outcome
Budget	A plan setting out the services and initiatives to be funded for the financial year and how they will contribute to achieving the strategic objectives specified in the Council Plan
Council Plan	A plan setting out the medium-term strategic objectives, strategies, strategic indicators and resources reflecting vision and aspirations of the community for the next four years
Financial performance indicators	A prescribed set of indicators and measures that assess the effectiveness of financial management in a council covering operating position, liquidity, obligations, stability and efficiency
Financial statements	Financial statements and notes prepared in accordance with the Local Government Model Financial Report, Australian Accounting Standards and other applicable standards as they apply to the general purpose financial reports and a statement of capital works and included in the annual report
Financial year	The period of 12 months ending on 30 June each year
Governance and Management Checklist	A prescribed checklist of policies, plans and documents that councils must report the status of in the report of operations, covering engagement, planning, monitoring, reporting and decision-making
Indicator	What will be measured to assess performance
Initiatives	Actions that are one-off in nature and/or lead to improvements in service
Major initiative	Significant initiatives that will directly contribute to the achievement of the Council Plan during the current year and have a major focus in the budget
Measure	How an indicator will be measured and takes the form of a computation, typically including a numerator and denominator
Minister	The Minister for Local Government
Performance Statement	A statement including the results of the prescribed service outcome indicators, financial performance indicators and sustainable capacity indicators for the financial year and included in the annual report
Planning and Accountability Framework	The key statutory planning and reporting documents that are required to be prepared by councils to ensure accountability to local communities in the performance of functions and exercise of powers under the Act
Regulations	The <i>Local Government (Planning and Reporting) Regulations 2014</i>

Relevance	Indicators or measures that have a logical and consistent relationship to an entity's objectives and are linked to the outcomes to be achieved
Report of Operations	A report containing a description of the operations of the council during the financial year and included in the annual report
Services	Assistance, support, advice and other actions undertaken by a council for the benefit of the local community
Service outcome indicators	The prescribed service performance indicators to be included in the performance statement which measure whether the stated service objective has been achieved
Service performance indicators	A prescribed set of indicators measuring the effectiveness and efficiency of council services covering appropriateness, quality, cost and service outcomes
Strategic objectives	The outcomes a council is seeking to achieve over the next four years and included in the Council Plan
Strategic Resource Plan	A plan of the financial and non-financial resources for at least the next four years required to achieve the strategic objectives in the Council Plan. It is also referred to as a long-term financial plan
Strategies	High level actions directed at achieving the strategic objectives in the Council Plan
Sustainable capacity indicators	A prescribed set of indicators measuring whether councils have the capacity to meet the agreed service and infrastructure needs of the local community and absorb foreseeable changes and unexpected shocks into the future covering financial performance, capacity and governance and management

**This Annual Report
measures Council's
performance in
2017/2018**

Annual Financial Report



PERFORMANCE STATEMENT

For the year ended 30 June 2018

Description of municipality

The Melton City Council (the council) is one of the fastest growing municipalities in Australia, offering the best in urban and rural lifestyles and affordable land within a comfortable commuting distance from Melbourne, Victoria and links to Melbourne's key freeways, airports and the Port of Melbourne.

The City of Melton embraces a series of townships and communities including Caroline Springs (19 kilometres west of Melbourne's CBD) and Melton (35 kilometres west of Melbourne's CBD).

The council is also the home of harness racing. Tabcorp Park, the harness racing and entertainment complex in Melton, along with many horse trainers, training facilities and breeders located in the City of Melton enhances the City's reputation as one of the premier equine municipalities in the country.

Other Information

For the year ended 30 June 2018

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the 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 and three preceding years 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 25 June 2018 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statement. The strategic resource plan can be obtained by contacting Council.

Sustainable Capacity Indicators

For the year ended 30 June 2018

Results					
Indicator/measure	2015	2016	2017	2018	Material Variations
Population					
Expenses per head of municipal population	\$969.62	\$940.98	\$996.14	\$1,005.32	No material variation
[Total expenses / Municipal population]					
Infrastructure per head of municipal population	\$7,485.40	\$9,741.57	\$13,247.46	\$10,136.42	Variance caused by annual variation of population growth
[Value of infrastructure / Municipal population]					
Population density per length of road	129.3	130.93	130.89	138.71	No material variation
[Municipal population / Kilometres of local roads]					
Own-source revenue					
Own-source revenue per head of municipal population	\$756.07	\$810.41	\$928.95	\$993.37	Increase in income due to land sales and growth in other operating income
[Own-source revenue / Municipal population]					
Recurrent grants					
Recurrent grants per head of municipal population	\$232.82	\$143.85	\$225.15	\$189.32	Variance caused by annual variation of population growth
[Recurrent grants / Municipal population]					
Disadvantage					
Relative socio-economic disadvantage	7	7	7	5	The movement in Melton's result can be attributed to a smaller proportion of high income households, higher unemployment rate, lower percentage of low-skilled occupations and people without qualifications and a smaller percentage of persons employed as Professionals and Managers

Service Performance Indicators

For the year ended 30 June 2018

Results					
Indicator/measure	2015	2016	2017	2018	Material Variations
Aquatic facilities					
Utilisation					
Utilisation of aquatic facilities	2.17	1.93	1.8	1.69	The 2018 result was impacted by major maintenance works resulting in a 12-week closure of some areas
[Number of visits to aquatic facilities / Municipal population]					
Animal management					
Health and safety					
Animal management prosecutions	18	2	8	14	The introduction of the new guidelines on dog attacks has resulted in an increase in and consistent approach to prosecutions
[Number of successful animal management prosecutions]					
Food safety					
Health and safety					
Critical and major non-compliance notifications	0.00%	100.00%	100.00%	0.00%	
[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					
Governance					
Satisfaction					
Satisfaction with council decisions	60	56	55	60	Improvement in this result can be attributed to increased confidence in a number of areas including (but not limited to) how Council has dealt with the issues of safety, consultation and engagement and overall transparency in its operations and meetings
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					

Sustainable Capacity Indicators (continued)

For the year ended 30 June 2018

Results					
Indicator/measure	2015	2016	2017	2018	Material Variations
Home and community care					
Participation					
Participation in HACC service	14.00%	10.52%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of people that received a HACC service / Municipal target population for HACC services] x100					
Participation					
Participation in HACC service by CALD people	4.00%	6.95%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100					
Libraries					
Participation					
[Number of active library members / Municipal population] x100	12.48%	11.26%	10.26%	9.43%	
Maternal and child health					
Participation					
Participation in the MCH service	73.00%	73.05%	72.05%	68.95%	A number of staff reductions relating to Maternity Leave, staff secondments and commencement of the Right@Home program impacted the result in 2018. Recruitment to backfill vacancies is ongoing
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
Participation					
Participation in the MCH service by Aboriginal children	62.00%	61.62%	58.81%	57.31%	Council is working with Koolin Balat to increase the Aboriginal and Torres Strait Islander attendance
[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					

Sustainable Capacity Indicators (continued)

For the year ended 30 June 2018

Results					
Indicator/measure	2015	2016	2017	2018	Material Variations
Roads					
Satisfaction					
Satisfaction with sealed local roads	62	64	62	63	
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
Statutory Planning					
Decision making					
Council planning decisions upheld at VCAT	50.00%	50.00%	28.57%	25.00%	Annual percentage variations for this indicator appear high as a result of the low numbers involved. Of the four decisions for the year, only one was not set aside
[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					
Waste Collection					
Waste diversion					
Kerbside collection waste diverted from landfill	43.00%	43.39%	53.03%	49.30%	Population growth will continue to see increases in waste generation rates for the Melton municipality however ongoing initiatives, including our resource education program, social media campaigns, engagement at events and bin inspection programs will continue to encourage positive recycling behaviours and waste diversion. Such results can be seen in our increasing recycling rates in the kerbside service.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

Financial Performance Indicators

For the year ended 30 June 2018

Dimension/indicator/ measure	Results			Forecasts				Material Variations
	2016	2017	2018	2019	2020	2021	2022	
Efficiency								
Revenue level								
Average residential rate per residential property assessment	\$1,608.42	\$1,704.23	\$1,690.12	\$1,714.53	\$1,674.40	\$1,541.45	\$1,474.57	No material variation.
[Residential rate revenue / Number of residential property assessments]								
Expenditure level								
Expenses per property assessment	\$2,494.77	\$2,733.24	\$2,764.22	\$2,789.03	\$2,725.88	\$2,581.73	\$2,496.77	No material variation.
[Total expenses / Number of property assessments]								
Workforce turnover								
Resignations and terminations compared to average staff	11.26%	10.08%	15.99%	9.17%	9.07%	8.89%	8.74%	Spike in 2017-18 is due to transition of casual positions into part-time and full-time positions
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100								
Liquidity								
Working capital								
Current assets compared to current liabilities	304.95%	584.96%	633.96%	783.71%	920.56%	1078.15%	1290.76%	Increased cash was generated from operational activities due to growth of income.
[Current assets / Current liabilities] x100								
Unrestricted cash								
Unrestricted cash compared to current liabilities	11.97%	91.56%	125.47%	215.96%	276.01%	380.88%	554.98%	Increased cash from operating activities due to growth of income.
[Unrestricted cash / Current liabilities] x100								
Obligations								
Asset renewal								
Asset renewal compared to depreciation	22.32%	42.35%	39.22%	16.74%	12.15%	17.09%	4.07%	No material variation.
[Asset renewal expenses / Asset depreciation] x100								

Financial Performance Indicators (continued)

For the year ended 30 June 2018

Dimension/indicator/ measure	Results			Forecasts				Material Variations
	2016	2017	2018	2019	2020	2021	2022	
Loans and borrowings								
Loans and borrowings compared to rates [[Interest bearing loans and borrowings / Rate revenue] x100	31.37%	22.32%	17.68%	13.93%	9.86%	7.34%	5.12%	Positive cashflow and operating performance has enabled Council to reduce borrowings. Trend will continue over medium-term.
Loans and borrowings								
Loans and borrowings repayments compared to rates [[Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	9.37%	8.27%	4.07%	3.16%	2.74%	1.93%	1.74%	Positive cashflow and operating performance has enabled Council to reduce borrowings. Growth rates revenue has increased significantly. Trend will continue over the medium-term.
Indebtedness								
Non-current liabilities compared to own source revenue [[Non-current liabilities / Own source revenue] x100	24.65%	18.53%	14.16%	12.38%	9.71%	7.61%	5.75%	Council has reduced its borrowings and is forecast to do so over the medium-term.
Operating position								
Adjusted underlying result								
Adjusted underlying surplus (or deficit) [[Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	1.81%	13.69%	15.44%	1.76%	11.49%	14.86%	18.18%	Increase in income and forecasted income is due to growth in land sales.
Stability								
Rates concentration								
Rates compared to adjusted underlying revenue [[Rate revenue / Adjusted underlying revenue] x100	70.15%	60.68%	57.22%	66.23%	65.77%	67.04%	68.62%	Decrease is due mainly to growth in land sales in 2017-18.
Rates effort								
Rates compared to property values [[Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.44%	0.43%	0.42%	0.40%	0.39%	0.41%	0.43%	No material variation.

CERTIFICATION OF 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*.



Salvatore Rumoro CPA
Principal Accounting Officer
Dated: 17 September 2018

In our opinion, the accompanying performance statement of the Melton City Council for the year ended 30 June 2018 presents fairly the results of the 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 the performance statement in their final form.



Cr. Bob Turner
Mayor
Dated: 17 September 2018



Cr. Ken Hardy
Deputy Mayor
Dated: 17 September 2018



Kelvin Tori
Chief Executive Officer
Dated: 17 September 2018



Independent Auditor's Report

To the Councillors of Melton City Council

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

Level 31 / 35 Collins Street, Melbourne Vic 3000
 T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT (CONT)

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

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

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

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

MELBOURNE
18 September 2018


Tim Loughnan
as delegate for the Auditor-General of Victoria

FINANCIAL REPORT CONTENTS

Certification of the Financial Report	104
Auditor-General's report on the Financial Report	105
Financial Statements	107
Comprehensive Income Statement	108
Balance Sheet	109
Statement of Changes in Equity	110
Statement of Cash Flows	111
Statement of Capital Works	112
Overview	113
Notes to Financial Statements	
Note 1 Performance against budget	114
1.1 Income and expenditure	114
1.2 Capital works	118
Note 2 Funding for the delivery of our services	120
2.1 Rates and charges	120
2.2 Statutory fees and fines	120
2.3 User fees	121
2.4 Funding from other levels of government	121
2.5 Contributions	123
2.6 Other income	123
2.7 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	124
Note 3 The cost of delivering services	124
3.1 Employee costs	124
3.2 Materials and services	125
3.3 Depreciation and amortisation	125
3.4 Borrowing costs	125
3.5 Bad and doubtful debts	126
Note 4 Our financial position	126
4.1 Financial assets	126
4.2 Non-financial assets	128
4.3 Payables	130
4.4 Interest bearing liabilities	131
4.5 Provisions	131
4.6 Financing arrangements	133
4.7 Commitments	133
Note 5 Assets we manage	135
5.1 Non-current assets classified as held for sale	135
5.2 Property, infrastructure, plant and equipment	136
5.3 Investment property	145
5.4 Investments in associates, joint arrangements and subsidiaries	145
Note 6 People and relationships	146
6.1 Council and key management remuneration	146
6.2 Related party disclosure	148
Note 7 Managing uncertainties	148
7.1 Contingent liabilities and contingent assets	148
7.2 Change in accounting standards	149
7.3 Financial instruments	150
7.4 Fair value measurement	152
7.5 Events occurring after balance date	154
Note 8 Other matters	154
8.1 Reserves	154
8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	157
8.3 Superannuation	158

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.



Salvatore Rumoro CPA
Principal Accounting Officer
Dated: 17 September 2018

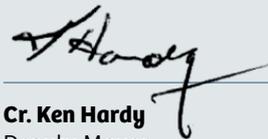
In our opinion the accompanying financial statements present fairly the financial transactions of Melton City Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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. Bob Turner
Mayor
Dated: 17 September 2018



Cr. Ken Hardy
Deputy Mayor
Dated: 17 September 2018



Kelvin Tori
Chief Executive Officer
Dated: 17 September 2018

Independent Auditor's Report

To the Councillors of Melton City Council

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

Auditor's responsibilities for the audit of the financial report

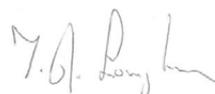
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council'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
18 September 2018



Tim Loughnan
as delegate for the Auditor-General of Victoria



Financial Statements

MELTON CITY COUNCIL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Comprehensive income statement
For the year ended 30 June 2018

Income	Note	2018 \$'000	2017 \$'000
Rates and charges	2.1	106,155	99,268
Statutory fees and fines	2.2	6,345	4,351
User fees	2.3	10,738	8,607
Grants - operating	2.4	28,548	31,915
Grants - capital	2.4	14,219	8,968
Contributions - cash	2.5	15,010	13,555
Contributions - non-monetary assets	2.5	112,634	80,743
Other income	2.6	8,014	5,420
Net gain/(loss) on disposal of property, plant and equipment	2.7	23,471	13,858
Fair value adjustments for investment property	5.3	286	174
Total income		325,420	266,859
Expenses			
Employee costs	3.1	48,815	45,321
Materials and services	3.2	68,969	60,217
Utilities		6,005	5,012
Depreciation and amortisation	3.3	31,384	28,168
Borrowing costs	3.4	939	1,297
Bad and doubtful debts	3.5	761	496
Asset Impairments	5.4	-	691
Total expenses		156,873	141,202
Surplus/(deficit) for the year		168,547	125,657
Other comprehensive income			
Net asset revaluation increment(decrement)	8.1	-	59,408
Financial assets available for sale reserve			
- Gain/(loss) taken to equity		-	-
Total comprehensive result		168,547	185,065

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

MELTON CITY COUNCIL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Balance sheet
For the year ended 30 June 2018

Assets	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	4.1	132,904	100,295
Trade and other receivables	4.1	33,829	29,505
Other financial assets	4.1	10,000	-
Inventories	4.2	14	12
Land classified as held for sale	5.1	1,281	223
Other assets	4.2	47,767	17,773
Total current assets		225,795	147,808
Non-current assets			
Inventories	4.2	178	37
Property, infrastructure plant and equipment	5.2	1,970,046	1,871,675
Investment property	5.3	7,077	6,791
Financial assets	5.4	368	370
Intangible assets	4.2	3,684	4,012
Total non-current assets		1,981,353	1,882,885
Total assets		2,207,148	2,030,693
Liabilities			
Current liabilities			
Trade and other payables	4.3	20,557	9,435
Provisions	4.5	10,026	10,372
Interest bearing liabilities	4.4	2,826	3,380
Trust funds and deposits	4.3	2,208	2,081
Total current liabilities		35,617	25,268
Non-current liabilities			
Provisions	4.5	1,758	1,713
Interest bearing liabilities	4.4	15,947	18,773
Trust funds and deposits	4.3	4,252	3,911
Total non-current liabilities		21,957	24,397
Total liabilities		57,574	49,665
Net Assets		2,149,574	1,981,028
Equity			
Accumulated surplus		1,261,265	1,104,847
Reserves	8.1	888,309	876,181
Total Equity		2,149,574	1,981,028

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

MELTON CITY COUNCIL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Statement of changes in equity
For the year ended 30 June 2018

2018	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		1,981,028	1,104,847	805,008	71,173
Surplus/(deficit) for the year		168,547	168,547	-	-
Net asset revaluation increment/(decrement)	8.1	-	-	-	-
Financial Assets Gain/(loss) taken to equity	8.1	-	-	-	-
Transfers to other reserves	8.1	-	(39,068)	-	39,068
Transfers from other reserves	8.1	-	26,940	-	(26,940)
Balance at end of the financial year		2,149,575	1,261,265	805,008	83,301

2017	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		1,802,776	1,004,766	752,124	45,886
Surplus/(deficit) for the year		125,657	125,657	-	-
Restated Net asset revaluation increment/(decrement)	8.1	59,408	-	59,408	-
Asset revaluation reserve - prior period adjustment	5.2	(6,524)	-	(6,524)	-
Financial Assets Gain/(loss) taken to equity	8.1	(289)	-	-	(289)
Transfers to other reserves	8.1	-	(51,179)	-	51,179
Transfers from other reserves	8.1	-	25,603	-	(25,603)
Balance at end of the financial year		1,981,028	1,104,847	805,008	71,173

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

MELTON CITY COUNCIL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Statement of cash flows
For the year ended 30 June 2018

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		106,228	99,340
Statutory fees and fines		5,913	4,115
User fees		7,096	3,140
Grants received		41,609	41,613
Contributions and reimbursements		15,010	13,554
Interest received		2,707	2,224
Receipt of trust monies		508	24
Other receipts		5,639	3,437
Net GST refund/(payment)		9,753	8,396
Payments to suppliers		(71,177)	(75,798)
Payments to employees		(49,116)	(43,463)
Borrowing costs		(939)	(1,297)
Net cash provided by (used in) operating activities	8.2	73,230	55,285
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(36,362)	(31,639)
Payments for other financial assets		(10,000)	-
Proceeds from sale of property, infrastructure, plant and equipment		9,121	6,010
Net cash provided by (used in) investing activities		(37,241)	(25,629)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(3,380)	(6,915)
Net cash provided by (used in) financing activities		(3,380)	(6,915)
Net increase (decrease) in cash and cash equivalents		32,609	22,740
Cash and cash equivalents at the beginning of the financial year		100,295	77,555
Cash and cash equivalents at the end of the financial year	4.1	132,904	100,295
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

The above statement of cash flows should be read with the accompanying notes.

MELTON CITY COUNCIL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018

Statement of capital works
For the year ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Property			
Land		1,321	840
Land under roads		-	22
Total land		1,321	862
Buildings		5,061	2,818
Building improvements		-	-
Total buildings		5,061	2,818
Total property		6,382	3,680
Plant and equipment			
Plant, machinery and equipment		927	1,044
Fixtures, fittings and furniture		215	113
Computers and telecommunications		302	398
Library books		411	369
Total plant and equipment		1,855	1,924
Infrastructure			
Roads		12,011	16,924
Bridges		4,579	497
Footpaths and cycleways		768	1,954
Drainage		441	170
Recreational, leisure and community facilities		10,563	4,670
Car parks		-	-
Other infrastructure		3,065	705
Total infrastructure		31,427	24,920
Total capital works expenditure		39,664	30,524
Represented by:			
Asset renewal expenditure		12,307	11,930
New asset expenditure		19,608	10,667
Asset Upgrade expenditure		3,273	4,153
Asset expansion expenditure		4,476	3,774
Total capital works expenditure		39,664	30,524

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

Notes to the Financial Statements

For the year ended 30 June 2018

Introduction

The Melton City Council (formerly the Melton Shire Council until 4 September 2012) 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 232 High Street, Melton.

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*.

Significant accounting policies

(a) Basis of Accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of employee provisions (refer to Note 4.5)
- other areas requiring judgements

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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Performance against budget

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 10 percent or \$250,000 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 26 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and Expenditure

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Income				
Rates and charges	104,277	106,155	1,878	1
Statutory fees and fines	3,295	6,345	3,050	2
User fees	9,984	10,738	754	3
Contributions - cash	8,357	15,010	6,653	4
Contributions - non-monetary assets	72,953	112,634	39,681	5
Grants - Operating (recurrent)	24,368	27,590	3,222	6
Grants - Operating (non-recurrent)	281	958	677	7
Grants - Capital (recurrent)	-	1,953	1,953	8
Grants - Capital (non-recurrent)	5,465	12,266	6,801	8
Net gain on disposal of assets	5,600	23,471	17,871	9
Other income	4,564	8,014	3,450	10
Fair value adj. for Investment Property	-	286	286	11
Total Income	239,144	325,420	86,276	
Expenses				
Employee costs	53,406	48,815	(4,591)	12
Materials and services	58,424	68,969	10,545	13
Bad and doubtful debts	400	761	361	
Depreciation and amortisation	29,417	31,384	1,967	14
Finance costs	961	939	(22)	
Utilities & telephone exps	5,602	6,005	403	
Total Expenses	148,210	156,873	8,663	
Surplus/(Deficit)	90,934	168,547	77,614	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Budget comparison (Continued)

Note 1	(i) Explanation of material variations		
Variance Ref	Item	Explanation	
1	Rates and charges	The increase is mainly attributable to higher than budgeted supplementary rates for the year of \$1.93 million due to higher number of properties being released as a result of elevated level of growth than predicted in the budget. The overall variance is partly offset by higher than budgeted pensioner rebate and environmental rebate allowed.	
2	Statutory fees and fines	Significant favourable variances include higher than budgeted income on compliance fines and penalties of \$1.2 million, mainly in parking fines, animal registration and regulatory services due to more proactive patrols and also higher than budgeted election fines. Higher than budgeted income of \$1.21 million, in subdivision and planning permit fees due to higher level of growth than planned. Other favourable variances include higher than budgeted property and planning information fees. Overall favourable variance partly offset by lower than budgeted income in certification fees.	
3	User fees	Variance is mainly attributed to higher than budgeted income of \$501,000 received from subdivision construction fees and non-standard lighting of \$222,000 due to significant increase in development activity. Transfer Station gate takings were higher than budget by \$321,000 due to increased level of patronage. Overall favourable variance was partly offset by lower than budgeted income in family day care, occasional care fees and other fees.	
4	Contributions - cash	Actual contributions are higher due to a number of unbudgeted estate developments being brought forward during the year as well as a higher than budgeted indexation rate.	
5	Contributions - non-monetary assets	Variance is due to significant increases in development activity during the year that was far greater than anticipated in the budget.	
6	Grants - Operating (recurrent)	Favourable variance is partly due to timing variations in the receipt of grants commission financial assistance grants, which was favourable to budget by \$1.64 million. This is due to timing of grant payments. In addition state and federal grants income and maternal child health income received were higher than budget by \$1.52 million, contributing to the overall favourable variance.	
7	Grants - Operating (non-recurrent)	Operating non-recurrent variance is due to unbudgeted grants received in the following: Right @ Home (\$200,000) Crime Prevention (\$100,000) Indigenous Programs (\$104,000) Arts Grants & Other (\$191,000)	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Budget comparison (Continued)

Note 1	(i) Explanation of material variations (Continued)		
	Variance Ref	Item	Explanation
8		Grants - Capital	Favourable variance in capital recurrent and non-recurrent, is attributed to \$8.75 million of unbudgeted Growing Suburbs Fund and other grants received during the year. Significant items include: Macpherson Park Redevelopment (\$2.0 million) Aintree Community Hub (\$1.0 million) Melton Central Community Centre -Whitehouse (\$2.0 million) Hannah Watts Park Upgrade (\$600,000) Allenby Road Reserve Upgrade (\$300,000) Bill Cahill Reserve Upgrade (\$300,000) Arnolds Creek Play space (\$300,000) Fraser Rise - Multi-purpose Community Centre (\$1.0 million) Others (\$1.25 million)
9		Net gain on disposal of assets	The variance is largely attributed to exponential increase in land sales compared to budget. Atherstone land sales for the year at \$39.7 million was almost 322% higher than budget. The cost of sales was also proportionately higher due to higher number of lots sold than budgeted.
10		Other income	Interest on investments exceeded budget by \$1.53 million due to larger than anticipated cash holdings as a result of under expenditure in capital budget and significant unbudgeted grants received during the year. In addition, unbudgeted income received during the year amounted to \$1.38 million. Significant receipts include Hume Drive Duplication, City Visa Sports oval, Abey Road Toolern Creek to Ferris Road Duplication. Other variances include higher than budgeted income for recyclable processing and unclaimed retention income of \$327,000 and other minor variances.
11		Fair value adj. for Investment. Property	Fair value adjustments for investment property was not taken into account in the preparation of the budget.
12		Employee costs	Overall variance is attributable to a number of factors. Employee salaries were favourable to budget by \$2.48 million due to budgeted positions not being filled or filled later than planned during the year. The other major variance is due to contract labour/agency staff classified as employee costs in budget of \$1.34 million but is classified under materials and services in actuals. Oncost expenditure, particularly long service leave, WorkCover premium and superannuation expenses were favourable to budget by \$958,000. Favourable variance was partly offset by various minor unfavourable variances.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Budget comparison (Continued)

Note 1	(i) Explanation of material variations (Continued)		
	Variance Ref	Item	Explanation
	13	Materials and services	The overall variance is attributable to a number of factors. Major unfavourable variances include capital items expensed as maintenance due to items not meeting capitalisation requirements based on capitalisation policy and threshold level amounting to \$3.26 million. Labour agency cost accounted for \$6.21 million of variance. This was due to expenditure category being classified under employee cost in the budget and investment in information services business transformation project. Other variances include higher than budgeted contract payments compared to budget of \$1.18 million particularly in Waste Disposal, Green Processing, Transfer Station, New Metro Regional Emergency and other contracts. Overall unfavourable variance was partly offset by various minor favourable variances.
	14	Depreciation and amortisation	Variance is attributable to substantial increase in assets base as a result of a significant volume of developer contributed assets received.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Budget comparison (Continued)

1.2	Capital Works	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
Property					
	Land	1,030	1,321	291	1
	Land Under Roads	-	-	-	
	Total land	1,030	1,321	291	
	Buildings	5,458	5,061	(397)	2
	Total buildings	5,458	5,061	(397)	
	Total property	6,488	6,382	(106)	
Plant and equipment					
	Plant, machinery and equipment	1,250	927	(323)	
	Fixtures, fittings and furniture	181	215	34	
	Computers and telecommunications	320	302	(18)	
	Library books	375	411	36	
	Total plant and equipment	2,126	1,855	(271)	
Infrastructure					
	Roads	15,701	12,011	(3,690)	3
	Bridges	4,570	4,579	9	
	Footpaths and cycleways	1,305	768	(537)	4
	Drainage	560	441	(119)	5
	Recreational, leisure and community facilities	19,021	10,563	(8,458)	6
	Car parks	-	-	-	
	Other infrastructure	2,403	3,065	662	7
	Total infrastructure	43,560	31,427	(12,133)	
	Total capital works expenditure	52,174	39,664	(12,510)	
Represented by:					
	Asset renewal expenditure	16,314	12,307	(4,007)	
	New asset expenditure	25,557	19,608	(5,949)	
	Asset Upgrade expenditure	3,493	3,273	(220)	
	Asset expansion expenditure	6,809	4,476	(2,333)	
	Total capital works expenditure	52,173	39,664	(12,509)	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 1 Budget comparison (Continued)

Note 1	(i) Explanation of material variations		
	Variance Ref	Item	Explanation
	1	Land	Unbudgeted funds required to compensate developer in Bloomsdale Development for open space that has been transferred to Council ownership. This expenditure is offset by developer contributions income.
	2	Buildings	Favourable timing variance for the following projects; Female Change Room Program, Melton Waves Project and Scouts Activity Centre.
	3	Roads	Favourable timing variance for the following projects; Melton Streetscape, Hume Drive Duplication and Annual Resealing Program. Blackspot program was completed under budget.
	4	Footpaths and cycleways	A number of footpath projects have been delayed by a backlog of Cultural Heritage Management Plan approvals being processed by Aboriginal Victoria due to large amount of infrastructure projects being undertaken in Victoria.
	5	Drainage	Under expenditure was due to various projects being completed under budget.
	6	Recreational, leisure and community facilities	Recreational under expenditure mainly attributable to the Taylors Hill West (City Vista) and Sport Precinct Project (\$7.6 million) that has been delayed due to protracted negotiations with the tenant George Cross Soccer Club.
	7	Other infrastructure	Majority of over expenditure related to the Waterford Park and Wetlands Project that was funded by security withheld from a developer that went into liquidation.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 2.1 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 improvements. The valuation base used to calculate general rates for 2018 was \$24,177,999,300 (2017 \$23,188,766,000). The rate in the CIV dollar was:

	2018	2017
General Developed Land	0.3328500	0.3248700
Commercial Developed	0.5325600	0.5197900
Industrial Developed	0.5325600	0.5197900
Rural Living	0.2995700	0.2923800
Retirement Village	0.2829200	0.2761400
Vacant Land	0.4992800	0.4873100
Commercial Vacant Land	0.6657000	0.6497400
Industrial Vacant	0.6657000	0.6497400
Rural	0.2396500	0.2339100
Extractive Land	0.9586100	0.9356300
Urban Growth Land	0.2496400	0.2436500
	2018	2017
	\$'000	\$'000
General	65,407	62,602
Commercial	6,539	6,231
Industrial	5,813	5,450
Rural	4,407	4,216
Municipal charge	7,655	6,939
Garbage charge	12,204	11,574
Supplementary rates and rate adjustments	4,130	2,256
Total rates and charges	106,155	99,268

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016. The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation first applied in the rating period commencing 1 July 2014.

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

Note 2.2 Statutory fees and fines

	2018	2017
	\$'000	\$'000
Infringements and costs	2,631	1,509
Court recoveries	566	550
Town planning fees	193	167
Land information certificates	159	147
Permits	2,291	1,554
Property Information Requests	505	424
Total statutory fees and fines	6,345	4,351

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 occurs first.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 2.3	User fees	2018 \$'000	2017 \$'000
	Leisure centre and recreation	1,733	1,524
	Child care/children's program	686	736
	Aged and health services	477	458
	Registration and other permits	1,218	1,164
	Building services	451	366
	Youth program fees	113	99
	Subdivision fees	2,185	1,044
	Waste management services	2,270	2,089
	Other fees and charges	1,605	1,127
	Total user fees	10,738	8,607

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

Note 2.4 Funding from other levels of government

Grants were received in respect of the following:

	2018 \$'000	2017 \$'000
Summary of grants		
Commonwealth funded grants	25,310	29,166
State funded grants	17,045	11,186
Others	412	531
Total	42,767	40,883

(a) Operating Grants

Recurrent - Commonwealth Government

Finance Assistance Grants (VGC)	15,642	20,269
Family and children	1,083	1,197
Other	3,514	3,218

Recurrent - State Government

Aged and disability services	1,958	2,009
Children's services	2,581	2,315
Community support and development	1,083	976
Environment	-	26
Community health	115	137
Roads	-	9
Libraries	888	849
Planning and Development	45	45
Youth Services	45	45
Other	335	249

Other

Community	301	155
Total recurrent operating grants	27,590	31,499

Notes to the Financial Statements

For the year ended 30 June 2018

Note 2.4	Grants (continued)	2018 \$'000	2017 \$'000
	<i>Non-Recurrent - State Government</i>		
	Aged and disability services	-	20
	Childrens services	216	2
	Community support and development	120	190
	Community safety	76	83
	Roads	-	1
	Environment	135	28
	Family, youth and housing	132	-
	Planning and Development	-	15
	Other	168	68
	<i>Non-Recurrent - Other</i>		
	Community health	111	9
	Total non-recurrent - operating grants	958	416
	Total operating grants	28,548	31,915
	(b) Capital Grants		
	<i>Recurrent - Commonwealth Government</i>		
	Roads to Recovery	1,953	2,014
	Other	-	-
	Total recurrent capital grants	1,953	2,014
	<i>Non-recurrent - Commonwealth Government</i>		
	Roads	-	804
	Streetscape	3,119	1,664
	<i>Non-recurrent - State Government</i>		
	Buildings	5,150	999
	Recreation	3,762	3,685
	Roads	-	(645)
	Other	235	80
	<i>Non-recurrent - Other</i>		
	Recreation	-	367
	Total non-recurrent capital grants	12,266	6,954
	Total capital grants	14,219	8,968
	(c) Unspent grants received on condition that they will be spent in a specific manner		
	Balance at start of year	4,884	4,172
	Received during the financial year and remained unspent at balance date	6,738	4,888
	Received in prior years and spent during the financial year	2,225	4,176
	Balance at year end	9,397	4,884
	Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.		

Notes to the Financial Statements

For the year ended 30 June 2018

Note 2.5 Contributions

Note 2.5	Contributions	2018 \$'000	2017 \$'000
	Monetary	15,010	13,555
	Non-monetary	112,634	80,743
	Total contributions	127,644	94,298

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

Land	7,731	1,137
Land under roads	7,279	4,393
Roads	37,363	36,934
Footpaths	9,840	9,306
Drainage	23,184	15,024
Recreation	10,508	2,125
Kerb and Channel	4,689	3,739
Traffic Management	3,352	8,085
Bridges	752	-
Other	7,936	-
Total non-monetary contributions	112,634	80,743

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

Note 2.6	Other income	2018 \$'000	2017 \$'000
	Festival sponsorship	39	35
	Program Revenue	890	772
	Rebates	1,298	1,147
	Investment property rental	318	256
	Interest	2,888	2,296
	Other	2,581	914
	Total other income	8,014	5,420

Interest income is recognised as it is earned.

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

Notes to the Financial Statements

For the year ended 30 June 2018

Note 2.7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	2018 \$'000	2017 \$'000
	Proceeds of sale	39,918	29,317
	Written down value of assets disposed	(16,447)	(15,459)
	Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	23,471	13,858

Any gain or loss on the disposal of property, infrastructure, plant and equipment, including non-current assets classified as held for sale, is recognised at the date of disposal. The date of the disposal is the date that an unconditional contract is entered into.

Note 3 The cost of delivering the services

Note 3.1	(a) Employee costs	2018 \$'000	2017 \$'000
	Wages and salaries	41,769	38,639
	WorkCover	985	921
	Superannuation	3,972	3,538
	Casual staff	1,168	1,408
	Fringe benefits tax	152	106
	Other	769	709
		48,815	45,321

Note 3.1 (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	151	187
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Employer contributions payable at reporting date	-	-
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Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,821	3,351
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Total Superannuation	3,971	3,538
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Employer contributions payable at reporting date	-	-
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Refer to note 8.3 for further information relating to Council's superannuation obligations.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 3.2	Materials and services	2018 \$'000	2017 \$'000
	Contract payments	34,918	31,046
	Maintenance	8,167	6,071
	Garbage collection and disposal	117	670
	Consultants	582	533
	Contract labour	6,787	5,135
	Administrative support	7,387	6,856
	Program expenses	3,081	3,349
	Professional fees	2,808	2,260
	Insurances	1,183	1,026
	Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	60	70
	Auditors' remuneration - Internal	126	106
	Contributions and donations	837	567
	Councillors allowances	368	344
	Transport and vehicle operations	487	535
	Other	2,061	1,649
	Total materials and services	68,969	60,217

Note 3.3	Depreciation and amortisation	2018 \$'000	2017 \$'000
	Property	4,921	3,262
	Plant and equipment	797	1,290
	Infrastructure	25,338	23,289
	Intangible assets	328	328
	Total depreciation and amortisation	31,384	28,169

Refer to note 4.2 (c) and 5.2 for a more detailed breakdown of depreciation and amortisation charges

Note 3.4	Borrowing costs	2018 \$'000	2017 \$'000
	Interest - borrowings	939	1,297
	Total borrowing costs	939	1,297

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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 3.5	Bad and doubtful debts	2018 \$'000	2017 \$'000
	Infringements	736	468
	Other	25	28
	Total bad and doubtful debts	761	496

Movement in provisions for doubtful debts - other debtors

Balance at the beginning of the year	1,284	1,095
New Provisions recognised during the year	520	377
Amounts already provided for and written off as uncollectible	(258)	(158)
Amounts provided for but recovered during the year	(80)	(30)
Balance at end of year	1,466	1,284

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Note 4 Our financial position

Note 4.1	Financial Assets	2018 \$'000	2017 \$'000
	(a) Cash and cash equivalents		
	Cash on hand	7	6
	Cash at bank	29,946	6,187
	Short-term investments	102,951	94,102
		132,904	100,295
	(b) Other financial assets		
	Term deposits - current	10,000	-
	Total other financial assets	10,000	-
	Total financial assets	142,904	100,295

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

- Reserves (Note 8.1)	74,081	60,059
- Trust funds and deposits (Note 4.3)	6,460	5,992
- Fire Services Levy (Note 4.3)	3,298	464
Total unrestricted cash and cash equivalents	49,065	33,780

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.1 Financial Assets (continued)

	Note	2018 \$'000	2017 \$'000
Intended allocations			
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:			
– Cash held to fund carried forward capital works		14,136	16,436
Total funds subject to intended allocations		14,136	16,436

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

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost.

Any unrealised gains and losses on holdings at balance date are recognised as either revenue or expense.

(c) Trade and Other Receivables

Current

Statutory receivables

Rates debtors		6,009	6,082
Parking infringement debtors		1,493	1,061
Provision for doubtful debts - parking infringements	3.5	(940)	(619)

Other debtors

Other debtors		28,261	23,975
Provision for doubtful debts - other debtors		(1,466)	(1,284)

Non-statutory receivables

Accrued interest		472	290
		33,829	29,505

Total trade and other receivables		33,829	29,505
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Short-term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long-term receivables are carried at amortised cost using the effective interest rate method.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.1	Financial Assets (continued)	2018 \$'000	2017 \$'000
a) Ageing of Receivables			
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:			
	Current (not yet due)	15,153	9,344
	Past due by up to 30 days	3,995	884
	Past due between 31 and 180 days	2,108	12,280
	Past due between 181 and 365 days	5,551	344
	Past due by more than 1 year	1,925	1,413
	Total trade & other receivables	28,733	24,265

b) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$1,465,293 (2017: \$1,284,381) were impaired. The amount of the provision raised against these debtors was \$1,465,293 (2017: \$1,284,381). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

	Current (not yet due)	-	-
	Past due by up to 30 days	-	-
	Past due between 31 and 180 days	-	-
	Past due between 181 and 365 days	-	-
	Past due by more than 1 year	1,466	1,284
	Total trade & other receivables	1,466	1,284

Note 4.2	Non-financial assets	2018 \$'000	2017 \$'000
(a) Inventories			
<i>Current</i>			
	Land for Interment Purposes	14	12
<i>Non-current</i>			
	Land for Interment Purposes	178	37
	Total Inventories	192	49

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

Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.2	Non-financial assets (continued)	2018 \$'000	2017 \$'000
	(b) Other assets		
	<i>Current</i>		
	Accrued Income	47,767	17,773
	Total Other assets	47,767	17,773

Accrued income relates to income earned but not yet received. Accrued income is largely attributed to Atherstone land sales (Note 2.7)

(c) Intangible assets

Non-Exclusive Licences

- Caroline Springs College Creekside Campus	437	545
- Springside Children's and Community Centre	1,232	1,297
- Kororoit Creek Early Learning Centre	2,015	2,170
	3,684	4,012

The Department of Education and Early Childhood Development and the Caroline Springs College have granted non-exclusive licences to the Melton City Council to use the Creekside facility. Amortisation of the licence is expensed over the term of the licence until 30 June 2026. The Department of Education and Early Childhood Development has granted non-exclusive licences to the Melton City Council to use the Springside and Kororoit Creek facilities. Amortisation of the licence is expensed over the term of the licence until 30 June 2029 (Springside) and 30 June 2031 (Kororoit Creek).

	Non-Exclusive Licences \$'000	Total 2018 \$'000
Gross carrying amount		
Balance at 1 July 2016	6,540	6,540
Additions	-	-
Balance at 1 July 2017	6,540	6,540
Additions	-	-
Balance at 30 June 2018	6,540	6,540
Accumulated amortisation and impairment		
Balance at 1 July 2016	(2,204)	(2,204)
Amortisation expense	(328)	(328)
Balance at 1 July 2017	(2,532)	(2,532)
Amortisation expense	(328)	(328)
Balance at 30 June 2018	(2,860)	(2,860)
Net book value at 30 June 2017	4,012	4,012
Net book value at 30 June 2018	3,684	3,684

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

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.3	Payables	2018 \$'000	2017 \$'000
	(a) Trade and other payables		
	Trade payables	13,789	7,371
	Accrued Expense	3,470	1,600
	Fire service levy	3,298	464
	Total trade and other payables	20,557	9,435
	(b) Trust funds and deposits		
	<i>Current</i>		
	Refundable deposits	2,094	1,926
	Construction retention monies	114	155
		2,208	2,081
	<i>Non-current</i>		
	Refundable deposits	4,252	3,911
	Other	-	-
		4,252	3,911
	Total trust funds and deposits	6,460	5,992

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

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including 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 monthly 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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.4	Interest-bearing liabilities	2018 \$'000	2017 \$'000
	<i>Current</i>		
	Loans- secured	2,826	3,380
		2,826	3,380
	<i>Non-current</i>		
	Loans- secured	15,947	18,773
		15,947	18,773
	Total interest-bearing liabilities	18,773	22,153

The maturity profile for Council's borrowings is:

Not later than one year	2,826	3,380
Later than one year and not later than five years	10,177	10,501
Later than five years	5,770	8,272
	18,773	22,153

Borrowings are secured by way of mortgages over the general rates of the Council.

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.

Note 4.5	Provisions	Annual Leave	Long service Leave
		\$'000	\$'000
	2018		
	Balance at beginning of the financial year	3,599	7,620
	Additional provisions	3,293	904
	Amount used	(3,020)	(612)
	Balance at the end of the financial year	3,872	7,912
	2017		
	Balance at beginning of the financial year	3,177	7,050
	Additional provisions	3,163	1,052
	Amount used	(2,741)	(482)
	Balance at the end of the financial year	3,599	7,620

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.5	Provisions (continued)	2018 \$'000	2017 \$'000
	The following assumptions were adopted in measuring the present value of long service leave and retiring gratuity:		
	Weighted average increase in employee costs	3.88%	3.81%
	Weighted average discount rates	2.65%	2.61%
	Weighted average settlement period	144mths	144mths
	Current provisions expected to be settled within 12 months		
	Annual leave	2,789	2,619
	Long service leave	635	529
	GST Provision *	-	866
		3,424	4,014
	Current provisions expected to be settled after 12 months		
	Annual leave	1,083	980
	Long service leave	5,519	5,378
		6,602	6,358
	Total current provisions	10,026	10,372
	Non-current		
	Long service leave	1,758	1,713

* Following a review by Council in relation to its treatment of unimproved land GST concessions, the additional GST obligation was settled in 2017.

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 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 representing 7 years 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 components of this current liability are measured at :

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

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.5	Provisions (continued)	2018	2017
		\$'000	\$'000

Classification of employee costs

Non-current liability - conditional LSL representing less than 7 years 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.

Note 4.6 **Financing arrangements**

The Council has the following funding arrangements in place as at 30 June 2018;

Bank overdraft	1,800	1,800
Used facilities	-	-
Total unused facilities	1,800	1,800

Bank overdraft facilities could be drawn at any time as per the existing banking agreement.

Note 4.7 **Commitments**

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

2018	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 2 years and not later than 5 years \$'000	Total \$'000
Operating					
Garbage and recycling collection	6,027	-	-	-	6,027
Corporate Services	750	125	-	-	875
Parks maintenance services	5,850	12,034	6,193	-	24,077
Road maintenance	6,112	10,056	5,142	-	21,310
Recycling facility operations	4,250	-	-	-	4,250
Leisure Services	94	263	-	-	357
IT Services	400	339	-	-	739
Total	23,483	22,817	11,335	-	57,635
Capital					
Roads	10,001	-	-	-	10,001
Buildings	1,933	308	18	-	2,259
Recreational	17,067	8	4	-	17,079
Total	29,001	316	22	-	29,339

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.7	Commitments (continued)					
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 2 years and not later than 5 years \$'000	Total \$'000	
2017						
Operating						
Garbage and recycling collection	6,653	5,160	-	-	11,813	
Health services and cleaning services	75	-	-	-	75	
Corporate Services	655	103	-	-	758	
Parks maintenance services	6,300	11,717	12,947	-	30,964	
Road maintenance	5,912	9,902	10,208	-	26,022	
Recycling facility operations	4,100	-	-	-	4,100	
Leisure Services	69	212	144	-	426	
Recreational	576	127	-	-	703	
IT Services	1,417	399	-	-	1,816	
Total	25,757	27,620	23,299	-	76,677	
Capital						
Roads	3,125	-	-	-	3,125	
Computers and telecomms	15	15	-	-	30	
Buildings	269	-	-	-	269	
Leisure Services	280	-	-	-	280	
Recreational	486	-	-	-	486	
Total	4,175	15	-	-	4,190	

Notes to the Financial Statements

For the year ended 30 June 2018

Note 4.7 Commitments (continued)

Operating leases	2018	2017
	\$'000	\$'000

(a) Operating lease commitments

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	81	350
Later than one year and not later than five years	-	81
Later than five years	-	-
	81	431

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.

Note 5 Assets we manage

Note 5.1 Non-current assets classified as held for sale	2018	2017
	\$'000	\$'000

Opening balance	223	1,108
Transfers to land	(77)	(33)
Additions	11,890	8,300
Sales (WDV)	(10,755)	(9,152)
Total	1,281	223

Assets held for sale are carried at fair value less cost of disposal. The following table provides Council's fair value measurement hierarchy for assets held for sale:

	Carrying value at 30 June	Fair Value measurement at the end of the period using(1):		
		Level 1	Level 2	Level 3
	\$000	\$000	\$000	\$000
Land	1,281	-	1,281	-

(1) – Classified in accordance with fair value hierarchy – see note 5.2

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 to sell, 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.

Non-current assets classified as held for sale relate to land for Atherstone, a master planned community in Melton South which is being developed through a partnership between Melton City Council and Lend Lease.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2 Property, infrastructure plant and equipment

Summary of property, infrastructure plant and equipment	Revised At WDV Value 30 June 2017	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At WDV Value 30 June 2018
Land	384,865	489	15,010	-	-	-	(12,045)	388,319
Buildings	130,604	2,043	-	-	(4,921)	(655)	(743)	126,328
Plant and Equipment	3,700	1,550	-	-	(797)	(637)	-	3,816
Infrastructure	1,331,400	718	91,384	-	(25,338)	(450)	17,906	1,415,620
Work in progress	21,106	26,580	6,241	-	-	-	(17,964)	35,963
	1,871,675	31,380	112,634	-	(31,056)	(1,742)	(12,846)	1,970,046

Summary of Work in Progress	Opening WIP	Additions	Contributions	Transfers	Write-Offs	Closing WIP
Buildings	158	4,132	-	(50)	-	4,240
Plant and Equipment	-	-	-	-	-	-
Infrastructure	20,948	22,448	6,241	(14,564)	(3,350)	31,723
Total	21,106	26,580	6,241	(14,614)	(3,350)	35,963

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2 Property, infrastructure plant and equipment (Continued)

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit \$'000
Roads	10-100 years	10
Footpaths	10-70 years	10
Kerb and Channel	10-70 years	10
Car Parks	10-70 years	10
Traffic Management	10-70 years	10
Bridges	25-100 years	25
Drainage Works	80-100 years	25
Recreation Facilities	3-30 years	1
Other	20-100 years	Nil
Plant and machinery	5 years	5
Buildings	50 years	Nil
Furniture and equipment	3-5 years	5
Land	N/A	Nil
Land under roads	N/A	Nil
Library assets	10 years	Nil

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2 Property, infrastructure plant and equipment

Infrastructure		Roads	Bridges	Footpaths	Drainage
Revised At fair value 1 July 2017	*	788,264	16,377	137,388	361,410
Revised Accumulated depreciation at 1 July 2017	*	(116,064)	(5,797)	(6,635)	(56,249)
		672,200	10,580	130,753	305,162
Movements in fair value					
Contribution of assets at fair value		37,364	752	9,840	23,184
Acquisition of assets at fair value		195	78	282	-
Revaluation increments/ decrements		-	-	-	-
Fair value of assets disposed		(647)	-	(154)	(27)
Previously unrecognised assets		-	-	-	-
Transfers		3,115	2,858	2,717	1,335
Assets available for sale		-	-	-	-
		40,027	3,688	12,685	24,492
Movements in accumulated depreciation					
Depreciation and amortisation		(10,204)	(299)	(2,889)	(3,960)
Accumulated depreciation of disposals		417	-	24	15
Revaluation increments/ decrements		-	-	-	-
Previously unrecognised assets		-	-	-	-
Transfers		-	-	-	(8)
		(9,787)	(299)	(2,865)	(3,953)
At fair value 30 June 2018		828,291	20,065	150,073	385,902
Accumulated depreciation at 30 June 2018		(125,851)	(6,096)	(9,500)	(60,202)
		702,439	13,969	140,573	325,700

* Prior Period Adjustments

Council has made a retrospective restatement as at 30 June 2017 due to an error on revaluation of assets that have not been previously recognised. A net adjustment of \$6.5m has been made to the Balance Sheet and impacted the Property, Plant & Equipment opening balances as per below;

	Original fair value 1 July 2017	Adjustment	Restated fair value 1 July 2017	Originl accum deprn at 1 July 2017	Adjustment	Revised Accum deprn at 1 July 2017
Bridges	16,377		16,377	(5,797)		(5,797)
Car Parks	25,046	(4,700)	20,346	(6,058)	2,041	(4,017)
Drainage	361,410		361,410	(56,249)		(56,249)
Footpaths	137,388		137,388	(6,635)		(6,635)
Kerb and Channel	102,463		102,463	(2,903)		(2,903)
Recreation	56,918		56,918	(23,412)		(23,412)
Roads	788,264		788,264	(116,064)		(116,064)
Traffic Management	77,436	(1,724)	75,712	(11,652)	(2,141)	(13,793)
Other	2,767		2,767	(1,376)		(1,376)
WIP	20,948		20,948	-		-
	1,589,018	(6,424)	1,582,594	(230,146)	(100)	(230,246)
Asset Revaluation Surplus	811,532	(6,524)	805,008			

	Recreation	Kerb and Channel	Traffic Management	Car Parks	Other Infrastructure	Work In Progress	Total Infrastructure
	56,918	102,463	75,713	20,345	2,767	20,948	1,582,594
	(23,412)	(2,903)	(13,793)	(4,017)	(1,376)	-	(230,246)
	33,506	99,561	61,919	16,329	1,391	20,948	1,352,348
	10,508	4,689	3,352	1,695	-	6,241	97,625
	163	-	-	-	-	22,448	23,166
	-	-	-	-	-	-	-
	(566)	(4)	(51)	-	-	-	(1,449)
	-	-	-	-	-	-	-
	4,386	538	1,237	1,728	-	(17,914)	(0)
	-	-	-	-	-	-	-
	14,491	5,223	4,538	3,423	-	10,775	119,342
	(2,765)	(1,760)	(2,993)	(374)	(93)	-	(25,338)
	537	-	6	-	-	-	999
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	(8)
	(2,228)	(1,760)	(2,987)	(374)	(93)	-	(24,347)
	71,409	107,687	80,251	23,768	2,767	31,723	1,701,935
	(25,640)	(4,663)	(16,780)	(4,391)	(1,470)	-	(254,592)
	45,769	103,024	63,470	19,378	1,297	31,723	1,447,343

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2 Property, infrastructure plant and equipment (continued)

Land and Buildings	Land - specialised	Land - non-specialised	Land Under Roads
At fair value 1 July 2017	258,216	91,940	34,709
Accumulated depreciation at 1 July 2017	-	-	-
	258,216	91,940	34,709
Movements in fair value			
Contribution of assets at fair value	7,731	-	7,279
Acquisition of assets at fair value	489	-	-
Revaluation increments/decrements	-	-	-
Fair value of assets disposed	-	-	-
Transfers	(12,045)	-	-
Assets available for sale	-	-	-
	(3,825)	-	7,279
Movements in accumulated depreciation			
Depreciation and amortisation	-	-	-
Revaluation increments/decrements	-	-	-
Accumulated depreciation of disposals	-	-	-
Transfers	-	-	-
	-	-	-
At fair value 30 June 2018	254,391	91,940	41,988
Accumulated depreciation at 30 June 2018	-	-	-
	254,391	91,940	41,988

Note 5.2 Property, infrastructure plant and equipment (continued)

Plant and Equipment	Note
At fair value 1 July 2017	
Accumulated depreciation at 1 July 2017	
Movements in fair value	
Acquisition of assets at cost	
Revaluation increments/decrements	
Cost of assets disposed	
Impairment losses recognised in operating result	
Transfers	
Movements in accumulated depreciation	
Depreciation and amortisation	
Accumulated depreciation of disposals	
Impairment losses recognised in operating result	
Transfers	
At fair value 30 June 2018	
Accumulated depreciation at 30 June 2018	

	Total Land	Buildings - specialised	Buildings - non-specialised	Total Buildings	Work In Progress	Total Property
	384,865	154,954	13,102	168,056	158	553,079
	-	(37,074)	(378)	(37,452)	-	(37,452)
	384,865	117,880	12,724	130,604	158	515,627
	15,010	-	-	-	-	15,010
	489	1,921	122	2,043	4,132	6,664
	-	-	-	-	-	-
	-	(795)	(55)	(850)	-	(850)
	(12,045)	-	(743)	(743)	(50)	(12,838)
	-	-	-	-	-	-
	3,454	1,126	(676)	449	4,082	7,985
	-	(4,939)	18	(4,921)	-	(4,921)
	-	-	-	-	-	-
	-	194	2	196	-	196
	-	-	-	-	-	-
	-	(4,745)	20	(4,725)	-	(4,725)
	388,319	156,080	12,426	168,505	4,240	561,064
	-	(41,819)	(358)	(42,177)	-	(42,177)
	388,319	114,261	12,068	126,329	4,240	518,888
		Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Library books	Total plant and equipment
		5,044	656	5,660	3,296	14,656
		(2,684)	(652)	(5,643)	(1,977)	(10,956)
		2,360	4	17	1,319	3,700
		740	138	287	386	1,550
		-	-	-	-	-
		(651)	-	-	(1,548)	(2,199)
		-	-	-	-	-
		-	-	-	-	-
		89	138	287	(1,162)	(649)
		(720)	(6)	(11)	(60)	(797)
		477	-	-	1,086	1,562
		-	-	-	-	-
		-	-	-	-	-
		(244)	(6)	(11)	1,026	765
		5,133	794	5,947	2,134	14,007
		(2,928)	(658)	(5,654)	(951)	(10,191)
		2,205	136	292	1,183	3,816

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2 Property, infrastructure plant and equipment (Continued)

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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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 5.2 have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using the cost basis. Council does not recognise as an asset land under roads that it controlled prior to that period.

Depreciation and amortisation

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

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

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

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

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

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter.

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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2 Property, infrastructure plant and equipment (Continued)

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 1 to 20 year period.

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer (Opteon, the municipal valuers). 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.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land - non-specialised	-	91,940	-	Jan-16
Land - specialised	-	-	296,378	Jan-16
Buildings - non-specialised	-	12,068	-	Jun-15
Buildings - specialised	-	-	114,261	Jun-15
Total	-	104,008	410,639	

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Assetic Pty Ltd.

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 2018 are as follows:

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.2	Property, infrastructure plant and equipment (Continued)			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
	-	-	702,439	Jun-16
	-	-	13,969	Jun-14
	-	-	140,573	Jul-16
	-	-	325,700	Jun-16
	-	-	45,769	Jun-13
	-	-	103,024	Jul-16
	-	-	63,470	Jun-17
	-	-	19,378	Jun-17
	-	-	1,297	Jun-14
Total	-	-	1,415,620	

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 \$1 and \$815 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 \$20 to \$300 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 years to 50 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 10 years to 70 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018 \$'000	2017 \$'000
Reconciliation of specialised land		
Land under roads	41,988	34,709
Parks and reserves	254,391	258,216
Total specialised land	296,378	292,925

Notes to the Financial Statements

For the year ended 30 June 2018

Note 5.3	Investment property	2018 \$'000	2017 \$'000
	Opening balance	6,791	6,617
	Transfers to land and buildings	-	-
	Additions	-	-
	Revaluation Increment/(Decrement)	286	174
	Total	7,077	6,791

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

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Opteon, a registered valuer 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.

Note 5.4	Investments in associates, joint arrangements and subsidiaries	2018 \$'000	2017 \$'000
	Unlisted shares - Regional Kitchen Pty Ltd		
	Balance at beginning of year	370	1,349
	Gain/(loss) taken to equity	(2)	(288)
	Impairment loss	-	(691)
	Balance at end of year	368	370

An impairment loss occurred in 2017 due to write-off of goodwill upon consolidation and restructure of Regional Kitchen Pty Ltd. Impairment recognised for goodwill is not reversed in subsequent periods.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 6 **People and relationships**

Note 6.1 **Council and key management remuneration**

(a) Key management Personnel

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

Councillors

Councillor Sophie Ramsey (Mayor to October 2017)
Councillor Bob Turner (Mayor from October 2017 - current)
Councillor Kathy Majdlik
Councillor Lara Carli
Councillor Steve Abboushi
Councillor Ken Hardy
Councillor Melissa De Santis
Councillor Goran Kesic
Councillor Michelle Mendes

Total number of Councillors 9

Chief Executive Officer and other Key Management Personnel

CEO - Kelvin Tori
General Manager - Corporate Services Peter Bean
General Manager - Community Services Maurie Heaney
General Manager - Planning & Development Luke Shannon

Total Key Management Personnel 4

(b) Remuneration of Key Management Personnel	2018 \$'000	2017 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,492	1,419
Long-term benefits	27	25
Post-employment benefits	104	102
Termination benefits	-	-
Total	1,623	1,546

Notes to the Financial Statements

For the year ended 30 June 2018

Note 6.1 Council and key management remuneration (continued)

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

	2018 No.	2017 No.
\$1 - \$9,999	-	3
\$20,000 - \$29,999	-	5
\$30,000 - \$39,999	7	2
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$270,000 - \$279,999	3	3
\$380,000 - \$389,999	1	1
	13	16

(c) Senior Officers Remuneration

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

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

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

	2018 No.	2017 No.
Income Range:		
< \$145,000	3	-
\$145,000 to \$149,999	1	-
\$150,000 to \$159,000	-	1
\$160,000 to \$169,999	9	13
\$170,000 to \$179,999	3	4
\$180,000 to \$189,999	3	3
\$250,000 to \$259,999	1	-
	20	21

	2018 \$'000	2017 \$'000
Total remuneration for the reporting period for Senior officers included above, amounted to	3,151	3,067

Notes to the Financial Statements

For the year ended 30 June 2018

Note 6.2	Related party disclosure	2018 \$'000	2017 \$'000
	(a) Transactions with related parties		
	No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Key Management Personnel, or Related Parties of such Key Management Personnel during the reporting year, except as disclosed below. All transactions are at arms-length.		
	Salaries paid to close family members of Key Management Personnel	219	137
	(b) Outstanding balances with related parties		
	There are no outstanding balances with related parties as at 30 June 2018 (2017: Nil).		
	(c) Loans to/from related parties		
	No loans have been made, guaranteed or secured by the Council to Key Management Personnel of the Council during the reporting period (2017: Nil).		
	(d) Commitments to/from related parties		
	There are no commitments to or from related parties as at 30 June 2018 (2017: Nil).		
Note 7	Managing uncertainties		
Note 7.1	Contingent assets and liabilities		
	a) Contingent assets		
	Developer contributions to be received in respect of estates currently under development is in the range of \$65m to \$80m. (2017: \$70m to \$75m).		
	Operating lease receivables		
	The Council has entered into commercial property leases on its investment property. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years.		
		2018 \$'000	2017 \$'000
	Future minimum rentals receivable under non-cancellable operating leases are as follows:		
	Not later than one year	276	276
	Later than one year and not later than five years	1,020	1,020
	Later than five years	25	25
		1,321	1,321

Notes to the Financial Statements

For the year ended 30 June 2018

Note 7.1 Contingent assets and liabilities (continued)

b) Contingent liabilities

Proceedings have been brought against the Council in the Supreme Court of Victoria in relation to land acquired by Council in the Taylors Hill West Precinct. The plaintiff asserts that rather than the value of compensation for the land being required to be determined by the Taylors Hill West Precinct Structure Plan and the Taylors Hill West Precinct Development Contributions Plan (DCP), instead, the value of land should have been determined under the Land Acquisition and Compensation Act 1958 (LAC Act). Council is defending this claim with the costs of this claim not known.

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Note 7.2 Change in accounting standards

Certain new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

Financial Instruments - Disclosures (AASB 7) (applies 2018/19)

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

Financial Instruments (AASB 9) (applies 2018/19)

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

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

The standard shifts the focus from the transactional-level to a contract-based approach. Recognition is determined based on what the customer expects 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 extended over time, where there are rights and obligations that may vary the timing or amount of the consideration, of where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

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 expenses over the lease term.

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

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 7.3 Financial Instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in 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 our financial instruments will fluctuate because of changes in market prices. The Council's exposures 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. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us 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 rate.

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

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

There has been no significant change in 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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 7.3 Financial Instruments (continued)

(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 our balance sheet. To help manage this risk:

- Council have a policy for establishing credit limits for the entities we 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 our 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 7.1(b).

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

(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 in the face of the balance sheet and the amounts related to financial guarantees 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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 7.3 Financial Instruments (continued)

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4. Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

e) Fair value

Unless otherwise stated, the carrying amount of financial instruments reflect their 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 +1% and -2% in market interest rates (AUD) from year-end rates of 2.58%.

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.

Note 7.4 Fair value measurement

Fair value hierarchy

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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 7.4 Fair value measurement (continued)

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 amount for which the assets could be exchanged between 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 on 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 5.2, property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's 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 Statements

For the year ended 30 June 2018

Note 7.5	Events occurring after balance date		
	No matters have occurred after balance date that require disclosure in the financial report.		
Note 8	Other matters	2018	2017
		\$'000	\$'000
Note 8.1	Reserves		
	(a) Asset revaluation reserve		
	Adjusted balance at beginning of reporting period	805,008	752,124
	Increment (decrement)	-	52,884
	Balance at end of reporting period	805,008	805,008
	(b) Other reserves		
	Balances		
	Street trees/drainage *	899	883
	Community infrastructure *	73,182	59,176
	Asset replacement	735	2,642
	Perpetual Maintenance	126	124
	Public Art	210	206
	Available for Sale Financial Assets	-	-
	Defined Benefit Call	358	352
	Accommodation Reserve	7,790	7,790
	Total other reserves	83,301	71,173
	Total reserves	888,309	876,181

* Restricted Reserves

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8.1	Reserves (continued)	Opening balance \$'000	Movement \$'000	Closing balance \$'000
	Movements			
	Asset revaluation reserve			
	<i>Net movement in asset valuations</i>			
	Land	226,355	-	226,355
	Buildings	58	-	58
	Roads	448,550	-	448,550
	Bridges	5,023	-	5,023
	Drains	123,430	-	123,430
	Recreation	913	-	913
	Other	679	-	679
	Total	805,008	-	805,008
			2018 \$'000	2017 \$'000
	Street trees/drainage			
	<i>Developer contributions for provision of drainage assets and street beautification</i>			
	Balance at beginning of the financial year		883	864
	Transfer from accumulated surplus		16	19
	Transfer to accumulated surplus		-	-
	Balance at end of the financial year		899	883
	Community infrastructure			
	<i>Provision of community infrastructure in developing subdivisions</i>			
	Balance at beginning of the financial year		59,176	41,733
	Transfer from accumulated surplus		38,995	42,370
	Transfer to accumulated surplus		(24,989)	(24,927)
	Balance at end of the financial year		73,182	59,176
	Asset replacement			
	<i>Provision for ongoing replacement of plant and equipment</i>			
	Balance at beginning of the financial year		2,642	2,304
	Transfer from accumulated surplus		44	984
	Transfer to accumulated surplus		(1,951)	(646)
	Balance at end of the financial year		735	2,642

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8.1	Reserves (continued)	2018 \$'000	2017 \$'000
	Perpetual Maintenance		
	<i>Provision for cemetery perpetual maintenance</i>		
	Balance at beginning of the financial year	124	121
	Transfer from accumulated surplus	2	3
	Transfer to accumulated surplus	-	-
	Balance at end of the financial year	126	124
	Public Art Reserve		
	<i>Provision for public art</i>		
	Balance at beginning of the financial year	206	230
	Transfer from accumulated surplus	4	5
	Transfer to accumulated surplus	-	(29)
	Balance at end of the financial year	210	206
	Available for Sale Financial Assets		
	<i>Provision for movements in available for sale financial assets (Regional Kitchen Refer Note 5.4)</i>		
	Balance at beginning of the financial year	-	289
	Gain taken to equity	-	-
	Loss taken to equity	-	(289)
	Balance at end of the financial year	-	-
	Defined Benefit Call		
	<i>Provision for Defined Benefit Call</i>		
	Balance at beginning of the financial year	352	344
	Transfer from accumulated surplus	6	8
	Transfer to accumulated surplus	-	-
	Balance at end of the financial year	358	352
	Accommodation Reserve		
	<i>Provision for Accommodation</i>		
	Balance at beginning of the financial year	7,790	-
	Transfer from accumulated surplus	-	7,790
	Transfer to accumulated surplus	-	-
	Balance at end of the financial year	7,790	7,790

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8.2	Reconciliation of cash flows from operating activities to surplus/(deficit)	
	2018 \$'000	2017 \$'000
Surplus for the year	168,547	125,657
Depreciation and amortisation	31,384	28,168
Contributions - Non-monetary assets	(112,634)	(70,908)
(Profit)/loss on disposal property, infrastructure, plant and equip.	(23,471)	(13,858)
Fair value adjustments for investment property	(286)	(174)
Grants - Capital	-	1,663
Asset Impairment	-	691
Change in assets and liabilities		
(Increase)/decrease in rate debtors	73	72
(Increase)/decrease in other receivables	(471)	(14,522)
(Increase)/decrease in land held for resale	(1,058)	885
Increase/(decrease) in payables	11,123	(4,262)
Increase/(decrease) in provisions	166	1,858
(Increase)/decrease in inventories	(143)	10
Increase/(decrease) in trust funds	-	4
Net cash provided by operating activities	73,230	55,284

Note 8.3 Superannuation

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

Accumulation

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

Defined Benefit

Melton City 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 Melton City Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8.3 Superannuation (continued)

Funding arrangements

Melton City Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

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

Net investment returns 6.5% pa

Salary information 3.5% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI at June 2018 was 106.0%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2017 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 2017 triennial actuarial investigation conducted by the Fund's Actuary, Melton City Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate. In addition, Melton City 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.

Notes to the Financial Statements

For the year ended 30 June 2018

Note 8.3 Superannuation (continued)

2017 triennial actuarial investigation surplus amounts

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

- A VBI surplus of \$69.8 million;
- A total service liability surplus of \$193.5 million; and
- A discounted accrued benefits surplus of \$228.8 million.

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

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. Melton City Council was notified of the 30 June 2017 VBI during August 2017.

2018 Interim actuarial investigation

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



PHIBS
18





Melton Civic Centre

232 High Street, Melton
T 9747 7200

Melton Library and Learning Hub

31 McKenzie Street, Melton
T 9747 7200

**Caroline Springs Library
and Learning Hub**

193 Caroline Springs Boulevard
Caroline Springs
T 9747 7200

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