## 2017/18 Annual Report

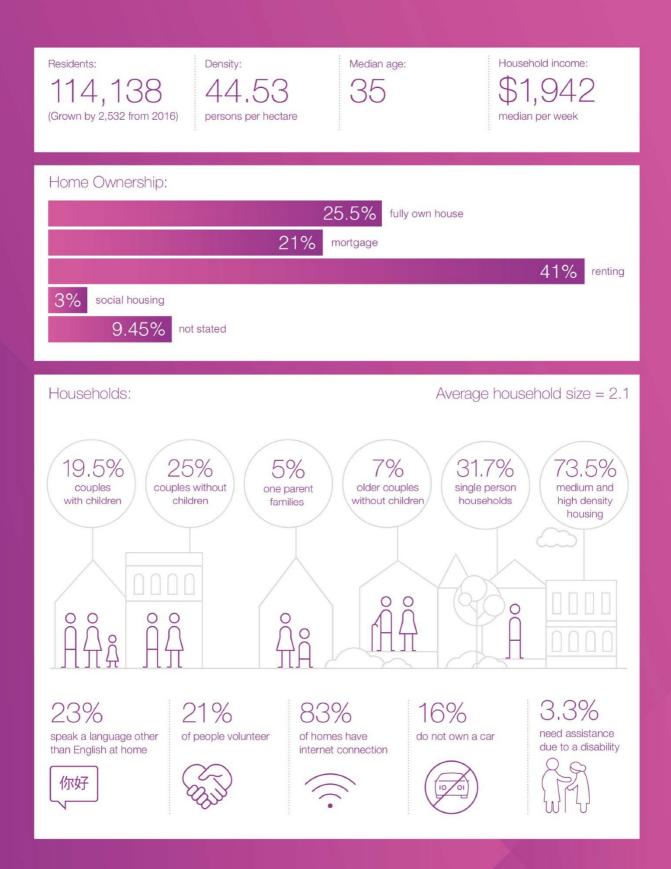
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StonningtonNews



### Stonnington Community Profile



### Contents

Council's Vision	4
Council Plan	4
Council	5
Strategic Planning Framework	7
Our City	8
Your Council	9
Stonnington ward map	10
Mayor's message	11
Chief Executive Officer's Message	13
Financial summary	15
Description of operations	18
Community	20
Community	21
Liveability	29
Liveability	30
Environment	35
Environment	36
Economy	40
Economy	41
Strategic Resource Plan	43
Our People	47
Organisational structure	53
Governance	54
Management	62
Governance and Management Checklist	66
Performance Statement	73
Sustainable Capacity Indicators	74
Service Performance Indicators	76
Financial Performance Indicators	80
Other information	85
Certificate of the Performance Statement	86
Annual Financial Report	89

### Council's Vision

Stonnington will be an inclusive, healthy, creative, sustainable and smart community.

### Access to services and facilities

The right of people who live, work or visit in Stonnington to access the services and facilities they need to support their health and wellbeing.

### Amenity/character of the area

Balancing the amenity and character of the area. This includes the mix of innovative developments, heritage buildings and their protection, and effective management of open space.

### Being connected

The importance of establishing and maintaining good social relationships, actively participating in the community and having a sense of belonging.

### Report of operations

Council is committed to transparent reporting and accountability to the community. The Report of Operations 2017/18 is the primary means of advising the City of Stonnington community about Council's operations and performance during the financial year.

Visit youtube.com/cityofstonnington to watch a video about work happening across the municipality.

### Council Plan

The Council Plan 2017/21 includes four key strategic objectives, methods for achieving these, indicators for monitoring their achievement and a strategic resource plan.

The key strategic objectives are:

- » Community an inclusive City that enhances the health and wellbeing of all residents, where people can feel safe, socially connected and engaged
- » Liveability the most desirable place to live, work and visit
- » Environment a cleaner, safer and better environment for future generations to enjoy
- » Economy a City that will grow its premier status as a vibrant, innovative and creative business community.

### Performance

Council's performance for the 2017/18 year has been reported against each strategic objective, and measured as follows:

- » results achieved in relation to the strategic indicators in the Council Plan
- » progress in relation to the major initiatives identified in the Budget
- » services funded in the Budget and the people or sections of the community they are provided to
- » results against the prescribed service performance indicators and measures.

### Council

The role of a Council is defined in the *Local Government Act 1989*, which formalises a Council's legal status, purpose and objectives, including to:

- » promote social, economic and environmental viability and sustainability
- » ensure resources are used efficiently and effectively and that Best Value Principles are met
- » improve the overall quality of life of people
- » promote appropriate business and employment opportunities
- » ensure equitable access to services and facilities
- » ensure equitable imposition of rates and charges
- » ensure transparent and accountable decision making.

Council is committed to working in partnership with key stakeholders, residents and businesses to continually review our local laws, policies and meeting procedures to promote community consultation, advocate for community needs and provide strong democratic leadership.

Council will strive for excellence, ensuring that it has the capacity to deliver timely and efficient services to meet community needs and continually improve standards of service delivery. For more information on how we deliver our services to the community see the 'Description of Operations' section on page 19 and the 'Governance' section on page 55.

#### Acknowledgement

We would like to acknowledge that we are situated on the traditional land of the Boon Wurrung and Wurundjeri people and offer our respects to their Elders, past and present. We recognise and respect the cultural heritage of this land.

### Statement of human rights

The City of Stonnington recognises and respects that everyone has the same human rights entitlement to allow them to participate in, and contribute to, society and our community. We recognise that all people have equal rights in the provision of, and access to, Council services and facilities. We recognise that, at times, such rights may be limited, insofar as to strike a balance between individual rights and the protection of public interest.

Adopted by Council on 4 February 2008.

### Statement of social justice

The City of Stonnington is committed to the following principles of social justice adopted by Council on 20 April 2015:

#### Access

- » Residents have fair/equal access to the resources and services provided by Council.
- » Barriers to the resources and services provided by Council are reduced for those in need.
- » Independent access is supported.

#### Equity

» Barriers to equity are reduced as far as practicable.

#### Human rights

» Human rights are recognised, respected and promoted.

#### Participation in decision making

» Residents have the opportunity for genuine and meaningful participation in decisions affecting their lives.

#### Social inclusion

» Council activities and programs recognise community diversity and encourage participation.

### Council offices

#### Stonnington City Centre

311 Glenferrie Road Malvern Victoria 3144

#### Prahran Town Hall

180 Greville Street Prahran Victoria 3181

#### Stonnington Depot

Administration Building 293 Tooronga Road Malvern Victoria 3144

#### Stonnington Waste Transfer Station

Weir Street, off Carrol Crescent Malvern Victoria 3146

PO Box 58 Malvern Victoria 3144

DX 30108 (Prahran)

T: 8290 1333 council@stonnington.vic.gov.au

### Strategic Planning Framework

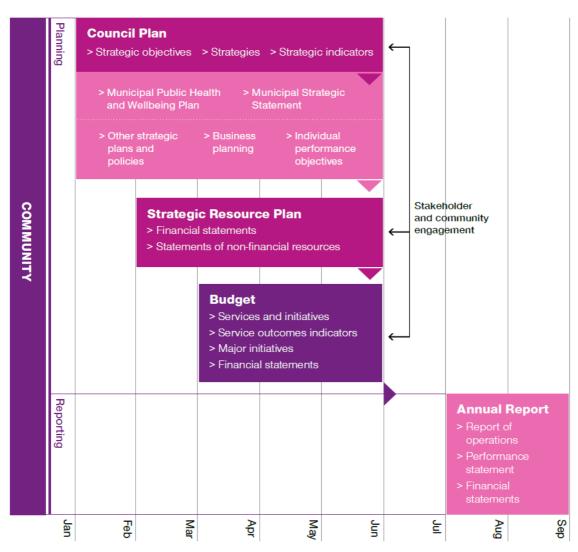
### Planning and Accountability Framework

The *Local Government Act 1989* requires councils to prepare the following planning and reporting documents:

- » a council plan within the six months after each general election or by 30 June, whichever is later
- » a strategic resource plan for a period of at least four years and include this in the council plan
- » a budget for each financial year
- » an annual report in respect of each financial year.

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

#### **Planning and Accountability Framework**



### Our City

The City of Stonnington is located in Melbourne's inner south-east, alongside the Yarra River, covering an area of 25.62 square kilometres. Stonnington takes in the suburbs of Armadale, Kooyong, Malvern, Malvern East, Prahran, Toorak and parts of Glen Iris, South Yarra and Windsor.

Stonnington is primarily a residential area, with some commercial, industrial, office and institutional land uses. It is well known for its shopping and lifestyle precincts, parks and gardens, leafy streets and historical architecture.

The estimated resident population in 2017/18 was 114,138. It is anticipated that the municipality will experience a population growth rate of approximately 23 per cent over the next 20 years.

#### Our community

Stonnington has a relatively young population, with 35 per cent aged 18–34 years and a median age of 35 years.

Of the families in Stonnington, 20 per cent are couples with children, 25 per cent are couples without children and 5.5 per cent are one-parent families.

Of all households, 32 per cent are single-person households and 8.9 per cent are group households.

Stonnington has a culturally and economically diverse population. The housing stock ranges from some of Melbourne's finest mansions to large blocks of public housing, an indication of the community's contrasting lifestyles, aspirations and expectations. The top five non-English languages are Mandarin, Greek, Cantonese, Italian and Spanish. Almost one-third of the community was born overseas, and the top five nations of origin are China, the United Kingdom, India, New Zealand and Greece.

According to the 2016 Census, 3,463 Stonnington residents have a disability requiring assistance with core activities and almost one in 10 residents act in the role of unpaid carer for a person with a disability.

Just over a quarter (25.5 per cent) of residents fully own their home, with a further 21 per cent paying off a mortgage and 44.2 per cent renting.

Stonnington is home to 17,772 businesses, contributing significantly to Stonnington's vibrancy and prosperity.

### Our history

Stonnington was formed in June 1994 through the amalgamation of the Cities of Malvern and Prahran. Stonnington takes its name from a historically significant mansion in the area, which was named after Stonington in Connecticut, USA.

Stonnington is situated on the traditional land of the Boon Wurrung and Wurundjeri people. The Boon Wurrung and Woiwurrung, a clan of the Wurundjeri people, continued to live along the Yarra River as European settlement expanded beyond the centre of the Port Phillip district (Melbourne) in the 1800s.

As part of the expanding development of the area, the first Prahran Market was established in 1864. Originally known as Fitzroy Road, Chapel Street was named in 1852 when the first chapel was built.

The first commercial activity along Chapel Street was established in the late 1830s, making it one of the oldest shopping strips in Melbourne today.

Local government has operated in the area for some 160 years. The first municipal election was held in Prahran in 1856 and the Prahran Town Hall was opened in 1861. Planning for the Malvern Town Hall commenced as early as 1867, with the Malvern Council holding its first meeting there in 1886.

### Your Council

South Ward



**Cr Steven Stefanopoulos** Mayor

First elected 2004, re-elected 2016. Mayor 2017–18.





Cr Judy Hindle

First elected 2002, re-elected 2004, 2008 and 2016.



First elected 2002, re-elected 2004, 2008, 2012 and 2016. Served as Mayor 2003–04, March–November 2004, and 2010–11.





First elected 2016.

#### North Ward



First elected 1999, re-elected 2002 and 2016. Mayor 2002–03.



First elected 2012, re-elected 2016. Mayor 2016–17.



First elected 1996, re-elected 1999, 2002, 2004, 2008, 2012 and 2016. Mayor 1996– 97, 2006–07 and 2011–12. Served as an elected Councillor and Mayor of the former City of Prahran.

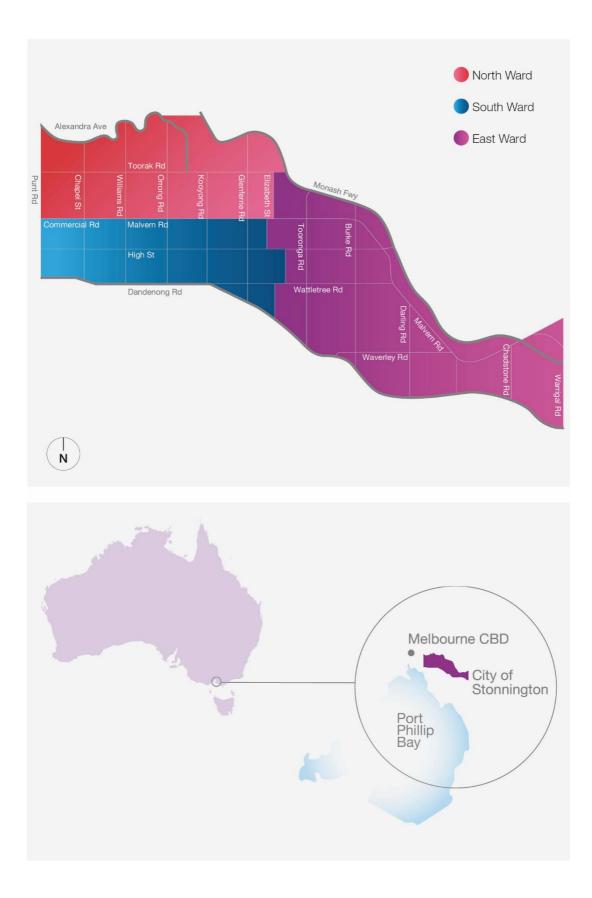


First elected 2016.

Cr Matthew Koce

First elected 2012, re-elected 2016. Mayor 2012–13.

### Stonnington ward map



### Mayor's message



If there was ever a great time to live in the City of Stonnington, it is now! Council is investing record amounts of money on exciting infrastructure projects, as well as continuing to deliver a range of high-quality services. We are committed to strategies that ensure Stonnington will maintain its status as one of Australia's leading councils.

There have been numerous exciting stories this year, too numerous to mention in this short report, but I'd like to share some of the many highlights.

One of Stonnington's biggest challenges remains finding ways to create more public open space for our growing community. This year our efforts to address this have continued, with Council spending more than \$11.3 million on purchasing land to expand existing parks or to build new public spaces.

A major contributor to achieving more public open space is our exciting Cato Street car park redevelopment. This is the largest project ever undertaken by the Council in more than 160 years. At a cost of around \$60+ million, we are building approximately 10,000 sqm of contemporary, community, open space atop two levels of underground car parking, right in the heart of Chapel Street. I'm thrilled to report the project remains on track to open in mid-2019.

Notable streetscape works have been completed this year, including work in the Beatty Avenue Armadale Village, which has improved the aesthetics and amenity of this inner-city area. We are particularly proud of stage 1 of the Greville Street streetscape works, which took out the 'Excellence in Public Works Project' award from the Institute of Public Works Engineering Australasia (Victoria) in May.

Another area of achievement this year was developing and implementing important City of Stonnington strategies that will help guide the delivery of services and activities over the coming years.

Our new Positive Ageing Strategy recognises the important contribution our residents aged over 65 make to the vibrancy of our community. A strong, inclusive community that values diversity and ageing is at the centre of our strategy, which introduces priority areas designed to enhance the health and wellbeing of our senior community members.

We have developed the draft Sustainable Environment Strategy 2018–2023, which builds on the significant investment and focus Council already places on sustainability. This strategy identifies areas such as: climate change and energy; resources and waste management; and the urban environment to help us create a healthy and sustainable city now, and into the future. I was delighted to have visited a number of schools and to present many students with their Tomorrow's Leaders for Sustainability certificates.

As a Council, reducing our greenhouse gas emissions remains a focus, and I'm proud to say Stonnington continues to be at the forefront of this area by encouraging residents to make small adjustments at home and by investing in cleaner energies. For the fourth consecutive year Council has invested \$600,000 to reduce energy use and greenhouse gas emissions by installing solar panels, water tanks and LED lighting at Stonnington facilities.

It was another fantastic year for the Stonnington community and cultural events, showcasing our fabulous venues and outdoor spaces and celebrating our community in premier events such as the Stonnington Jazz Festival, Sunset Sounds outdoor concert series, the Classics (Opera, Broadway and Symphony), Glow Winter Arts Festival, Spring into Gardening, Flavours Festival.

Our activities also supported local businesses, with one of our major highlights being the Business Breakfast with Stonnington Entrepreneurs held at the Kooyong Lawn Tennis Club. We again partnered with the Virgin Australia Melbourne Fashion Festival, Melbourne Cabaret Festival and Melbourne Fringe Festival among many others. We also continue to deliver showcase events including our second International Women's Day luncheon, which this year featured Lisa Wilkinson.

Our Christmas festivities were marked by the overwhelming generosity of residents and visitors who attended our Carols at Como and Central Parks, collectively raising an impressive \$10,000 for the Victorian Pride Centre. This was the largest amount ever raised at Christmas events in Stonnington and I sincerely thank everyone who gave so generously to the LGBTIQ+ community.

On the anniversary of the amalgamation of the cities of Malvern and Prahran that formed the City of Stonnington, I hosted a delightful lunch for former mayors and councillors – a first for us! More than 30 former leaders of our community and their guests reminisced about the 'good ol' days'.

We were privileged to partner with the Organisational Committee for Greek National Day to host the only official public civic reception for the visiting Hellenic Presidential Guard. More than 600 locals with Greek heritage attended the event at the Malvern Town Hall, something that hasn't happened in Melbourne for more than 20 years.

To mark the centenary of the World War I Battle of Villers-Bretonneux, France, I invited the Honorary Consul-General of France to Melbourne to jointly open the newly refurbished Bretonneux Square and Villers Square in Malvern East. This major civic ceremony was attended by more than 300 locals and other dignitaries.

It's been an absolute honour to serve as the Mayor of the City of Stonnington. To mark my first term as Mayor, I bequeathed a set of Mayoral Chains to the Council to forever adorn the mayoral robe. Manufactured by renowned makers of regalia, P Blashki and Sons, the chain is fashioned with 26 goldplated, sterling silver links supporting two central pendants. The upper pendant, an emblem of the letters P and M to symbolise the City's history as the former cities of Prahran and Malvern, carries a sterling silver adornment engraved and painted with the historic City of Stonnington logo.

I have met many wonderful members of our community and initiated many positive changes. I'd like to thank my fellow Councillors and our Chief Executive Officer, Warren Roberts, for their continued commitment, leadership and support this past year. I'd like to extend my sincere thanks to the exceptional staff, whose contributions ensure that we remain a great place to live, work and play.

Councillor Steven Stefanopoulos Mayor of the City of Stonnington Councillor for South Ward

### Chief Executive Officer's Message



In 2017/18 Council demonstrated exemplar governance and stewardship. Council has focused on delivering services, facilities and planning outcomes for our current community and continues to strategically plan for Stonnington's future needs.

I would like to thank our Mayor, Cr Steven Stefanopoulos, and all the Councillors for their support, commitment and contributions this past year that will cement Stonnington's future as a premier place to live, work and visit.

Sound financial management within the strict rate capping environment is crucial to our growth and success. At the end of June 2018, Council's financial position remains strong, with more than \$2.93 billion of community assets under Council's stewardship. Council achieved a financially sustainable surplus of \$36.79 million, \$0.36 million more than was predicted in the budget.

Council developed a clear vision at the start of its term to guide our annual financial and service delivery strategies to achieve long-term success. I am proud that Council's long-term financial strategy will continue to provide sustainable levels of funding for quality community services, plus an extensive capital works and infrastructure maintenance program. The City of Stonnington is in an enviable position within the local government sector, and this achievement reflects Council's focus on community excellence across all aspects of our business.

Central to our vision is civic leadership and quality services to meet the needs of our diverse community. As a Council, we are committed to transparency and accessible governance. We now live stream all Council meetings, giving our residents greater access to Council decisions and debate.

This year's state-wide Local Government Community Survey confirmed that Stonnington continues to perform well across the 120 community services we deliver. Overall, our residents rated our performance as 'significantly higher' than the state average and 'higher' than our metropolitan counterparts.

Recent changes internationally to impose restrictions on the importation of recyclables was a significant challenge for Stonnington. Like most councils, Stonnington was required to adjust the waste service charge to cover the higher cost associated with processing recyclables. Council is also supporting the recycling industry by using recycled materials in our operations and infrastructure projects.

In 2017/18, or year two of the current Council term, we realised many new Council-initiated projects. In January 2018, work started on the \$60+ million Cato Square project to transform approximately 10,000 sqm of asphalt car park into a contemporary European-style piazza, right in the heart of Prahran. The largest development ever undertaken by Council, Cato Square is an ambitious construction project that will provide urgently needed open space for recreation, events, festivals and markets by late 2019, as well as a 20 per cent increase in car parking.

Planning has begun to transform Prahran Town Hall into a vibrant community and creative hub. Council is redesigning the interior to accommodate a new-generation library, performance, rehearsal, function and event spaces for creative and community activities, and reclaim the main town hall as a place for community celebration. Construction is set to begin in 2019.

Other significant highlights from 2017/18 include:

- » purchasing approximately \$11.3 million or 1270 sqm of land to redevelop into desperately needed green space
- » completing Gardiner Park, Stonnington's first multipurpose, all-year-round, synthetic sporting field
- » new play spaces within Waverley Park, Malvern East and James Street Reserve, Windsor, with play elements that encourage active and informal play

- » commencing a masterplan for Percy Treyvaud Memorial Park to guide the development of a multipurpose sport and recreation facility
- » progressing the Yarra River Biodiversity Project, with Council so far investing more than \$6.4 million to increase habitat connectivity, improve water quality and provide recreational and educational opportunities for the community to interact with Melbourne's landmark river
- » completing the Local Law Review, Children, Youth and Family Strategy, Cycling Strategy and Positive Ageing Strategy, and
- » investing \$600,000 to reduce energy use and greenhouse gas emissions by installing solar panels, water tanks and LED lighting throughout Stonnington's streets and Council buildings.

We are committed to creating a motivating and empowering workplace. This year we embarked on an organisation-wide engagement survey to measure and further develop employee engagement. These results, along with our opportunities for improvement, are used to continue to develop a culture that maximises staff engagement and commitment, as well as enhancing productivity in delivering our core business activities.

Finally, I would like to thank our dedicated and hardworking staff, without whom Stonnington's vibrant and exciting future would not be possible.

Warren Roberts Chief Executive Officer

### Financial summary

Council's financial position continues to remain strong. A summary of our performance is outlined below. Detailed information relating to Council's financial performance is included within the financial statements and Performance Statement sections of this report.

The Financial Statements are a general purpose financial report compliant with Australian Accounting Standards, the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014.* Consistent with the regulations, these statements are prepared in accordance with the Local Government Model Financial Report to report responsibly on relevant local issues with transparency and accountability.

### Operating position

Council achieved a surplus of \$36.79 million in 2017/18. Rates and Charges revenue was \$109.0 million. The average rate was capped at 2 per cent for 2017/18, and there was some growth in the number of rateable properties as a result of development activity. \$11.86 million of total revenue is attributable to open space contributions, which will be used to fund future investments in the creation of open space in response to our growing population. Employee costs were \$63.86 million with Council providing employment opportunities for over 600 employees. Expenditure on materials and services was \$57.33 million enabling Council to deliver an array of high quality services to the community. The adjusted underlying surplus of Council, after removing non-recurrent capital grants, cash capital contributions and non-monetary contributions, is \$23.59 million or 13.26 per cent when compared to adjusted underlying revenue. This compares favourably to the expected target of >0 per cent. Sustaining an adjusted underlying surplus is a critical financial strategy that provides capacity to assist in funding the renewal of the \$2.93 billion of community assets under Council's control.



### Liquidity

Council's current assets includes cash and cash equivalents, investments in term deposits (other financial assets) and other assets. Current assets were \$123.58 million in 2017/18 compared to \$123.08 million in 2016/17. The working capital (liquidity) ratio, which assesses Council's ability to meet current commitments, is calculated by measuring Council's current assets as a percentage of current liabilities. Council's result of 287 per cent is an indicator of an excellent financial position and exceeds the expected target band of 120 to 200 per cent.



### Obligations

Council aims to ensure that it is able to maintain its infrastructure assets at the expected levels, while at the same time continuing to deliver the services needed by the community. Council invested \$24.07 million in renewal works during the 2017/18 year. This was funded from cash from operations (Council's surplus). At the end of the 2017/18 year Council's debt ratio which is measured by comparing interest-bearing loans and borrowings to rate revenue was a relatively low 6.99 per cent. This is below the expected target band of 20-60 per cent. Council's asset renewal ratio which is measured by comparing asset renewal expenditure to depreciation was a healthy 135 per cent, which was in greater than the expected target band of 90-110 per cent. This illustrates Council's focus on ensuring a sustainable level of funding is provided for the renewal of community infrastructure. Significant renewal projects during 2017/18 included the Chapel Street precinct (\$3.18 million), the Malvern Valley Golf Course (\$0.80 million), minor shopping centre precincts (\$0.46 million), Windsor Siding masterplan (\$0.28 million), roads and footpaths works (\$8.82 million) and drainage works (\$1.34 million).

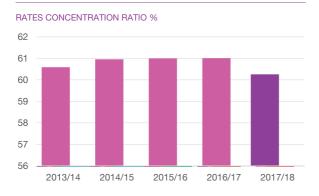


ASSET RENEWAL RATIO %



### Stability and efficiency

Council raises a wide range of revenues including rates, user fees, fines, grants and contributions. Despite this, Council's rates concentration which compares rate revenue to adjusted underlying revenue was 60 per cent for the 2017/18 year, which is within the expected target band of 50-80 per cent. Council has focused on broadening its revenue base and for the 2017/18 year was able maintain its high quality service delivery while delivering a capped general rate in the dollar increase of 2 per cent. This resulted in an average residential rate per residential assessment of \$1,652 for 2017/18 which compares favourably to similar councils in the inner metropolitan area.





### Description of operations

The City of Stonnington is responsible for a broad range of services including family and children's services, transport and parking regulation, open space, youth facilities, waste management, community buildings, economic and cultural development, planning for appropriate development and ensuring accountability for Council's financial resources.

The broad range of community services and infrastructure for residents supports the wellbeing and prosperity of our community. Council's vision, strategic objectives and strategies to further improve services and facilities are described in the Council Plan 2017–21 (Year One) and the Budget 2017/18 and are reported on in this document.

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

### Major capital works

#### During 2017/18 the overall cost of capital works was \$56.38 million and included:

- » Cato Square development project (\$12.03 million) year one of the project completed. Early works construction of the public plaza/park in an urban setting
- » Chapel Street Streetscape masterplan implementation (\$4.1 million)
- » sportsground improvement works at Gardiner Park (\$3.26 million)
- » open space acquisition and development (\$7.5 million)
- » roads and Footpaths (\$9.54 million)
- » drainage improvements (\$3.34 million) including road drainage replacement works
- » Dunlop Pavilion redevelopment (\$2.10 million)
- » Prahran Town Hall masterplan development (\$0.56 million)
- » Malvern Valley Golf Club Hub Redevelopment (\$2.15 million)
- » park lighting upgrades (\$0.21 million)
- » Yarra River Biodiversity project (\$0.74 million)
- » Windsor Siding masterplan implementation (\$0.29 million)
- » Percy Treyvaud Memorial Parkmasterplan feasibility (\$0.24 million)
- » bicycle strategy and path improvement (\$0.77 million)
- » street light LED upgrade and solar upgrades (\$1.33 million), and
- » information technology (\$0.46 million), scheduled replacement of Council's fleet and equipment (\$1.50 million), library materials (\$0.85 million), furniture and equipment upgrade (\$0.85 million) and art and sculpture acquisition program (\$0.17 million).

A further \$3.78 million was expended on strategic property acquisitions in addition to the capital works program.

### Major achievements

- » Construction of Cato Square commenced
- » Masterplans for Harold Holt Swim Centre and Prahran Aquatic Centre proceeding
- » Percy Treyvaud Memorial Park masterplan consultation underway
- » Reduced corporate energy use and associated greenhouse gas emissions in Council's buildings and facilities

- » Implement infrastructure and public realm improvements works in accordance with the Chapel Street masterplan, and
- » Upgrade of Prahran Market.

#### Major changes

In 2017/18 the decision was undertaken to realign the Records Management function in-house. Previously this service was contracted to an external third-party provider. The service commenced internally with Council on the 1 December 2017 and moved to the Stonnington City Centre in April 2018, after formerly being based in Prahran.

### Economic factors

In 2017/18 the average rate increase was capped at 2.0 per cent in line with the Victorian Government's rate cap. Government grants as a proportion of total Council revenue declined from 6.3 per cent in 2016–17 to an estimated 5.0 per cent in 2017/18.

The Reserve Bank of Australia's official cash rate during the year was stable at 1.5 per cent. The weighted average investment rate earned by Council for the year reduced slightly from 2.57 per cent in June 2017 to 2.55 per cent in June 2018. Despite this slight reduction, a higher level of cash and investment holdings over the year resulted in a higher level of interest income earned during 2017/18 compared with the previous year.

# Community

### Community

An inclusive City that enhances the health and wellbeing of all residents, where people can feel safe, socially connected and engaged.

### Achievements

- » Council provided 31,914 hours of home care, 13,021 hours of personal care, 5,892 hours of respite care and delivered 53,487 meals
- » conducted five citizenship ceremonies
- » undertook 1,150 food premises and 272 health premises inspections
- » received more than 100,000 calls and conducted almost 60,000 counter transactions
- » administered 14,463 vaccinations to Stonnington residents
- » adopted the Stonnington Public Health and Wellbeing Plan 2017-2021
- » adopted the new Local Law
- » approximately 3,500 attendees at Stonnington youth events
- » upgraded the CCTV at Windsor Siding and Princess Gardens, and provided new mobile CCTV
- » awarded over \$3 million in community grants to local community organisations
- » more than 1.9 million page views on the City of Stonnington website
- » completed masterplans for Harold Holt Swim Centre and Prahran Aquatic Centre for community consultation
- » increased participation at both aquatic centres by 69,000, and
- » began the masterplan consultation for Percy Treyvaud Memorial Park.

### Strategic indicators

The following table reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators in the Council Plan.

Strategic indicator	Result	Comment
Enhance community health and wellbeing outcomes through quality service delivery and strategic partnerships.	99%	Council administered 14,463 vaccines at more than 90 sessions to Stonnington residents. Adopted the Stonnington Public Health and Wellbeing Plan 2017–2021. Completed social impact assessments for planning permits with a liquor licence component as required. All assessed services 'Meet'or 'Exceed' National Quality Standards. Council partnered with inner metropolitan councils on the StreetCount homeless initiative.
Strengthen Council's commitment to support our diverse and inclusive communities.	100%	Council adopted 0–25 Strategy and established a supported playgroup. Council approved the draft Reconciliation Action Plan for community consultation and held a series of events for Reconciliation and NAIDOC Weeks at Prahran Market. Events such as the annual Flavours Festival and Harmony Day celebrations were also hosted to celebrate Stonnington's diverse cultures.
Implement community safety initiatives and fair compliance processes to address community safety issues.	100%	Mobile CCTV unit delivered in conjunction with Victoria Police and the Australian Government. Upgraded CCTV at Windsor Siding. New Local Law and Keeping of Animals Policy adopted by Council, with ongoing information in publications and social media, including Pet Registration Amnesty, which increased registrations by more than 900. Worked

Strategic indicator	Result	Comment
		collaboratively with the Victorian Builders Association on combustible cladding inspections.
Enhance community engagement to ensure Council makes long-term decisions in the best interests of the community.	100%	Council achieved a score of 60 for community satisfaction, with community consultation higher than the metro average of 57 and the state average of 55. More than 1.9 million page views on the City of Stonnington website and more than a million people reached through our social media posts. Council's Connect Stonnington engagement platform continues to inform the community, with more than 19,000 site visits. Council offers a diverse communications service through the website and social media, letters, monthly advertorial, advertising through the Stonnington Leader, newspapers, brochures and <i>InStonnington</i> magazine engage the community with Council's activities. Council implemented new e-service initiatives, including local law permits and payment, facility booking enquiry and expanded customer e-request capabilities.
Increase participation in physical activity through long-term recreation planning and service delivery.	81%	Masterplans for Harold Holt Swim Centre and Prahran Aquatic Centre completed for community consultation. Participation at both aquatic centres increased by approximately 69,000. Percy Treyvaud Memorial Park masterplan consultation underway. Attendances at both recreation centres increased by 12 per cent.
Enhance modern learning environments, community hubs and libraries to support connected communities.	100%	Facilities for learning upgraded at Council facilities including: Maternal and Child Health Centre Toorak Park, Armadale; Princes Close Childcare Centre; Sunnyside Kindergarten; McArthur Street Maternal and Child Health Centre. Library trends continue to show e-resources and e-loans rise with physical loaning declining.
Support local community organisations with equitable access to facilities, training and resources.	100%	Accessible amenities upgraded at: Wattletree Early Learning Centre; Malvern Valley Golf Course; Malvern Town Hall foyer and the Stonnington City Centre Records Office. Council awarded over \$3 million in community grants to local community organisations.

### Major initiatives

The following table reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major initiative	Progress
Complete a feasibility study and preliminary concept plans for the proposed redevelopment of the Prahran Aquatic Centre (\$0.24 million net cost).	The project feasibility has been deferred to 2018/19. Major redevelopment has been deferred to 2020/21
Develop a masterplan for the future development of the outdoor areas of the Harold Holt Swim Centre (\$0.89 million net cost).	Deferred to 2018/19
Respond to the growing demand for netball and other indoor sports (\$0.06 million net cost).	In progress – Architect procured

Major initiative	Progress
Upgrade Council's Children's Services facilities in accordance with the Early Years Infrastructure Improvements Plan (\$0.17 million net cost).	In progress

### Description of services

The following table provides information in relation to the services funded in the 2017/18 Budget and the people or sections of the community who receive the service.

Service	Description	Net cost (\$'000)
		Actual
		Budget
		Variance
		Favourable/(unfavourable)
Aged, Diversity and Disability	This service provides a range of services for the aged and culturally	3,669
Services	diverse community including home-delivered meals, centre-based	<u>3,293</u>
	meals, personal care, transport, home maintenance, housing support,	(376)
	regional assessment services, domestic assistance, respite care and	(370)
	senior citizen clubs. This service oversees animal registrations, animal	
	complaints and prosecutions, pound operations and animal welfare education. This service supports a healthy community by providing a	
	range of recreational facilities including indoor and outdoor swimming	
	pools, a fully equipped gymnasium, aqua aerobics and a range of	
	fitness classes.	
Animal Management Services	This service oversees animal registrations, animal complaints and	87
	prosecutions, pound operations and animal welfare education.	<u>112</u>
		25
Aquatic Services	This service supports a healthy community by providing a range of	942
	recreational facilities including indoor and outdoor swimming pools, a	<u>811</u>
	fully equipped gymnasium, aqua aerobics and a range of fitness	(131)
	classes.	()
Children and Family Services	This service provides family-oriented support services including child	3,374
	care, preschools, toy library, maternal and child health, pre-school	<u>2,798</u>
	dental, counselling and support, youth services, immunisation, family day care and holiday programs.	(576)
Chapel Off Chapel	This service provides theatre services including technical staging	640
	advice and performance operations, facilities for events, exhibitions of	555
	works by local artists, and function and catering services including	(85)
	seminars, meetings and conferences.	()
Customer and Civic Services	This service provides a range of governance, statutory and corporate	1,765
	support services and acts as the main customer interface with the	<u>1,813</u>
	community. Services include the coordination of Council and committee meetings, corporate planning, community engagement	48
	and support services at the Civic Centre. The customer support	
	service is delivered from three customer service centres.	
Communications	This service ensures the City of Stonnington communicates with our	2,448
	community in a consistent, proactive and integrated way that aligns	2.772
	with our corporate identity and brand. This service is responsible for	324

Service	Description	Net cost (\$'000)
		Actual
		Budget
		Variance
		Favourable/(unfavourable)
	the management and provision of advice on external communication on behalf of Council.	
Environmental Health	This service protects the community by coordinating food safety	(10)
	support programs, Tobacco Act activities and smoke-free dining and	3
	gaming venue issues. The service also responds to public health	13
	concerns relating to unreasonable noise emissions, housing	10
	standards and pest controls.	
Library and Local History	This service provides public library services at four locations and local	3,543
Services	history services, and provides a focal point for the community to enjoy	<u>3,494</u>
	the facilities and services offered.	(49)
Malvern Valley Golf Course	This service provides public open space, significant environmental	(155)
	areas and an 18-hole public golf course.	<u>(201)</u>
		<u>(46)</u>
Recreation Services	This service is responsible for the management and use of sporting	381
	grounds, pavilions and community centres. The service provides	451
	advice to Council on recreation needs, assists community groups	70
	with funding applications, event management and promotion, and	70
	administers licence agreements.	

### Performance indicators

Service performance indicators	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Comments
Aquatic facilities					
Satisfaction User satisfaction with aquatic facilities (optional) [User satisfaction with how council has performed on provision of aquatic facilities]	NA	NA	NA	NA	This is an optional measure, no data is available.
Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.00	1.00	2.00	1.00	One inspection conducted at each aquatic facility.
Health and safety Reportable safety incidents at aquatic facilities	2.00	0.00	5.00	3.00	Council is committed to reporting all incidents to ensure maximum safety for residents, visitors and employees.

Service performance indicators	Result	Result	Result	Result	Comments
	2014/15	2015/16	2016/17	2017/18	
Number of WorkSafe reportable					
aquatic facility safety incidents]					
Service cost					The cost of aquatic facilities includes
Cost of indoor aquatic facilities					both indoor and outdoor facilities.
Direct cost of indeer countie facilities	\$1.56	\$1.67	\$1.52	\$1.25	Visitation increased by 69,000,
Direct cost of indoor aquatic facilities ess income received / Number of					bringing the average cost per visit
visits to indoor aquatic facilities]					down.
Service cost		- <b>.</b>			
					Council was not able to separate the
Cost of outdoor aquatic facilities					costs related to outdoor and indoor
Direct cost of outdoor aquatic	NA	NA	NA	NA	operations at the Harold Holt aquatic
acilities less income received /					facility. Council has disclosed aquatic costs in measure AF4 (cost of indoor
Number of visits to outdoor aquatic					aquatic facilities).
acilities]					
Jtilisation					Visitation to Council's aquatic facilities
Utilisation of aquatic facilities					increased by 69,000.
	5.24	4.85	4.96	5.42	
Number of visits to aquatic facilities /					
Municipal population]					
Animal management					
Timeliness					Council was able to reasond within 19
Time taken to action animal					Council was able to respond within 48 hours to all requests. All critical
nanagement requests					requests such as dog attacks or
	NIA	1.00	0.01	1 00	injured animals were actioned within
Number of days between receipt and	NA	1.30	2.61	1.83	24 hours.
irst response action for all animal					
nanagement requests / Number of					
animal management requests]					
Service standard					This result continues to be variable.
Animals reclaimed					The reclaim rate for dogs remains
					high, with 85.3 per cent of all
Number of animals reclaimed /	78.00%	61.24%	78.28%	61.34%	impounded dogs reclaimed by their
Number of animals collected] × 100					owners. The cat/kitten reclaim rate
					was 35.2 per cent, impacting on the
Service cost					overall result.
					Council initiated a pet registration
Cost of animal management					amnesty in 2017/18 to support
service	\$60.80	\$65.09	\$68.50	\$50.59	responsible pet ownership and ensure
Direct cost of the animal	ψ00.00	ψ00.00	ψ00.00	ψ00.00	compliance with pet registration
management service / Number of					legislation. Pet registrations increased
egistered animals]					by 900 compared with 2016/17.
lealth and safety					In response to a growing population
Animal management					and increased animal management
prosecutions					requests, Council increased patrols in
	1.00	0.00	0.00	0.00	Stonnington's 127 parks and reserves
Number of successful animal	1.00	3.00	6.00	9.00	to reinforce the requirement for dog
management prosecutions]					owners to comply with the legislation
					and the Local Law. Council also
					delivered a communication strategy to

Service performance indicators	Result	Result	Result	Result	Comments
indicators	2014/15	2015/16	2016/17	2017/18	
					provide ongoing information to the community on responsible pet ownership.
Food safety					
Service standard					The result is consistent with 2016/17.
<b>Timeliness</b> Time taken to action food complaints					Complaints that are likely to be an imminent risk to public health are investigated within three hours of
	NA	1.00	1.00	1.00	receipt.
Number of days between receipt and					
first response action for all food					
complaints / Number of food					
complaints] <b>Service standard</b>					
JEIVICE SLAIIUAIU					
Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984 /</i> Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in	99.00%	94.66%	88.64%	97.46%	The Victorian <i>Food Act 1984</i> requires that all businesses requiring registration under this Act are inspected for compliance at least once every calendar year. The result reflects an increase in Council's diligence to satisfy the legislative requirements under the Act. Food premises that were not
accordance with the Food Act 1984] < 100					inspected within the calendar year have since been inspected as a priority.
Service cost					The result is consistent with 2016/17.
Cost of food safety service					
Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$716.17	\$694.05	\$696.15	\$695.05	
Health and safety					The requit is consistent with 0016/17
Critical and major noncompliance outcome notifications					The result is consistent with 2016/17.
[Number of critical noncompliance outcome notifications and major noncompliance notifications about a food premises followed up / Number of critical noncompliance outcome notifications and major noncompliance notifications about a food premises] × 100	80.00%	84.42%	89.57%	87.93%	
Libraries					
Utilisation					
Library collection usage					Library borrowing trends continue to evolve. In 2017/18 borrowing of
[Number of library collection item oans / Number of library collection tems]	5.54	5.96	4.42	4.91	physical items declined while digital loans increased. During the same period, Council increased its collection available to the public by 26,000 new

Service performance	Result	Result	Result	Result	Comments
ndicators	2014/15	2015/16	2016/17	2017/18	
Resource standard Standard of library collection Number of library collection items burchased in the past 5 years / Number of library collection items] × 100	58.00%	65.10%	83.21%	91.37%	Increasing the standard of the library collection has been a Council priority over the past two years. In 2017/18 Council invested 26,000 new collection items to be responsive to community expectation for modern and contemporary library facilities.
Service cost					The result is consistent with the
Cost of library service				_	previous two years.
Direct cost of the library service / lumber of visits]	\$9.05	\$7.54	\$7.21	\$7.14	
Participation			•		The number of active library members
Active library members Number of active library members / Aunicipal population] × 100	18.00%	18.20%	17.32%	17.06%	is consistent with 2016–17.
Vaternal and child health (MCH)					
Satisfaction					Council reasined a high number of
Participation in first MCH home visit Number of first MCH home visits / Number of birth notifications received] < 100	104.00%	102.02%*	99.91%	95.02%	Council received a high number of birth notifications in late June, and firs home visits were unable to be completed before the end of the financial year.
Service standard					The result is consistent with the
nfant enrolments in the MCH service Number of infants enrolled in the MCH service (from birth notifications eceived) / Number of birth notifications received] × 100	100.00%	100.87%*	101.05%	100.46%	previous four years. High participation rates demonstrate the importance of maternal and child health services for infants and families.
Service Cost					The cost of the service has increased
Cost of the MCH service Cost of the MCH service / Hours worked by MCH nurses]	NA	80.36*	\$79.65	\$87.70	due to additional Department of Education and Training requirements to deliver enhanced service and clinical guidelines, Child First Standards, Family Violence Reform and a supported playgroup program.
Participation					Family participation in maternal and
Participation in the MCH service Number of children who attend the MCH service at least once (in the rear) / Number of children enrolled in he MCH service] × 100	80.00%	70.72%*	75.02%	78.56%	child health services will vary significantly between years, as every enrolled child is not required to attend the service on an annual basis.
Participation					The City of Stannington has a small
Participation in the MCH service by Aboriginal children	86.00%	69.81%*	68.42%	62.16%	The City of Stonnington has a small Indigenous community and family participation in maternal and child

Service performance	Result	Result	Result	Result	Comments
indicators	2014/15	2015/16	2016/17	2017/18	
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] × 100					health services will vary significantly between years.

\* Figures updated due to transition to new reporting software post 2015–16 annual report.

## Liveability

### Liveability

Stonnington will be the most desirable place to live, work and visit.

### Achievements

- » Planning Scheme Review adopted
- » Council assessed more than 1,750 planning applications
- » almost 100 municipal heritage buildings preserved through Interwar House and Victorian Houses planning schemes
- » completed redevelopment plans for Dunlop Pavilion, Gardner Park. Completed works at Malvern Valley Golf Course Hub and buildings at 1–3 Valetta St
- » completed Chapel Street masterplan and Windsor Siding masterplan urban design works
- » Council continues to advocate for open space legacy improvements at South Yarra Sidings and Osborne Street Reserve as part of the Metro Tunnel Project
- » 37,000 sqm of graffiti removed or just under two playing fields of the MCG in area
- » thirteen liquor licence applications assessed through the Social Impact Assessment Framework
- » 35 drainage pit upgrades in Toorak, Malvern and South Yarra
- » responded to more than 5,000 work requests related to footpaths, roads and drainage improvements, and
- » completed the program to 'uplight' significant trees.

### Strategic indicators

The following table reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators in the Council Plan.

Strategic indicator	Result	Comment
Strategically invest in open spaces, sporting fields and community facilities, and optimise use according to community needs.	100%	Council adopted the Planning Scheme Review. Cato Square construction significantly advanced. A number of pocket parks implemented within the municipality. Local Government Community Satisfaction Survey rated Stonnington's public areas highly. The redevelopment plans for Dunlop Pavilion, Gardner Park. Completed works at Malvern Valley Golf Course Hub and buildings at 1–3 Valetta St completed. Chapel Street masterplan and Windsor Siding masterplan urban design works completed. Council continues its advocacy on the Metro Tunnel Project to secure open space legacy improvements to both South Yarra Sidings as well as Osborne Street Reserve.
Preserve Stonnington's heritage architecture and balance its existing character with complementary and sustainable development.	100%	Almost 100 municipal heritage buildings preserved through Interwar House and Victorian Houses planning schemes. Increased garden area requirements in neighbourhood and general residential zones implemented by the State Government.
Balance the competing demands of maintaining residential amenity and population growth through appropriate planning.	100%	Council submitted to State Government on the Victorian Planning Provisions reforms. Council commenced a Housing Strategy in June 2018 to inform the application of residential zones.

Strategic indicator	Result	Comment
Enhance the design outcomes of public spaces, places and buildings.	100%	Council continues to assess planning applications against the Environmental Sustainable Design. Completed the Urban Design Peer Review for neighbourhood activity centres. Continued advocacy for increased and high-quality public housing within Stonnington.
Advocate for improved and accessible public transport to enhance liveability and economic growth.	100%	Developed a Public Transport Advocacy Reference Document and met with Ministers and departments on Council's priority to improve bus, train and tram infrastructure and services.
Maintain Council's infrastructure and assets essential for the sustainable operation of the City.	99%	Council collected approximately 20 additional tonnes of leaf fall matter compared with 2017/18, cleaned 37,000 sqm of graffiti from community assets and responded to more than 5,000 work orders related to footpaths, roads and drainage improvements, and prioritised maintenance at Windsor Siding, activity centres and Princes Gardens in response to community feedback. Works completed in line with the Integrated Transport Plan, Road Management Plan and Conservation Management Plan.

### Major initiatives

The following table reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major initiative	Progress
Delivery of identified public realm improvements in accordance with adopted masterplans and Landscape Improvement Plans (\$0.60 million net cost).	Completed
Develop design and tender documentation and engage the community on the redevelopment of the Cato Square car park (\$34.51 million net cost).	Architectural design and construction underway – In progress
Review the Stonnington Planning Scheme (\$2.0 million net cost).	Completed – Chapel Street masterplan implemented.

### Description of services

The following table provides information in relation to the services funded in the 2017/18 Budget and the people or sections of the community who receive the service.

Service	Description	Net cost (\$'000)
		Actual
		Budget
		Variance
		Favourable/(unfavourable)
Building Control and Amenity	This service provides statutory building services, including processing	(369)
Services	of building permits, emergency management responsibilities, fire	<u>467</u>
	safety inspections, audits of swimming pool barriers and investigations of complaints and illegal works. It also provides	836
	education, regulation and enforcement of the General Local Law and State legislation.	
Properties Maintenance	This service prepares long-term maintenance management programs	3,046
	for Council's property assets in an integrated and prioritised manner	<u>2,619</u>
	to optimise their strategic value and service potential. These include municipal buildings, pavilions and other community buildings.	(427)
Infrastructure Planning, Design	This service conducts capital works planning for Council's main civil	3,877
and Management	infrastructure assets in an integrated and prioritised manner to	<u>1,660</u>
	optimise their strategic value and service potential. This service undertakes design, tendering, contract management and supervision	(2,217)
	of works such as roads, laneways, car parks, foot/bike paths, drains and bridges.	
Major Projects and Property	This service conducts planning and delivers capital works projects for	827
Improvements	Council's properties to renew and improve the condition, compliance,	<u>374</u>
	sustainability, performance and value of Council's existing buildings to meet service delivery needs.	(453)
Streets, Roads and Drains	This service provides street cleaning, leaf collection, weed removal,	4,074
Cleaning and Maintenance	drainage pit cleaning and maintains street litter bins.	<u>3.809</u>
		(265)
Urban Development	This service processes all planning applications, provides advice and	(7,862)
	makes decisions about development proposals that require a	<u>(6,171)</u>
	planning permit, as well as representing Council at the Victorian Civil	1,691
	and Administrative Tribunal (VCAT). The service monitors and amends Council's Planning Scheme as well as preparing major planning policy	
	documents to shape the future of Stonnington.	
Venue Facilities	This service provides venues for commercial hire and community use	1,594
	at Malvern Town Hall, Functions On Chapel and Armadale meeting	<u>1,408</u>
	rooms. The service supports Council's civic functions and activities.	(186)

### Performance indicators

Service performance	Result	Result	Result	Result	Comments
ndicators	2014/15	2015/16	2016/17	2017/18	
Roads					
Satisfaction of use					The lower number of sealed local
Sealed local road requests					roads requests reflects the high
humber of cooled local road requests	90.77	25.60	63.25	49.40	standard of Council's local road
Number of sealed local road requests Kilometres of sealed local roads ] ×					network.
Condition					
Sealed local roads maintained to					The result is consistent with the
condition standards					previous four years. Council maintains a strong focus on asset renewal,
	00.000/	00.100/	00.400/	00.000	including local sealed roads.
Number of kilometres of sealed local	98.00%	99.10%	99.40%	98.80%	
oads below the renewal intervention					
evel set by Council / Kilometres of					
sealed local roads] × 100					
Service cost					In 2017/18 Council completed the
Cost of sealed local road					Greville and Daly Street reconstruction
econstruction					projects, including 'hand laid'
Direct cost of sealed local road					bluestone and granite pavement and
econstruction / Square metres of	\$163.14	\$141.22	\$133.07	\$248.29	kerb. While this construction method
ealed local roads reconstructed]		÷ · · · ·		· · · · · · · · · · · · · · · · · · ·	significantly increased costs, the final
1					outcome was consistent with the
					Chapel ReVision and Forrest Hill
					masterplans and met community amenity expectations.
Service cost					
					The result is consistent with the
Cost of sealed local road esealing					previous four years.
cscan ig	\$20.88	\$21.70	\$24.15	\$19.68	
Direct cost of sealed local road			·		
resealing / Square metres of sealed					
ocal roads resealed]					
Satisfaction					Satisfaction with sealed local roads is
Satisfaction with sealed local					12 points higher than the state
oads					average.
Community satisfaction rating out of	70.00	68.00	66.00	65.00	
Community satisfaction rating out of 100 with how council has performed					
on the condition of sealed local roads]					
-					
Statutory planning					
<i>Fimeliness</i>					The time taken to decide planning
Time taken to decide planning					applications is the gross number of
applications					days from lodgement to decision and
The median number of days between	72.00	83.00	88.00	96.00	continues to be influenced by the time
eceipt of a planning application and a					consumed by applicants in providing
decision on the application]					additional information, their
					preparation of alternative amended plans, the complexity of planning

Service performance indicators	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Comments
					applications, community consultation, requests and referrals to authorities.
Service standard Planning applications decided within required time frames [Number of planning application decisions made within time / Number of planning application decisions made] × 100	68.00%	67.00%	57.07%	54.76	The time taken continues to be influenced by the complexity of planning applications, the requirement to provide community consultation, requests for further information and referrals to authorities.
Service cost Cost of statutory planning service [Direct cost of the statutory planning service / Number of planning applications received]	\$2,218.93	\$2,391.12	\$3,497.25	\$4,093.77	In response to the complexity and number of applications and amendments to permits/plans received, Council increased the statutory planning workforce. In 2017/18 Council also assessed more than 600 amended applications (not included in this calculation), which contributed to the statutory planning workload and costs.
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] × 100	45.00%	57.63%	66.67%	50.75%	This result will be variable as Council continues to make decisions in the best interest of the community. The figure excludes mediated outcomes or consent orders negotiated by Council, which were 31.3 per cent of VCAT cases and hence does not reflect Council's overall performance.

## Environment

### Environment

Stonnington will have a cleaner, safer and better environment for future generations to enjoy.

### Achievements

- » Installed Solar PV electricity generation systems at Malvern Tennis Centre, Chapel Off Chapel, Orrong Romanis Recreation Centre, Stonnington Animal Pound and Como Pavilion
- » installed LED lighting in an additional nine Council buildings and commenced LED upgrade of our remaining street lights to improve energy efficiency
- » 1,500 trees planted in Stonnington streets, parks and reserves; 10,000 indigenous plants planted by students, the community and Council staff for National Tree Day; 56 native trees and 15,338 indigenous plants planted in Stages 4 and 5 of the Yarra River Biodiversity Project; 13,000 plants planted in parks and reserves including 10,000 indigenous tube stock; 30,200 herbs, vegetables, succulents and indigenous tube stock given away at Spring into Gardening
- » a total of 56,326 kg of TVs and computer recyclables received, an increase of 5.6 per cent; and 900 kg of mobile phone, CDs, DVDs and batteries recycling an increase of 29 per cent
- » Yarra River Biodiversity Linkages Project Stage 6a and Scotchmans Creek revegetation project Stages 1 and 2 completed, and
- » delivered sustainability sessions at 22 schools, with 2,216 students attending.

### Strategic indicators

The following table reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators in the Council Plan.

Strategic indicator	Result	Comment
Reduce energy use and associated greenhouse gas emissions.	100%	Council significantly progressed the new Sustainable Environment Strategy, currently on exhibition. Our progress in achieving the goals of the Sustainable Environment Strategy is reported each year through our annual Sustainability Snapshot (see <u>www.stonnington.vic.gov.au</u> ). Key achievements include installation of solar PV electricity generation systems at Malvern Tennis Centre, Chapel Off Chapel, Orrong Romanis Recreation Centre, Stonnington Animal Pound and Como Pavilion. Council also installed LED lighting in an additional nine Council buildings and commenced LED upgrades of our remaining street lights to improve energy efficiency.
Maximise efficiency of water use and improve water quality entering waterways.	100%	Council continued to provide feedback on the State Government's Yarra River Reforms. Council completed an audit of 150 water-sensitive urban design streetscape assets. Council continues to drive efficiency in its use of potable water in Council buildings, facilities and public open spaces. Key initiatives include incorporation of water-efficient fittings in new and upgraded buildings, selection of warm season grasses for sports grounds, enhanced irrigation monitoring and control systems and progressive upgrading of aged and inefficient irrigation systems on sports grounds and passive open spaces.

Strategic indicator	Result	Comment
Enhance biodiversity values throughout Stonnington to protect and increase flora and fauna.	100%	Council has a number of key initiatives to enhance biodiversity values throughout the city including the Yarra River Biodiversity Project, waterway revegetation projects, weed control and plantings in biodiversity sites and planting indigenous species in parks, gardens and other open spaces. Council completed Stage 6a of the Yarra Biodiversity Project – and Scotchmans Creek revegetation project Stages 1 and 2. Council received a grant from Melbourne Water to complete Stage 3.
Protect, maintain and grow Stonnington's street tree population to enhance the character, identity and liveability of the City of Stonnington.	100%	More than 80,000 plants and herbs planted within Stonnington. Inclusion of structural soils and permeable paving in road reconstruction projects completed in Llaneast Street, Mount Pleasant Grove and Trinian Street. Other initiatives include: protecting existing trees on public and private land through the Local Law and Planning Scheme; strengthening protection of street trees through crossover permit applications, incorporating tree planting into road reconstruction and streetscape enhancement projects; developing uniform boulevard planting schemes; developing guidelines on optimum tree growing planning, design and management; and integrating water-sensitive urban design and urban forest objectives through tree planting and civil infrastructure projects.
Deliver best practice waste management services to minimise waste generation and maximise resource recovery and recycling.	97%	Council offered our community two hard waste collections, collecting 2,000 tonnes from households. Council completed an audit of domestic waste kerbside bins and the results will inform future educational programs. E-waste recycling volumes increased by 30 per cent. Approximately 37 per cent kerbside waste has been diverted from landfill.
Enhance sustainable purchasing of goods, materials and services with reduced environmental impacts.	90%	Council continues to focus on making sustainable choices in products, including recycled content in road construction, using furniture in open spaces manufactured from recycled content, and reducing corporate paper use. Significant effort has been focused into reducing fleet fuel consumption. Increased activity during leaf season and longer haulage routes to Council's new landfill site destination in Dandenong has yielded an unforeseen increase in overall fuel consumption.
Lead community sustainability through public programs.	100%	The Green Schools program involved 22 schools, with 2,216 students attending. Council hosted 10 community education sessions with more than 890 participants. Council also partnered with organisations to host Clean Up Australia Day events and expanded the apartment composting project. Council supported 120 Stonnington households to have solar panels installed through the Making Solar Simple program.
Promote and facilitate the use of sustainable transport options across the city.	100%	Continued encouragement for staff to travel using sustainable transport modes. Year 5 implementation of the Stonnington Cycling Strategy delivered Scotchmans Creek reconstruction and path widening, including 30 additional bike parking rails installed.

# Major initiatives

The following table reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major initiatives	Progress
Reduce corporate energy use and associated greenhouse gas emissions in buildings and facilities and street lighting through energy efficiency measures and installation of renewable energy generation systems (\$0.80 million net cost).	Completed
Enhance biodiversity values at key sites throughout the city through targeted weed management, native vegetation planting and habitat creation programs (\$0.99 million net cost).	In progress
Implement the Stonnington Cycling Strategy (\$1.02 million net cost).	Completed

# Description of services

The following table provides information in relation to the services funded in the 2017/18 Budget and the people or sections of the community who receive the service.

Service	Description	Net cost (\$'000)
		Actual
		Budget
		Variance
		Favourable/(unfavourable)
Environment and Sustainability	This service develops environmental policy, coordinates and	672
	implements environmental projects and works with other services to	<u>663</u>
	improve Council's environmental performance, including the greenhouse gas emissions reduction program.	(9)
Public Spaces Design and	This service prepares policies and strategies related to open space	445
Development	and urban design and prepares and implements an annual capital works program. The service also provides landscape and urban	<u>178</u>
	design advice.	<u>(</u> 267)
Parks and Environment	This service provides arboriculture and horticulture services such as	8,043
	tree pruning, planting, removal, planning and street tree strategies,	<u>8.070</u>
	parks and sports ground mowing and maintenance.	27
Waste Collection and	This service provides kerbside rubbish collections of garbage, hard	14,198
Management	waste, recycling and green waste from all households and	<u>13.816</u>
	commercial properties in Stonnington.	<u>(382)</u>

# Performance indicators

Service performance indicators	Result	Result	Result	Result	Comments
	2014/15	2015/16	2016/17	2017/18	
Waste collection					
Satisfaction Kerbside bin collection requests					The result is consistent with the previous four years.
[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] × 1,000	125.07	128.41	140.35	135.07	
Service standard					The result is consistent with 2016/17
Kerbside collection bins missed					and reflects Council's high-quality bin collection service.
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] × 10,000	6.66	4.90	3.58	3.83	
Service cost					The result is consistent with 2016/17.
Cost of kerbside garbage bin collection service					In 2017/18 Council's kerbside waste operating costs increased by
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$113.23	\$118.78	\$122.23	\$126.33	3.3 per cent.
Service cost					In 2017/18 Council's kerbside
Cost of kerbside recyclables collection service					recycling costs was significantly impacted by the China National Sword
[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$17.46	\$17.70	\$18.41	\$25.69	policy. Council incurred a 39 per cent increase in costs directly related to the processing and reselling of recyclable commodities in Australia.
Waste diversion			-		The result is consistent with previous
Kerbside collection waste diverted from landfill					four years. Council maintains a strong focus on reducing the amount of
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] × 100	35.00%	35.66%	36.89%	36.57%	waste going to landfill.

# Economy

# Economy

A City that will grow its premier status as a vibrant, innovative and creative business community.

#### Achievements

- » Council completed extensive streetscape and landscaping works at Greville Street, Beatty Avenue, Bond Street and Porter Street
- » Council adopted a comprehensive structure plan for the Glenferrie Road and High Street precinct and is pending approval from the Minister
- » 6,114 bookings in premier venues, Malvern Town Hall and Functions on Chapel
- » 45,411 attendances at Chapel Off Chapel, with the venue hosting 490 ticketed events
- » partnered with Virgin Australia Melbourne Fashion Festival to deliver local Stonnington satellite events
- » more than 500 people attended the International Women's Day luncheon hosted at Malvern Town Hall, featuring Lisa Wilkinson, and
- » provided business workshops, the business bus, business networking meetings, mentoring services, boot camps and business breakfasts. Council also offered additional mentoring to local business impacted by Cato Square redevelopment.

#### Strategic indicators

The following table reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators in the Council Plan.

Strategic indicator	Result	Comment
Develop long-term plans to ensure sustainability of Stonnington's activity centres.	97%	Council continues to progress the draft Activity Centres Strategy. Council completed extensive streetscape and landscaping works at Greville Street, Beatty Avenue, Bond Street and Porter Street. Council adopted a comprehensive structure plan for the Glenferrie Road and High Street precinct and pending approval from the Minister. Preparation of Hawksburn Village planning controls underway. Council exhibited Amendment C276 to propose reduction in height and variation to setbacks on River Street.
Provide effective engagement and support to local business through business skills development and marketing.	100%	Council offers extensive business support activities including workshops, the business bus, business networking meetings, mentoring services, boot camps and business breakfasts. Council also offered additional mentoring to local business impacted by the Cato Square redevelopment.
Leverage Stonnington's strategic location to attract new business and industry investment in key high-value industries that are matched to the strengths of Stonnington.	100%	Council continues to promote Stonnington as a tourist destination. Visit Victoria featured High Street Armadale in marketing campaigns and Mainstreet Australia provided local business workshops. IMAP Tourism Working Group developed a strategic plan with a focus on collaborative projects across the region. Virgin Australia Melbourne Fashion Festival delivered high teas, runway shows, the 'shop the look' program.
Promote Stonnington's premier precincts, employment clusters and cultural assets as hubs	97%	Chapel Off Chapel is recognised by the general public as a cultural institution that provides diverse, high-quality events

Strategic indicator	Result	Comment
for shopping, hospitality, entertainment and culture.		and productions while promoting the unique building and heritage significance. Council hosted Roola Boola Children's Arts Festival, Stonnington Jazz Festival, Sunset Series, Pets in the Park, Flavours and Opera in the Parks.

# Major initiatives

The following table reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major initiative	Progress
Prepare Structure Plans for Activity Centres (\$0.06 million net cost).	In progress
Implement infrastructure and public realm improvements works in accordance with the Chapel Street masterplan (\$2.0 million net cost).	Completed

# Description of services

The following table provides information in relation to the services funded in the 2017/18 Budget and the people or sections of the community who receive the service.

Service	Description	Net cost (\$'000)
		Actual
		Budget
		Variance
		Favourable/(unfavourable)
Arts and Cultural Planning	This service provides a program of arts and cultural events and	2,689
	activities, plans and develops arts and cultural facilities and	<u>2,696</u>
	infrastructure, and develops policies and strategies to facilitate art practice.	7
Economic Development	This service provides a range of events and activities to support and	2.976
	develop local businesses, including marketing and promotion,	<u>2,980</u>
	business support and partnerships.	4
Traffic and Parking Services	This service provides strategic planning, policy development and day-	(8,494)
	to-day management of traffic and transport-related issues, including	<u>(8,694)</u>
	managing Council's activity centre car parks.	(200)

#### Performance indicators

There are currently no prescribed performance measures for arts and cultural planning, economic development or traffic and parking services in the Local Government Performance Reporting requirements.

# Strategic Resource Plan

-

# Strategic Resource Plan

Stonnington is committed to good governance through transparent processes, accessible services, accountability, strong leadership, effective management of resources, advocacy and responsiveness to current and future community needs.

#### Achievements

- » Held five citizenship ceremonies and hosted a successful Citizen of the Year event
- » Council commenced live streaming of Council Meetings
- » AS4801 recertification achieved
- » achieved unqualified audit result by the Victorian Auditor-General's Office
- » Council facilities upgraded at Orrong Romanis Recreation Centre, Como Pavilion, Menzies Pavilion, Pollack Pavilion, Central Park Pavilion, Victory Square Pavilion, Sunnyside Kindergarten, Stonnington Children's Centre, Chapel Off Chapel and Harold Holt Swim Centre, and
- » Council's state government election priorities adopted and elected representatives met with Ministers and state government departments on local community issues.

# Strategic indicators

The following table reviews the performance of Council against the Council Plan including results achieved in relation to the strategic indicators in the Council Plan.

Strategic indicator	Result	Comment
Governance	100%	Governance practices, policies and procedures are continuously updated in accordance with legislative requirements. Council worked with peak bodies such as the Municipal Association of Victoria, Victorian Building Authority and Local Government Victoria. Council commenced webcasting of Council Meetings. Councillors and the Chief Executive Officer also attended National Australian Local Government Assembly.
People	100%	Council continues to offer staff an award-winning wellbeing program. Human rights legislation training provided throughout the year.
Asset Management	100%	Council facilities upgraded at Orrong Romanis Recreation Centre, Como Pavilion, Menzies Pavilion, Pollack Pavilion, Central Park Pavilion, Victory Square Pavilion, Sunnyside Kindergarten, Stonnington Children's Centre, Chapel Off Chapel and Harold Holt Swim Centre. Relocation of the Corporate Information Office to Stonnington City Centre.
Business Systems and Technology	100%	All Council buildings are connected to Council's WiFi. Exchange Online email system, Pandarix/Optimo booking system and TechnologyOne projects completed. Geographic Information System mapping updated to include interactive mapping, Services Near Me and drainage networking information.
Risk	100%	AS4801 recertification achieved. Continuous improvement and training undertaken to ensure a high safety culture within the organisation.

# Major initiatives

The following table reviews the progress of Council in relation to major initiatives identified in the 2017/18 Budget.

Major initiative	Progress
Continue the upgrade of Prahran Market with the Market Board (\$0.42 million net cost).	Completed

# Description of services

The following table provides information in relation to the services funded in the 2017/18 Budget and the people or sections of the community who receive the service.

Service	Description	Net cost (\$'000)
		Actual
		Budget
		Variance
		Favourable/(unfavourable)
Councillors, Chief Executive,	This area includes the Mayor, Councillors, Chief Executive Officer,	6,383
Executive Team and	Executive Management Team and associated support that cannot be	<u>6,270</u>
Governance	easily attributed to the direct service provision areas.	(113)
Financial Services	This service provides strategic financial services to internal and	(1,262)
	external customers including the management of Council's finances,	<u>1971</u>
	payroll, raising and collection of rates and charges, and valuation of properties.	3,233
Fleet Services	This service purchases and maintains Council vehicles, plant and	807
	equipment to meet functionality and safety needs, and to minimise	<u>778</u>
	the operational cost of the fleet.	(29)
Geographical Information	To provide a Geographic Information System and associated services	281
System	that support strategic and operational decision making across	<u>323</u>
	Council.	42
Information Services and	This service provides, supports and maintains reliable and cost-	2039
Business Systems	effective communications and computing systems, facilities and	<u>1933</u>
	infrastructure to Council staff, enabling them to deliver services in a smart, productive and efficient way.	(106)
Risk Management	This service ensures that Council's risk is managed to minimise and	1,745
	prevent injury and loss. The service supports Council's internal	<u>1,674</u>
	operations to ensure a safe and healthy environment for all staff, contractors and the public and to ensure all contracts are prepared,	(71)
	evaluated, awarded and managed in accordance with the <i>Local</i>	
	Government Act 1989 and Council's Procurement Policy.	
Organisation Development	This service provides human resources, organisational development	1,722
	and industrial relations strategies, policies, procedures and support.	<u>1,760</u>
		38

# Performance indicators

Service performance	Result	Result	Result	Result	Comments
indicators	2014/15	2015/16	2016/17	2017/18	
Governance					
Transparency					All confidential business matters are
Council decisions made at meetings closed to the public					listed in the open Notice Paper. Most items are publicly released in Council Meeting minutes. All property
[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 /	12.00%	17.28%	9.47%	8.00%	purchases are recorded in the Annual Statements after completion or nearing completion of acquisition.
Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of					
Councillors ] × 100					
Consultation and engagement Satisfaction with community consultation and engagement Community satisfaction rating out of	63.00	60.00	58.00	60.00	Satisfaction with community consultation and engagement increased on 2016/17 and is three points higher than the metropolitan average and five points higher than the
100 with how Council has performed on community consultation and engagement					state average.
Attendance					Councillor commitment is
Councillor attendance at Council meetings					demonstrated by their regular attendance at meetings.
[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	92.00%	86.77%	91.88%	90.74%	
election)] × 100					
Service cost					The direct cost of governance
Cost of governance					decreased from 2016/17.
[Direct cost of the governance service / Number of Councillors elected at the	\$53,010.44	\$55,714.22	\$60,078.78	\$57,650.56	
last Council general election]					
Satisfaction					
Satisfaction with council decisions					Community satisfaction with Council decisions is consistent with the metropolitan average and is four points
[Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	59.00	60.00	60.00	58.00	higher than the state average.

# Our People

CLOTHING

# People

# Council staff

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

# Staff profile by division

Employment type – gender	Assets and Services FTE	CEO FTE	Community and Culture FTE	Corporate Services FTE	Planning and Amenity FTE	Total FTE
Permanent full time – F	24.42	5.0	87	24	38.84	179.29
Permanent part time – F	2.1	0.8	74.83	5.13	3.95	86.81
Temporary full time – F	1	-	17	1	3	22
Temporary part time – F	1.7	_	10.81	1.6	3.94	18.05
Casual – F	0.79	_	15.91	_	0.36	17.06
Permanent full time – M	125	2	43.66	33	27	230.66
Permanent part time – M	1.48	_	33.23	1	_	35.71
Temporary full time – M	5	_	0.6	2	1	8.6
Temporary part time – M	_	_	1.66	0.6	1.2	3.46
Casual – M	3.39	_	6.24	_	0.31	9.94
Total	164.88	7.8	290.94	68.33	79.6	611.55

A summary of the number of FTE staff categorised by employment classification and gender is set out below.

# Staff profile by classification

Employment classification	Female FTE	Male FTE	Total FTE
Band 1	0.53	-	0.53
Band 2	14.47	18.50	32.97
Band 3	46.67	14.04	60.71
Band 4	65.73	23.60	89.33
Band 5	62.74	35.41	98.16
Band 6	66.70	35.00	101.70
Band 7	26.03	32.00	58.03
Band 8	10.13	16.80	26.93
Other	30.18	113.03	143.20
Total	323.18	288.38	611.55

# Equal Opportunity Employment Program

Discrimination, bullying, harassment, sexual harassment and victimisation are not only unacceptable they are unlawful under State and Federal legislation.

The City of Stonnington is committed to providing a workplace free of all forms of discrimination, bullying, harassment, sexual harassment and victimisation. Council aims for equality of opportunity for all employees, consistent with our policy of merit-based selection and promotion and aims to eliminate discrimination relating to the protected attributes outlined in the *Equal Opportunity Act 2010*.

Council has well-established policies and procedures including both online and face-to-face training for all staff and a contact officer program network. We ensure employees receive information and regular training relating to equal opportunity expectations both at induction and at regular intervals throughout their employment with Council.

As part of our commitment to equal opportunity, Council also appoints and trains designated contact officers to provide confidential support and advice to staff members who believe they may be experiencing discrimination or harassment in the workplace.

- » Indicator: percentage of new employees receiving equal opportunity training with six months of commencement. Target: 100 per cent. Result: 92 per cent.
- » Indicator: percentage of existing employees receiving refresher equal opportunity training at least every two years. Target: 100 per cent. Result: 88 per cent.
- » Indicator: number of contact officers per number of Council employees. Target: 1:50. Result: 1:62.

	2017/18	2016/17	2015/16	2014/15
Training sessions conducted	12*	3*	12	30
Employees completing training sessions	195	127	213	389
No. of equal opportunity reports	6	3	3	5
No. of equal opportunity investigations reported to external bodies	1	2	2	1
No. of equal opportunity complaints resolved internally	5	1	1	4

## Ensuring equal opportunity

\* In 2017/18 and 2016/17 we have allocated learning via our online learning program in addition to our face-to-face sessions.

#### WorkCover

Council takes the safety, wellbeing and health of our employees seriously. All claims where an employee is injured at work are actively managed to ensure, as far as practicable, an early and safe return to work.

#### WorkCover claims lodged

% increase/decrease	-33%	-23%	3%	10%
Total claims lodged	18	27	35	34
Time lost - weekly compensation paid	18	23	27	24
Nil time lost	18	4	8	10
	2017/18	2016/17	2015/16	2014/15

#### WorkCover claims closed

	2017/18	2016/17	2015/16	2014/15
Stonnington	13	12	28	18
Street cleaning services	5	4	8	12
Total claims closed	18	16	36	30
% increase/decrease	13%	-56%	20%	-45%

# Professional development

Investing in our people to learn and develop is a priority at Council. Through the 2017/18 Corporate Training Program we offered programs in a number of areas, all designed to build skills and performance and support the development of our leaders. Each division also carried a learning budget to meet the job-specific, technical and functional training needs of its people.

In 2017/18 we continued to build on the coaching culture introduced the previous year. Expanded to coordinators, this program is an organisation-wide approach to support and build peak performance and encourages individuals at all levels to build on what they bring to the workplace and to accept ownership and accountability for their work outcomes and relationships.

Council's Educational Assistance Policy continues to support staff to undertake accredited courses related to their current roles or future local government careers. In 2017/18, 16 employees accessed this policy to undertake further study. This policy directly supports our values of learning and achievement.

# Wellbeing Program

Council recognises that the health, safety and wellbeing of our employees is integral to meeting Council's strategic goals and that healthy staff are more productive, engaged and likely to exercise greater discretionary effort. When we take care of employees they take care of business and our community.

The purpose of the Wellbeing Program is to motivate and support employees to live their healthiest lives and to make the journey to get there easier. To do this the Wellbeing Program aims to offer a varied, educational, accessible and practical program that encourages employees to make healthy habits long term and sustainable.

# Engagement Survey

We are committed to creating a motivating and empowering workplace. To do this, in 2017/18 we embarked on an organisation-wide engagement survey to measure and further develop employee engagement.

This survey measures employee feedback on a range of important issues including culture and engagement. The effectiveness of a survey depends on how representative the data is of employees' views. We had a strong response, with 69 per cent of the organisation participating.

The results demonstrated that we have a highly engaged workforce with notable strengths in:

- » community impact, positivity and engagement we have a strong sense that our work benefits the community; we also have the initiative and commitment to perform at a high level
- » role clarity we have a clear understanding of what is required to perform our role; these results show a marked improvement from the previous survey
- » safety we have high levels of safety, effective safety training and leaders who care about safety a great deal.

These results, along with our opportunities for improvement, are used to continue developing a culture that maximises staff engagement and commitment, as well as enhancing productivity in the delivery of core business activities.

## Organisational structure

The Chief Executive Officer is appointed by Council in accordance with the requirements of the *Local Government Act 1989* to lead the organisation. The Chief Executive Officer and four General Managers form the Executive Management Team. The Executive Management Team supports the Chief Executive Officer in managing the day-to-day operations of the municipality.

# The Chief Executive Officer

The Chief Executive Officer is a member of Council staff, however, is the only one who reports directly to the Council. Mr Warren Roberts is employed under a five-year contract.

The Chief Executive Officer is responsible for:

- » ensuring that the decisions of Council are implemented without undue delay
- » the day-to-day management of the Council's operations in accordance with the Council Plan
- » the structure of the Council and all staff matters, and
- » providing timely advice to the Council.

Council undertakes an annual performance review of the chief executive officer that assesses his performance against a set of key performance indicators.

#### Senior officers

The *Local Government Act 1989* outlines the employment requirements of Council's senior officers, conduct principles, contractual obligations, performance evaluation and delegated authorities.

The four General Managers are:

- » Assets and Services, Simon Thomas
- » Corporate Services, Geoff Cockram
- » Planning and Amenity, Stuart Draffin
- » Community and Culture, Cath Harrod Acting (appointed permanent General Manager in early July 2018 following a full recruitment process).

These obligations of employment under the Act also apply to the managers and certain other staff.

Further details on each division are on page 54.

# Remuneration - officers and staff

Council staff are remunerated in accordance with the requirements of the *Local Government Act 1989*, the *Victorian Local Authorities Award 2001*, the *Nurses (ANF – Victorian Local Government) Award 2002* and the Council's Enterprise Agreement. A new enterprise agreement is currently being finalised.

A summary of the remuneration of responsible people is included in the Financial Report under Note 38 – Related Party transactions.

# Organisational structure



# Governance

Section 3A of the *Local Government Act 1989* states that 'the purpose of local government is to provide a system under which Councils perform the functions and exercise the powers conferred by or under this Act and any other Act for the peace, good order and good government of their municipal districts'.

The Act further defines (Section 3C(1)) the objectives of a Council as primarily ... 'to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions'.

In seeking to achieve the primary objective outlined above, Council must have regard to the following facilitating objectives:

- » promoting the social, economic and environmental viability and sustainability of the municipal district
- » ensuring that resources are used efficiently and effectively and services are provided in accordance with Best Value Principles to best meet the needs of the local community
- » improving the overall quality of life of people in the local community
- » promoting appropriate business and employment opportunities
- » ensuring that services and facilities provided by Council are accessible and equitable
- » ensuring the equitable imposition of rates and charges, and
- » ensuring transparency and accountability in Council decision making.

To achieve the purpose and objectives of the Act and sound corporate governance, the Council Plan reflects Council's commitment to the Stonnington community and focuses on four key objectives: Community, Liveability, Environment and Economy,

The following details the benefits of good governance and how Stonnington Council works to promote community confidence. This gives elected members and Council officers confidence in the Council, which leads to better and ethical decisions. It helps the City of Stonnington meet its legislative obligations.

#### The Council

A Council must consist of not fewer than five and not more than 12 Councillors. Stonnington Council has had nine since the amalgamation of Councils in the 1990s and subsequent internal boundaries reviews conducted at various legislative periods since then.

Council elections are held every four years at the end of October. The last general Council election was held by postal ballot on 22 October 2016. All nine positions were contested with the following Councillors elected:

East Ward	Cr Glen Atwell Cr Sally Davis Cr Jami Klisaris
South Ward	Cr Judy Hindle Cr Melina Sehr Cr Steven Stefanopoulos
North Ward	Cr John Chandler Cr Marcia Griffin Cr Matthew Koce

This year we sadly farewelled Ross Heale – past Councillor and Mayor of the former City of Malvern; Leon Hill – past Councillor and Mayor of the City of Stonnington; and Claude Ullin – past Councillor and Mayor of the City of Stonnington.

#### Mayor

The Mayor, Cr Steven Stefanopoulos, was elected by the Councillors at a Special Meeting on 2 November 2017 for a one-year term. The Mayor takes precedence at all municipal proceedings within the municipality and takes the chair at all meetings of the Council at which he is present.

#### Meetings of Council

Ordinary meetings of Council are generally held on the first and third Mondays of the month, excluding January, but can change due to the timing of public holidays or number of weeks in a month. The meeting schedule is adopted by Council in the last quarter of each year and is advertised in the local paper and on Council's website.

Council meetings are often well attended by interested members of the public and commence at 7pm in the Council Chamber at the Malvern Town Hall. The meetings are now live webcast with full availability within two working days after the meeting.

Copies of the Notice Paper are available prior to the meeting on Council's website and for viewing at Council libraries, with limited copies also available at the meetings. Minutes or Notice Papers of past meetings are also available on Council's website.

The meeting procedure is outlined in Council's General Local Law 2008 (No.1) (note: a new Local Law was adopted on 19 July 2018). Voting is by a show of hands and, while Councillors can choose to abstain from voting on an issue, this rarely occurs except if a Councillor has declared a conflict of interest and has vacated the Chamber.

Councillor Briefings are held on the two alternative Mondays of each month. These are not decisionmaking meetings but closed informal, advisory meetings where Councillors have the opportunity to have lengthy in-depth discussions on strategic policy development, new and ongoing projects and other matters.

Planning Consultative Meetings are part of Stonnington Council's planning process. These meetings provide a forum for the Ward Councillors, applicant and objectors to discuss their points of view in respect to a proposed development and endeavour to reach some mutual agreement on the proposal before Council's consideration. Such meetings are held when there are seven or more objectors.

# Councillor meeting attendance 2017/18

Councillor	Council	Council meetings		Planning consultative meetings *	Ward meetings
	Ordinary	Special			
Total meetings held	22	2	23	55	2 per ward
G Atwell	21	2	22	14	2
J Chandler	21	1	21	12	2
S Davis	20	2	22	14	2
M Griffin	21	2	21	17	2
J Hindle	21	2	19	18	2
J Klisaris (Mayor to 2/11/17)	16	2	14	3	2
M Koce	20	2	22	12	2
M Sehr	20	1	14	4	2
S Stefanopoulous (Mayor from 2/11/17)	20	2	21	14	2

\* More than one Councillor may have attended a consultative meeting.

# Number of Planning Consultative Meetings held by ward

Total	55	52	63	72	67	51
North	21	20	22	36	22	14
South	18	13	19	16	21	21
East	16	19	22	20	24	16
Ward	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13

#### Special committees

Council has Special Committees as follows:

- » Finance Advisory Committee (ceased December 2017)
- » Economic Development and Culture Advisory Committee
- » Sustainability Advisory Committee
- » Community Services Advisory Committee
- » Strategic Planning Advisory Committee, and
- » Strategic Communications and Engagement Advisory Committee (commenced 30 April 2017).

Economic Finance Community Strategic Strategic Sustainability **Development** Services **Planning Communications** and Culture and Engagement 7 5 Number of meetings 2 8 З 4 G Atwell 3 1 \_ 1 \_ \_ J Chandler \_ 2 З \_ \_ S Davis З \_ 1 \_ 3 \_ M Griffin 7 \_ 4 1 \_ J Hindle З 1 \_ \_ \_ З 2 4 1 **J** Klisaris (Mayor to 2/11/17) M Koce \_ \_ \_ \_ 4 M Sehr \_ \_ \_ \_ \_ 7 S Stefanopoulous 5 4 1 1 \_ (Mayor from 2/11/17)

All Councillors are advised of the Advisory Committee meetings and are able to attend.

Council also has a number of local advisory committees that Councillor representatives attend:

- » Stonnington Cycling Reference Group
- » Access Stonnington Committee
- » Prahran Town Hall Upgrade Steering Committee
- » Chapel Street Revitalisation Working Group
- » Ethnic Services Committee
- » History Committee
- » Cato Square Project
- » Community Grants Working Group
- » Multi-Purpose Sports and Recreation Steering Committee
- » Multi-Purpose Sports and Recreation Stakeholder Committee, and
- » Villers Bretonneux Squares Committee.

## Other meetings

Councillors also attend other meetings on behalf of Council, being represented on the following bodies:

- » Municipal Association of Victoria
- » Metropolitan Transport Forum
- » Metropolitan Waste Forum
- » Eastern Alliance for Greenhouse Action Executive Committee
- » Victorian Local Governance Association (VLGA)
- » Stonnington Business Round-table
- » Prahran Mission Board
- » Glenloch Homes
- » Inner South Metropolitan Mayors Forum, and
- » Prahran Mechanics Institute.

# Inner Melbourne Action Plan

The Inner Melbourne Action Plan (IMAP) is a partnership between the five inner Melbourne councils (the Cities of Stonnington, Melbourne, Yarra, Maribyrnong and Port Phillip) to implement five goals and 27 strategies across a diverse range of issues affecting the inner Melbourne region. IMAP has just completed its 12<sup>th</sup> year of this successful partnership.

During 2017/18 the IMAP councils undertook the following joint projects:

- » 2018 IMAP StreetCount
- » census for Landuse and Employment (CLUE)
- » 2018 Official Visitor Map in conjunction with Destination Melbourne
- » Protecting People in Crowded Places Working Group
- » wayfinding and Signage the IMAP councils along with Transport for Victoria, VicRoads, PTV and Wyndham City are promoting consistent visitor signage across inner Melbourne and the rest of Victoria
- » Regional Active Sport and Recreation Facilities Planning Study
- » urban Manufacturing the Dilemma of Urban Employment Land: research project, in conjunction with the University of Melbourne, and
- » improve green roof developments in conjunction with Melbourne Water and the Australian Research Council IMAP funded a three-year linkage grant to the University of Melbourne.

Further information on IMAP and the projects it works on is available at http://imap.vic.gov.au/.

# Civic functions

Council conducts a number of civic functions each year such as Citizenship Ceremonies, Citizens of the Year and hosts a range of other events including:

- » Mayoral Gala
- » Prahran Mission Christmas Lunch
- » Hellenic Presidential Guard Reception
- » Inner South Metropolitan Councils Dinner
- » Villers Bretonneux Centenary
- » Official launch of 'The Mayoral Office: more than robes and chains'
- » Local Young Leaders Multiculturalism Forum, and
- » Stonnington Seniors Festival.

#### Citizenship

The Mayor is required by law to receive the Oaths or Affirmations of Allegiance for new Citizens and Stonnington Council is proud to be able to conduct these Citizenship Ceremonies. Citizenship Ceremonies were conducted in July, September, January (Australia Day), March and May.

These ceremonies are well attended by friends of the new citizens as well as local Federal and State Members of Parliament.

#### Citizenship ceremony details

	2017/18	2016/17	2015/16	2014/15
Number of ceremonies	5	6	6	6
Number of people naturalised	404	654	700	691

#### Code of conduct

The *Local Government Act 1989* requires cCouncils to develop and approve a Councillor Code of Conduct for councillors. The City of Stonnington first adopted its Code of Conduct for Councillors on 1 October 2001.

The Code of Conduct for Councillors sets out to strengthen the working relationships between Councillors. It recognises that the establishment of good working relationships between Councillors and also with officers is the basis for a solid and effective team, to represent the community and provide leadership and guidance for the future of the municipality.

The Code complements the Council Plan 2017–21 and the Employee Code of Conduct with other supporting policies.

The provisions of this code also apply to:

- » members of special committees whether or not they are Councillors (currently only the IMAP Implementation Committee)
- » members of the Audit Committee (which is an advisory committee), and
- » members of Council's advisory committees.

The code was formally reviewed, adopted and signed by each Councillor acknowledging their obligation to support and abide by the code at a Special Meeting of Council held on 13 February 2017 following the General Election.

#### Conflict of interest

Councillors are elected to the position by the residents and ratepayers to act in the best interest of the community. In carrying out their role and duties as Councillors, a Councillor will:

- » act with integrity
- » impartially exercise his/her responsibilities in the interests of the local community, and
- » not improperly seek to confer an advantage or disadvantage on any person.

A conflict of interest will arise where a personal or private interest might compromise the ability to act in the public interest. Council's Code of Conduct outlines the procedures in place for Councillors to declare any conflict of interest or even a perceived conflict of interest. The Council Notice Paper and other agendas have a standard section for the declaration of any conflicts prior to any consideration of such item. If a conflict of interest is declared the Councillor will vacate the meeting and such details will be recorded in the minutes of the meeting. Any declarations for Council meetings can be viewed when accessing the Council minutes on Council's website.

Further, Councillors are required to submit a Register of Interests Return to Council's Governance Unit that lists certain points relating to both themselves and immediate family in which they are required to declare any interests. These returns are submitted twice yearly.

#### Remuneration

#### Councillors

The Mayor and Councillors receive an allowance for undertaking the duties of Councillor. Stonnington Council is classified as a Category 3 Council under the *Local Government Act*. The level of allowance that will be payable for a period of four years is determined by Council following consultation with the community after the General Election. Council, at its meeting held on 6 March 2017, resolved on the allowances, as adjusted by the minister, effective from the date the Councillors were sworn into office, and this is the maximum allowance payable under the Act.

The Act provides for annual adjustments for Mayoral and Councillors' allowances by the Minister for Local Government in line with movements in the remuneration of Victorian Statutory and Executive Officers and are as follows:

	1 Jul 2017– 30 Nov 2017	1 Dec 2017– 30 Jun 2018
Mayor	\$94,641	\$96,534
Councillors	\$29,630	\$30,223

The Mayor is not entitled to receive the Councillor allowance in addition to the Mayoral allowance. The Mayor and Councillors also receive an amount equivalent to the Superannuation Guarantee levy (currently 9.5 per cent). Allowances are paid monthly, and a pro-rata adjustment made with the change of Mayor and with the change of Councillors following the General Election.

The following table contains a summary of the allowances paid to Councillors during 2017/18.

Councillor	Allowance	Levy equivalent
G Atwell	\$29,975.91	\$2,847.74
J Chandler	\$29,975.91	\$2,847.74
S Davis	\$29,975.91	\$2,847.74
M Griffin	\$29,975.91	\$2,847.74
J Hindle	\$29,975.91	\$2,847.74
J Klisaris (Mayor to 2/11/17)	\$51,826.81	\$3,523.57
M Koce	\$29,975.91	\$2,847.74
M Sehr	\$29,975.91	\$2,847.74
S Stefanopoulous (Mayor from 2/11/17)	\$73,894.35	\$7,019.98

#### Councillor expenses

In accordance with Section 75 of the Act, council is required to reimburse a Councillor for expenses incurred while performing his or her duties as a Councillor. Council is also required to adopt and maintain a policy in relation to reimbursing expenses for Councillors. The policy provides guidance for reimbursing expenses and for providing resources, facilities and other support to the Mayor and Councillors to enable them to discharge their duties. Council also publishes (in this report) the details of the expenses, including reimbursement of expenses for each Councillor and member of a Council committee paid by Council.

The details of the expenses including reimbursement of expenses for each Councillor and member of a Council committee paid by Council for the 2017/18 year are set out in the following table.

	TR (IS) \$	TR (LC) \$	CM \$	CC \$	IC \$	СТ \$	OE \$	Total \$
G Atwell	-	_	_	_	3,760	207	_	3,967
J Chandler	_	153	_	_	4,089	207	_	4,449
S Davis	_	20	_	_	2,424	1,616	_	4,060
M Griffin	2,531	294	_	_	2,554	3,861	468	9,708
J Hindle	_	_	_	_	1,847	711	_	2,558
J Klisaris (Mayor to 2/11/17)	939	140	_	_	4,649	207	727	6,662
M Koce	_	13	_	_	3,336	207	523	4,376
M Sehr	_	_	_	198	3,221	207	536	4,162
S Stefanopoulous (Mayor from 2/11/17)	948	229	_	_	2,313	1,206	39	4,735

TR (IS) Travel interstate

TR (LC) Travel local

CM Car mileage

CC Child care

IC Information and communication expenses

CT Conferences and training expenses

OE Other expenses

# Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks lead to better decision making by Council. The *Local Government Act* 1989 requires Council to undertake an assessment against the prescribed Governance and Management Checklist and include this in its report of operations. The following items have been highlighted as important components of the management framework.

#### Audit Committee

The Audit Committee is a Council advisory committee and plays a key role in overseeing Council's audit governance, accounting control and risk management practices. The committee comprises two independent members and two Councillors. During 2017/18 the committee chair was Mr Bruce Potgieter and the deputy chair was Mr David Ashmore. Council representatives for 2017/18 were Cr Marcia Griffin and Cr Sally Davis.

The Audit Committee is responsible for:

- » assisting in establishing and maintaining appropriate corporate conduct and good governance
- » determining through regular reviews of audit activity, the adequacy and effectiveness of Stonnington's administrative, operating and accounting controls
- » enabling an exchange of views and information
- » maintaining open lines of communication among Councillors, internal auditors, external auditors and officers
- » monitoring and appraising the quality of the audits conducted by Stonnington's internal auditor
- » monitoring Council's exposure to risk and management of risk
- » providing advice in determining Council's risk control audit programs and risk minimisation measures, and
- » reviewing the annual financial statements.

#### Internal audit

In 2017/18 the following internal audits were undertaken by Council's internal auditors (Pitcher Partners) and results actioned by the Executive Management Team and the monitored Audit Committee:

- » events management
- » follow-up of closed audit recommendations
- » community grants
- » venue hire management
- » leases and licences management
- » Councillors' expenses, and
- » customer request management.

# External audit

Council is externally audited by the Victorian Auditor-General. For the 2017/18 year, the annual external audit of Council's Financial Statements and Performance Statement was conducted directly by the Victorian Auditor-General's Office. The external auditors attend relevant Audit Committee meetings to present the annual audit plan and an independent audit report. The external audit management letter and responses are also provided to the Audit Committee and are included in this Annual Report.

# AS/NZS 4801 Occupational Health and Safety Management System Certification

The triennial recertification audit of Council's OHS Management System under the AS/NZS4801 Standard was successfully undertaken in June 2017. The auditors conducted a number of formal and ad hoc assessments and inspections as well as reviewing the activities of the majority of Council's operations. Council achieved an excellent result, with zero non-conformances.

Ongoing maintenance and improvement of the OHS Management System is, however, a key focus for Council as it demonstrates our commitment to providing a safe work environment for our employees, contractors and the wider community.

During 2017/18, all safety incidents that met the WorkSafe Victoria criteria for notifiable incidents were reported.

#### Safety and prevention

The City of Stonnington is committed to providing and maintaining a safe work environment for its employees, contractors and community in general.

Evidence of Stonnington's commitment to continuous improvement of the OHS Management System (OHSMS) in 2017/18 included:

- » transition to the Municipal Association of Victoria's WorkCare workers compensation self-insurance scheme
- » commencement of a full OHSMS review, including the review and development of Council's OHS Policy and 12 OHS Procedures
- » development and implementation of the Council OHS Strategic Plan 2017/18
- » commencement of OHS risk management review across all divisions
- » realignment of the OHS Committee's purpose and focus to achieve strategic outcomes
- » delivery of a health and safety representative development day, and
- » introduction of benchmark OHS metric reporting.

#### **Risk management**

The management of risk and the compliance with legislative demands placed on any government body is vital to the successful administration of that entity. Council rigorously examines its known risks and examines the operations of similar entities and businesses in order to be alert to potential risks. It scrutinises compliance with legislation to deliver ongoing conformity and engages strongly with appointed internal auditors to maintain contact with best practice local government administration. This makes Stonnington a high-performing Council.

Council reviewed its Procurement, Risk Management and Fraud and Corruption Control policies during this period to ensure they remain up to date and in line with industry trends and community expectations.

Appropriate insurance cover for all of Council's operations and buildings was maintained throughout the reporting period and Council continued its rollout of digital CCTV systems to enhance the security of public facilities. Quarterly and half-yearly performance reports were delivered to the Executive Management Team, the Audit Committee and to Council respectively.

# Emergency management

During 2017/18, Council:

- » conducted four Municipal Emergency Management Planning Committee (MEMPC) meetings to facilitate planning with emergency response and relief and recovery agencies, Council staff and the local community
- » updated the Municipal Emergency Management Plan (MEMP) and subplans to reflect changes to legislation and amendments made to the Emergency Management Manual Victoria
- » conducted a major counterterrorism planning and preparedness exercise with key external agencies
- » undertook a Community Emergency Risk Assessment (CERA) to identify and assess key risks for the municipality to inform ongoing planning, and
- » provided 'response and recovery' services in relation to various residential fires and flash flooding events.

#### Information privacy

The City of Stonnington believes that the responsible handling of personal information is a key aspect of democratic governance and is strongly committed to protecting an individual's right to privacy. Council is committed to full compliance with its obligations under the *Privacy and Data Protection Act 2014* and *Health Records Act 2001*.

Any person who feels aggrieved by Council's handling of their personal information may make a complaint to Council's privacy officer on 8290 1333. The complaint will be investigated and a written response provided. Alternatively, complaints may be made to the Privacy Commissioner (although the Commissioner may decline to hear the complaint if you have not first made a complaint to the City of Stonnington).

#### Summary of information privacy complaints received

	2017/18	2016/17	2015/16	2014/15
Internal reviews	1	3	2	2
Review by Privacy Commissioner	_	1	_	_

#### Charter of Human Rights and Responsibilities Act

*The Charter of Human Rights and Responsibilities Act 2006* sets out 20 rights that reflect four basic principles: freedom, respect, equality and dignity.

The Charter requires Council, as a public authority, to take human rights into account when making decisions, providing advice and delivering services. Section 38(1) of the Charter states that: *'it is unlawful for a public authority to act in a way that is incompatible with a human right or, in making a decision, to fail to give proper consideration to a relevant human right.'* 

Council provides Human Rights Charter training to all new employees including casual, temporary and ongoing internal contractors. Over the past year there were three sessions with 37 new staff.

A further three staff training sessions were conducted during the year, with 28 participants from across Council as part of Council's ongoing commitment to the Charter. The Charter page of the intranet provides a checklist to enable staff to assess the impact of Council report recommendations on human rights.

Human rights training was also conducted for all Councillors as part of the Councillor Induction Program.

# Victorian Ombudsman

The Victorian Ombudsman is a constitutional independent officer of the Victorian Parliament established under the *Ombudsman Act 1973*.

The role and duties of the Ombudsman are to:

- » promote excellence in public administration in Victoria
- » seek to ensure the highest possible standards of public sector service delivery to all Victorians, and
- » enquire into or investigates administrative actions taken by a government department or public statutory body or by any member of staff of a municipal council.

The Ombudsman's office also checks compliance by state entities with certain specified Victorian legislation such as the *Protected Disclosure Act 2012* and the Charter of Human Rights and Responsibilities Act.

	2017/18	2016/17	2015/16	2014/15
Complaints referred to Council by the Ombudsman for investigation	12	21	3	6

# Governance and Management Checklist

Gov	remance and Management Item	Adopted / Prepared
1	Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Current policy in operation: 30 November 2015
2	Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation: 30 November 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 4 financial years)	Plan adopted in accordance with section 126 of the Act: 4 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)	Budget adopted in accordance with section 130 of the Act: 4 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)	Current plans in operation: Buildings: 31 July 2017 Roads (Bridges, Footpaths and Cycle ways): 31 July 2017 Drainage: 31 July 2017 Parks and Open Space: 31 July 2017
6	Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation: 4 June 2018
7	Risk policy ( policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation: Adopted 18 March 2013 Reviewed 20 June 2017
8	Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Current policy in operation: 9 February 2016
9	Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986: 3 October 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 Local Government Act: 1 July 2017
11	Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation: 5 December 2016
12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation: 5 December 2016
13	Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Current framework in operation: Adopted 18 March 2013 Reviewed 17 November 2015
14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established in accordance with section 139 of the Local Government Act 1989 effective from 30 January 1995. Meetings held: 21 August 2017, 16 November 2017, 22 February 2018, 10 May 2018

Gov	ernance and Management Item	Adopted / Prepared
15	Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal auditor engaged: 30 March 2018
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)	Current framework in operation: 1 July 2014
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)	Date of Report: 26 January 2018
18	Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to Council in accordance with section 138(1) of the Act: 20 November 2017, 19 March 2018 21 May 2018, 3 September 2018
19	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented: 21 August 2017 21 May 2018
20	Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented: 4 September 2017 24 April 2018
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 performance statements)	Annual report considered at a meeting of Council in accordance with section 134 of the Act: 16 October 2017 15 October 2018
22	Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act: 20 February 2017
23	Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act: 13 June 2017
24	Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act: 4 June 2018

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

Warren Roberts Chief Executive Officer Dated: 3 September 2018

Cr Steven Stefanopoulos Mayor Dated: 3 September 2018

# Statutory information

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

#### Carers recognition

The Carers Recognition Act 2012 requires Council to report on its recognition and support of carers.

Council provided a range of services and activities, including access to respite care, adult day programs and holidays that carers could attend with those they care for, in a supported environment.

## Contracts

In 2017/18 Council maintained its existing programs to ensure compliance with Sections 186 and 186A of the *Local Government Act 1989*. Council continued its membership of the Municipal Association of Victoria's LEAP Program, which analyses expenditure by category and by supplier. The information gained enables Council to strategically plan future procurements for achieving greater cost savings.

Council did not enter into any 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**

During 2017/18 Council implemented the following actions:

- » delivered access and inclusion awareness training to staff as part of the employee induction program as well as delivering training for our Community and Culture teams
- » promoted the Stonnington rollout of the National Disability Insurance Scheme
- » updated the facilities at the Chris Gahan Centre
- » improved access and physical facilities for Council's Carols at Como open air performance
- » improved facility access to the Chapel Off Chapel theatre
- » maintained Communications Access Standard following the mid-cycle review
- » installed new accessible parking bays as part of the upgrade of the Bray Street, South Yarra car park
- » provided Auslan interpreters on request at entertainment and civic events, and
- » provided audio reader technology available on Council's website.

#### Documents available for public inspection

In accordance with Clause 12 of the *Local Government (General) Regulations 2015* the following documents are available for public inspection or copies of the documents can be made in accordance with section 222 of the *Local Government Act 1989* at Stonnington City Centre (311 Glenferrie Road Malvern) if they are not published on the website of Council:

- » a document containing details of overseas or interstate travel (with exceptions) undertaken in an official capacity by any Councillor or any member of Council staff in the previous 12 months, including the names of the Councillors, or member of Council staff and the dates on which the travel began and ended, destination, purpose and total cost of the overseas or interstate travel, including accommodation costs
- » agendas for, and minutes of, Ordinary and Special Meetings held in the previous 12 months kept under section 93 of the Act, other than those agendas and minutes relating to a part of a meeting that was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act (note: minutes and agendas are on Council's website)
- minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meetings which was closed to

members of the public under section 89 of the Act; and are confidential information within the meaning of section 77(2) of the Act (note: minutes and agendas on its website for the IMAP Committee)

- » a register of delegations kept under sections 87(1), and 98(4) of the Act, including the dates on which the last review under sections 86(6) and 98(6) of the Act took place
- » a document containing details of all leases involving land that were entered into by Council as lessor, including the lessee and the terms and the value of the lease
- » a register maintained under section 224(1A) of the Act of authorised officers appointed under this section, and
- » a list of donations and grants made by Council during the previous 12 months, including the names of people who, or bodies that, have received a donation or grant and the amount of each donation or grant.

In accordance with Section 222 of the *Local Government Act 1989*, inspection of any of these documents can be arranged by contacting the civic support officer on 8290 1331. Fees may apply.

# Domestic Animal Management Plan

During 2017/18 Council:

- » found 206 dogs, with 130 impounded and 76 returned directly to owners
- » registered a total of 15,186 pets
- » investigated 59 dog attack incidents
- » implemented the Stonnington Domestic Animal Management Plan 2016-2021, and
- » conducted a Pet Registration amnesty period for unregistered pets.

## Food Act Ministerial Directions

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

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

#### Freedom of information

The *Freedom of Information Act 1982* establishes a legally enforceable right for the community to access information from certain records held by Council.

Requests for access to documents under the *Freedom of Information Act 1982* can be address, in writing, to the Freedom of Information Officer, City of Stonnington, PO Box 58, Malvern 3144.

A fee of \$28.40 applies for each application and other fees apply as the application is processed. The application fee increased to \$28.90 on 1 July 2018. General enquiries on lodging an application can be made through the Service Centre on 8290 1333 and details are also on Council's website.

The Act requires that the request must give as much detail of the documents requested as possible and not be just for a broad range of documents.

Council processed 49 valid applications during the year. To be a valid request the application must be accompanied by the required fee.

# Summary of freedom of information applications

	2017/18	2016/17	2015/16	2014/15
Valid applications received and processed	49	36	25	40
External reviews	3	2	1	2
Appeals to VCAT	1	_	1	_

# General Local Law 2008 (No.1)

Council's General Local Law 2018 (No.1) was adopted on 4 June 2018, effective from 20 July 2018, following a full review of the 2008 Local Law, with community and other stakeholder consultation. The 2008 version was due to expire after 10 years on 24 July 2018.

The Council's 2018 General Local Law covers:

- » the Common Seal
- » election of Mayor
- » Council Meeting procedure
- » Special Committees
- » management of Council drains
- » vehicle crossings
- » protection of Council land
- » use of municipal places
- » Council reserves
- » roads, public places and Council land
- » street selling, collections and distributions
- » protection of the amenity of the municipal district

» animals and birds» sanitation

» building activity

» tree protection

- » permits
- » fees, charges and costs
- » infringement notices, and
- » enforcement, offences and prosecutions.

The Local Law includes the following incorporated documents:

- » Footpath Trading Code
- » Procedures Protocol Manual, and
- » Keeping of Animals Policy.

The General Local Law is available for inspection at the services centres and Council libraries and Council's website at www.stonnington.vic.gov.au.

# National Competition Policy compliance

When applying the Best Value Principles, Council is also aware of its obligations to comply with the National Competition Policy and associated Competitive Neutrality Principles. This extends to ensuring that Council's Local Laws are not anti-competitive, periodically providing staff training regarding relevant provisions of the *Competition and Consumer Act* and considering competitive neutrality provisions where required.

#### Protected disclosure procedures

The *Protected Disclosure Act 2012* aims to ensure openness and accountability in government by encouraging people to disclose improper conduct within the public sector and provide protection for people who make disclosures. The purpose of the Act is to encourage and facilitate the making of disclosures of improper conduct and detrimental action by public officers and public bodies. It does so by providing certain protections for people who make a disclosure, or those who may suffer detrimental

action in reprisal for making a disclosure. An essential part of this protection is to ensure that information connected to a protected disclosure, including the identity of a discloser and the contents of that disclosure, are kept strictly confidential.

Disclosures of corrupt or improper conduct or detrimental action by the Council or its employees may be made to the following officers:

- » the Chief Executive Officer of the City of Stonnington 8290 1101
- » the protected disclosure coordinator David Taylor Manager Risk, Safety and Assurance 8290 1063
- or
- » the protected disclosure officer Geoff Cockram General Manager Corporate Services 8290 1300.

All correspondence, telephone calls and emails from internal or external disclosers will be referred to the Protected Disclosure Coordinator. Where a person is contemplating making a disclosure and is concerned about approaching the Protected Disclosure Coordinator or a Protected Disclosure Officer in the workplace, he or she can call the relevant officer and request a meeting in a discreet location away from the workplace.

An alternative contact may also be made directly to:

- » Independent Broad-based Anti-Corruption Commission (IBAC) telephone 1300 735 135; or GPO Box 24234 Melbourne 3001, or personally at Level 1, 459 Collins Street (North Tower) Melbourne or ibac.vic.gov.au/report-corruption-or-misconduct/online-form
- » Ombudsman Victoria, Level 2, 570 Bourke Street Melbourne 3000 telephone 9613 6222, or toll free 1800 806 314; or website: ombudsman.vic.gov.au/Complaints/Make-a-Complaint/Complaint/Form
- » the Local Government Investigations and Compliance Inspectorate telephone 1800 469 359, or GPO Box 2392 Melbourne 3000, or email inspectorate@lgici.vic.gov.au.

Council will take all reasonable steps to protect the identity of the discloser and, if it is not possible to do so, the discloser will be informed and steps undertaken to ensure no reprisals are taken as a result. This includes the security of records whether paper or electronic. Council's People and Culture officer has been appointed as the welfare manager responsible for looking after the general welfare of the discloser. An investigator will be responsible for carrying out an internal investigation into a disclosure. This may be an internal or external person.

#### Summary of protected disclosures made

	2017/18	2016/17	2015/16	2014/15
Disclosures made	1	-	_	-
Disclosures referred to IBAC	1	_	_	-
Disclosures accepted by IBAC	_	_	_	_
Disclosures declined by IBAC	1	_	_	_
Disclosures referred to the Ombudsman for determination	_	_	_	_

#### Best value

Compliance with the *Local Government Act 1989* requires Council to report to the community on its achievements in relation to the Best Value Principles at least once a year. Council's Best Value Principles demonstrate commitment to continuous improvement and the pursuit of service excellence. Council incorporates Best Value Principles through regular business planning and performance monitoring processes.

# Road Management Act Ministerial Direction

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

## Infrastructure and development contributions

In accordance with section 46GM and 46QD of the *Planning and Environment Act 1987*, councils that are 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. No such infrastructure and development contributions were collected during the financial year.

# Performance Statement

# Sustainable Capacity Indicators

## For the year ended 30 June 2018

Indicator/measure	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Comments
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,218.86	\$1,275.48	\$1,287.44	\$1,352.22	Council continues to manage a relatively low level of expenditure per head of population. This is through the efficient and effective delivery of high quality services to the community within a responsible budget. The increase in this indicator compared to 2016/17 is primarily driven by an increase in annual operating expenditure from \$142.23 million in 2016/17 to \$154.34 million in 2017/18.
Infrastructure per head of municipal population [Value of infrastructure / Municipal population]	\$4,489.93	\$5,066.86	\$5,224.19	\$5,334.83	Council continues to invest in high quality community infrastructure.
Population density per length of road [Municipal population / Kilometres of local roads]	319.22	325.12	333.04	343.79	As an inner urban municipality, Stonnington's population continues to grow significantly while the length of the local roads remains unchanged.
Own-source revenue Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$1,327.34	\$1,405.46	\$1,422.79	\$1,476.19	The result has increased year on year and reflects Council's continual ability to generate revenue from different sources to ensure ongoing financial sustainability.
Recurrent grants Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$94.33	\$74.45	\$99.91	\$80.08	The variance year on year predominantly relates to the timing of payments to Council of the annual Financial Assistance Grants.
Disadvantage Relative socio-economic disadvantage [Index of Relative socio- economic disadvantage by decile]	10	10	10	10	Stonnington's SEIFA rating indicates a low level of disadvantage however there are pockets of significant disadvantage in Prahran, South Yarra and Windsor.

# Definitions

"Adjusted underlying revenue" means total income other than -

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

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

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

"Population" means the resident population estimated by council

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

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

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

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

# Service Performance Indicators

## For the year ended 30 June 2018

Indicator/measure	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Comments
Aquatic Facilities					
<b>Jtilisation</b> Jtilisation of aquatic facilities Number of visits to aquatic facilities / Municipal population]	5.24	4.85	4.96	5.42	Visitation to Council's aquatic facilities increased by 69,000. This was due to review of membership structure and additional members joining throughout 2017/18.
Animal Management					
Health and safety Animal management prosecutions Number of successful animal nanagement prosecutions]	1.00	3.00	6.00	9.00	In response to a growing population and increased animal management requests, Council increased patrols in Stonnington's 127 parks and reserves to reinforce the requirement for dog owners to comply with the legislation and the Local Law. Council also delivered a communications strategy to provide ongoing information to the community on responsible pet ownership.
Food Safety					
Health and safety Critical and major non- compliance outcome notifications Number of critical non-compliance outcome notifications and major non- compliance notifications about a food oremises followed up / Number of critical non-compliance outcome notifications and major non- compliance notifications about a food oremises] x100	80.00%	84.42%	89.57%	87.93%	The result is consistent with 2016/17.
Governance					
Satisfaction Satisfaction with council decisions					Community satisfaction with Council decisions is consistent with the metropolitan average and four points higher than the state average.
Community satisfaction rating out of 100 with how Council has performed n making decisions in the interest of he community]	59.00	60.00	60.00	58.00	ngnor trian the state average.

City of Stonnington

Indicator/measure	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Comments
Libraries					
Participation					The number of active libron, members
Active library members					The number of active library members is consistent to 2016/17.
Number of active library members / Municipal population] x100	18.00%	18.20%	17.32%	17.06%	
Maternal and Child Health					
Participation					Family participation in maternal and
Participation in the MCH service					child health services will vary significantly between years, as every
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	80.00%	70.72%	75.02%	78.86%	enrolled child is not required to attend the service on an annual basis.
Participation					
Participation in the MCH service by Aboriginal children					The City of Stonnington has a small Indigenous community and family
[Number of Aboriginal children who attend the MCH service at least once	86.00%	69.81%	68.42%	62.16%	participation in maternal and child health services will vary significantly
(in the year) / Number of Aboriginal					between years.
children enrolled in the MCH service] x100					
Roads					
Satisfaction Satisfaction with sealed local					Satisfaction with sealed local roads is twelve (12) points higher than the state
roads					average.
	70.00	68.00	66.00	65.00	
Statutory Planning					
Decision making					This result will be variable as Council
Council planning decisions upheld at VCAT					continues to make decisions in the bes interest of the community. The figure
Number of VCAT decisions that did	45.00%	57.63%	66.67%	50.75%	excludes mediated outcomes or consent orders negotiated by Council
not set aside council's decision in relation to a planning application /					which were 31.3 per cent of VCAT
relation to a planning application / Number of VCAT decisions in relation					cases and hence does not reflect
to planning applications] x100					Council's overall performance.
Waste Management					
Waste diversion					The result is consistent with providers
Kerbside collection waste diverted from landfill	35.00%	35.66%	36.89%	36.57%	The result is consistent with previous four years. Council maintains a strong focus on reducing the amount of waste going to landfill.

Indicator/measure	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Comments
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

# Definitions

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

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

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

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

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

"Class 2 food premises" means food premises, within the meaning of the *Food Act 1984*, that have been declared as class 1 food premises under section 19C of that Act

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

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

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

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

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

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

"Population" means the resident population estimated by council

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

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

# Financial Performance Indicators

# For the year ended 30 June 2018

Dimension/ indicator/me		Re	sult			Fore	ecast		Comments
asure	2015	2016	2017	2018	2019	2020	2021	2022	
Efficiency Revenue level Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,530.88	\$1,608.26	\$1,632.21	\$1,652.48	\$1,762.45	\$1,796.04	\$1,830.43	\$1,865.51	Council's budgeted rate increase is capped at 2.25 per cent. Council is delivering services in accordance with its long term plan.
Expenditure level Expenses per property assessment [Total expenses / Number of property assessments]	\$2,233.34	\$2,336.24	\$2,338.30	\$2,475.41	\$2,351.11	\$2,376.66	\$2,413.91	\$2,458.45	Council is delivering quality services in accordance with its long term plan.
Workforce turnover Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	7.29%	11.93%	14.43%	14.32%	14.68%	14.68%	14.68%	14.68%	Based on Permanent staff only. 2017/18 result is slightly lower than the previous year. Since 2016/17 turnover has been higher due to higher levels of permanent part time staff departures mainly in Community Facilities due to high numbers of part time staff members leaving for other commitments or opportunities. Forecast for subsequent years is based on the Financial Performance Indicator forecasts in the

Dimension/		Re	sult			Fore	ecast		Comments
indicator/me asure	2015	2016	2017	2018	2019	2020	2021	2022	
									Adopted 2018/19 Budget.
Liquidity Working capital Current assets compared to current liabilities [Current assets / Current liabilities] x100	268.20%	291.00%	321.42%	286.98%	218.42%	202.82%	187.29%	203.45%	Council can comfortably meet all short term financial commitments and is in a sound financial position. Cash and investments will assist in funding the significant capital works programs planned in the years ahead. The ratio for 2018 is back at historical levels (similar to 2015 and 2016). In 2018 there was a slight decrease in cash and other financial assets and an increase in trade and other payables year on year.
Unrestricted cash Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	-118.61%	-139.54%	-196.58%	-49.61%	176.66%	167.18%	152.60%	168.85%	The 2017/18 actual result (and prior year results) do not include Council's significant holdings of Term Deposits with maturity over 90 days (which are classed as Financial Assets). These Term Deposits total \$90.0 million in 2017/18. When included in the measure for 2017/18 the result is a healthy 159.39 per cent. Forecasts for 2018/19 onwards assume that all term deposits as having original maturities of less than 90 days and are therefore included in unrestricted cash. Council is forecast to be in a strong financial position in the years ahead.
Obligations Asset renewal	128.28%	149.50%	119.44%	135.15%	134.99%	140.39%	120.16%	107.91%	The 2017/18 result and forecasts from 2018/19 onwards demonstrates Council's ongoing

Dimension/		Res	sult			Fore	ecast		Comments
indicator/me asure	2015	2016	2017	2018	2019	2020	2021	2022	
Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100							-		commitment to invest in the renewal of its existing community infrastructure.
Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	14.44%	11.46%	8.85%	6.99%	23.22%	34.03%	36.82%	30.56%	The balance of Council borrowings at the end of 2017/18 were \$7.5 million compared to \$9 million at the end of 2016/17. New Ioan borrowings of \$20 million are budgeted for 2018/19, \$17 million for 2019/20 and \$10 million for 2020/21 to assist in funding the development of major community infrastructure. This is consistent with Council's Iong term financial plan.
Loans and borrowings Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.37%	2.87%	2.66%	2.35%	2.21%	4.42%	5.98%	6.50%	Loan borrowings of \$1.5 million were repaid in 2017/18. New loans and associated repayments are forecast in 2018/19, 2019/20 and 2020/21 to assist in funding the development of major community infrastructure. This is consistent with Council's long term financial plan.
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	10.57%	8.46%	7.06%	5.58%	15.31%	21.69%	23.15%	19.03%	In 2017/18 a reduction in the loan borrowings balance and higher rates revenue resulted in a favourable indicator compared to the prior year. New loan borrowings of \$20 million are budgeted for 2018/19, \$17 million for 2019/20 and \$10 million for 2020/21 to assist in funding the development of major community infrastructure. This is

						-			0
Dimension/ indicator/me		Re	sult			Fore	ecast		Comments
asure	2015	2016	2017	2018	2019	2020	2021	2022	
Operating position <i>Adjusted</i>									consistent with Council's long term financial plan. The 2017/18 result is another strong result. The surplus assists in
underlying result Adjusted underlying surplus (or deficit)	14.29%	13.89%	15.48%	13.26%	15.52%	14.35%	14.32%	14.37%	funding the annual capital works program which brings major community benefit. The forecast trend is expected to decline due to the introduction of
[Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100									rate capping.
Stability Rates concentration Rates compared to adjusted underlying revenue [Rate revenue / Adjusted	60.96%	61.00%	61.01%	60.26%	63.32%	63.64%	63.90%	63.93%	The 2017/18 result is due to other revenue sources increasing at a slightly higher rate than capped rate revenue. However, rate revenue will continue to be a key source of funding for the delivery of high quality
underlying revenue] x100									services and infrastructure to the community.
Rates effort Rates compared to property values									This result illustrates the relatively low rating burden for the Stonnington community.
[Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.15%	0.16%	0.13%	0.13%	0.14%	0.14%	0.14%	0.14%	

# Definitions

"Adjusted underlying revenue' means total income other than:

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

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

"Asset renewal expenditure" means expenditure on an existing asset or on replacing an existing asset to its original capability

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

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

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

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

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

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

"Population" means the resident population estimated by council

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

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

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

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

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

# Other information

# 1. Basis of preparation

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

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

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the Council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 require 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 4 June 2018 and which forms part of the Council Plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting Council.

# Certificate of the Performance Statement

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

Jon Gorst CPA Principal Accounting Officer Dated: 3 September 2018

In our opinion, the accompanying performance statement of the City of Stonnington for the year ended 30 June 2018 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014.* 

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

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

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

Steven Stefanopoulos Councillor Dated: 3 September 2018

John Chandler

Councillor Dated: 3 September 2018

Warren Roberts Chief Executive Officer Dated: 3 September 2018



# Independent Auditor's Report

#### To the Councillors of City of Stonnington

Opinion	I have audited the accompanying performance statement of City of Stonnington (the council) which comprises the:
	<ul> <li>description of municipality for the year ended 30 June 2018</li> </ul>
	<ul> <li>sustainable capacity indicators for the year ended 30 June 2018</li> </ul>
	<ul> <li>service performance indicators for the year ended 30 June 2018</li> </ul>
	<ul> <li>financial performance indicators for the year ended 30 June 2018</li> </ul>
	other information and
	<ul> <li>the certification of the performance statement.</li> </ul>
	In my opinion, the performance statement of City of Stonnington 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
	Local Government Act 1989.
Basis for Opinion	I have conducted my audit in accordance with the Audit Act 1994 which
	incorporates the Australian Standards on Assurance Engagements. I further
	describe my responsibilities under that Act and those standards in the
	Auditor's Responsibilities for the Audit of the performance statement section
	of my report.
	My independence is established by the Constitution Act 1975. I and my staff
	are independent of the council in accordance with the ethical requirements o
	the Accounting Professional and Ethical Standards Board's APES 110 Code of
	Ethics for Professional Accountants (the Code) that are relevant to my audit of
	the performance statement in Victoria and have also fulfilled our other ethica
	responsibilities in accordance with the Code.
	I believe that the audit evidence I have obtained is sufficient and appropriate
	to provide a basis for my opinion.
Councillors'	The Councillors are responsible for the preparation and fair presentation of
responsibilities for the	the performance statement in accordance with the performance reporting
performance	requirements of the Local Government Act 1989 and for such internal control
statement	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.
Auditor's	As required by the Audit Act 1994, my responsibility is to express an opinion
responsibilities for the	on the performance statement based on the audit. My objectives for the audi
audit of the	are to obtain reasonable assurance about whether the performance
performance	statement as a whole is free from material misstatement, whether due to
statement	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.

T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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.

M.G. Long

MELBOURNE 7 September 2018 Tim Loughnan as delegate for the Auditor-General of Victoria

# Annual Financial Report

# Stonnington City Council

# **Financial Report**

Contents		
Certificatio	n of the Consolidated Financial Statements	91
Victorian A	uditor-General's Office Report	92
Financial	Statements	
Comprehe	nsive Income Statement	94
Balance Sl	neet	95
Statement	of Changes in Equity	96
	of Cash Flows	97
	of Capital Works	98
Overview	•	99
Statemen		
Note 1	Performance against budget	
	1.1 Income and expenditure	100
	1.2 Capital works	102
Note 2	Funding for the delivery of our services	102
	2.1 Rates and charges	104
	2.2 Statutory fees and fines	104
	2.3 User fees	104
	2.4 Funding from other levels of government	105
	2.5 Contributions	106
	2.6 Other income	106
Note 3	The cost of delivering services	100
NOLE 3		100
	3.1 Employee costs	106
	3.2 Materials and services	107
	3.3 Depreciation and amortisation	107
	3.4 Bad and doubtful debts	107
	3.5 Borrowing costs	108
	3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	108
	3.7 Other expenses	108
Note 4	Our financial position	
	4.1 Financial assets	109
	4.2 Non-financial assets	110
	4.3 Payables	112
	4.4 Interest bearing liabilities	112
	4.5 Provisions	114
	4.6 Financing arrangements	115
	4.7 Commitments	116
Note 5	Assets we manage	
	5.1 Property, infrastructure, plant and equipment	118
	5.2 Investments in joint operation and subsidiary	132
	5.3 Investment property	133
Note 6	People and relationships	
	6.1 Council and key management remuneration	134
	6.2 Related party disclosure	135
Note 7	Managing uncertainties	
	7.1 Contingent assets and liabilities	137
	7.2 Change in accounting standards	137
	7.3 Financial instruments	139
	7.4 Fair value measurement	141
	7.5 Events occurring after balance date	141
Note 8	Other matters	
	8.1 Reserves	142
	8.2 Reconciliation of cash flows from operating activities to surplus	144
	8.3 Superannuation	144

#### Certification of the Consolidated Financial Statements

In my opinion the accompanying consolidated 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.

Jon Gorst CPA Principal Accounting Officer Date : 3 September 2018 Malvern

In our opinion the accompanying consolidated financial statements present fairly the financial transactions of Stonnington City Council and its subsidary for the year ended 30 June 2018 and the financial position of 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 consolidated financial statements to be misleading or inaccurate.

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

Steven Stefanopoulos Councillor Date : 3 September 2018 Malvern

John Chandler Councillor Date : 3 September 2018 Malvern

m Warren Roberts

Warren Roberts Chief Executive Officer Date : 3 September 2018 Malvern Victorian Auditor-General's Office Report

<ul> <li>consolidated entity and council statement of changes in equity for the year then ended</li> <li>consolidated entity and council statement of cash flows for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>certification of the consolidated financial statements.</li> <li>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the council as at 30 June 2018 and their financial performance and ca 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.</li> <li>Basis for</li> <li>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australia 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.</li> <li>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting.</li> </ul>		ndent Auditor's Report Victorian Auditor-General's Office
<ul> <li>controlled entities (together the consolidated entity), which comprises the:         <ul> <li>consolidated entity and council balance sheet as at 30 June 2018</li> <li>consolidated entity and council comprehensive income statement for the year then ended</li> <li>consolidated entity and council statement of changes in equity for the year then ended</li> <li>consolidated entity and council statement of cash flows for the year then ended</li> <li>consolidated entity and council statement of cash flows for the year then ended</li> <li>consolidated entity and council statement of cash flows for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>certification of the consolidated financial statements.</li> <li>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the council as at 30 June 2018 and their financial performance and ca 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.</li> </ul> </li> <li>Basis for I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australia Auditor's Responsibilities for the Audit of the Financial Report section of my report.</li> <li>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of t council and the consolidated entity 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> (Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also</li> </ul>	To the Coun	illors of Stonnington City Council
Basis for I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australia Opinion Auditing Standards. I further describe my responsibilities under that Act and those standards in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. My independence is established by the Constitution Act 1975. My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants ( Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also	<b>)pinion</b>	<ul> <li>controlled entities (together the consolidated entity), which comprises the:</li> <li>consolidated entity and council balance sheet as at 30 June 2018</li> <li>consolidated entity and council comprehensive income statement for the year then ended</li> <li>consolidated entity and council statement of changes in equity for the year then ended</li> <li>consolidated entity and council statement of cash flows for the year then ended</li> <li>notes to the financial statements, including significant accounting policies</li> <li>certification of the consolidated financial statements.</li> <li>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the council as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of</li> </ul>
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis fo my opinion.		I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i> . My staff and I are independent of the council and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for
for the 1989, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Councillors are responsible for assessing the council and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing as applicable, matters related to the consolidated entity's ability to continue as a going concern, disclosing as applicable, and the consolidated entity's ability to continue as a going concern, disclosing as applicable, and the consolidated entity's ability to continue as a going concern.	responsibilities for the financial	financial report in accordance with Australian Accounting Standards and the <i>Local Government Act</i> 1989, 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,

#### Victorian Auditor-General's Office Report

As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report Auditor's responsibilities based on the audit. My objectives for the audit are to obtain reasonable assurance about whether for the audit the financial report as a whole is free from material misstatement, whether due to fraud or error, of the financial and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of report assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council and the consolidated entity's internal control evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council and the consolidated entity to cease to continue as a going concern. evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the council and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the council and the consolidated entity. I remain solely responsible for my audit opinion. I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. MELBOURNE. Tim Loughnan as delegate for the Auditor-General of Victoria 7 September 2018 2

### Comprehensive Income Statement For the year ended 30 June 2018

		Co	ouncil	Cons	olidated
	Note	2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Income					
Rates and charges	2.1	108,995	104,495	108,995	104,495
Statutory fees and fines	2.2	27,359	21,362	27,359	21,362
User fees	2.3	20,968	20,059	20,968	20,059
Grants – operating	2.4	8,932	10,440	8,932	10,440
Grants – capital	2.4	689	1,272	689	1,272
Contributions – monetary	2.5	12,139	15,582	12,139	15,582
Contributions – non-monetary	2.5	880	-	880	-
Other income	2.6	11,167	11,280	14,483	14,378
Total income		191,129	184,489	194,445	187,587
Expenses					
Employee costs	3.1	63,855	61,494	64,623	62,303
Materials and services	3.2	57,333	56,062	59,548	58,084
Depreciation and amortisation	3.3	18,784	17,946	19,096	18,219
Bad and doubtful debts	3.4	5,297	61	5,297	61
Borrowing costs	3.5	228	324	228	324
Share of net loss of joint operation accounted for by					
the equity method	5.2	315	233	315	233
Net loss on disposal of property, infrastructure,					
plant and equipment	3.6	2,678	1,014	2,671	1,017
Fair value adjustments for investment property	5.3	378	(121)	378	(121)
Other expenses	3.7	5,470	5,218	5,486	5,232
Total expenses	_	154,339	142,230	157,643	145,352
Surplus for the year	_	36,790	42,259	36,802	42,235
	_	<u> </u>	i	<u> </u>	<u> </u>
Other comprehensive income					
Items that will not be reclassified to surplus or defic	-				
Net asset revaluation increment	8.1	271,969	267,376	271,969	267,376
Total comprehensive result	_	308,759	309,634	308,772	309,610

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

## Balance Sheet As at 30 June 2018

		Council		Cons	Consolidated	
	Note	2018	2017	2018	2017	
		\$'000	\$'000	\$'000	\$'000	
Assets Current assets						
Cash and cash equivalents	4.1 (a)	18,897	11,078	19,518	11,837	
Trade and other receivables	4.1 (c)	10,069	9,429	10,226	9,581	
Other financial assets	4.1 (b)	90,000	101,000	90,000	101,000	
Otherassets	4.2 (a)	4,615	1,571	4,616	1,575	
Total current assets	_	123,582	123,078	124,359	123,993	
Non-current assets						
Other financial assets	4.1 (b)	245	245	245	245	
Investments in joint operation and subsidiary	5.2	2,890	2,963	890	963	
Property, infrastructure, plant and equipment	5.1	2,929,176	2,619,898	2,935,579	2,626,088	
Investment property	5.3	11,200	8,850	11,200	8,850	
Intangible assets	4.2 (b)	2,348	2,575	2,348	2,575	
Total non-current assets		2,945,858	2,634,532	2,950,261	2,638,721	
Total assets	_	3,069,440	2,757,610	3,074,620	2,762,714	
Liabilities						
Current liabilities						
Trade and other payables	4.3 (a)	20,332	16,255	20,548	16,490	
Trust funds and deposits	4.3 (b)	6,557	6,117	6,637	6,117	
Provisions	4.5	14,674	14,406	14,765	14,479	
Interest-bearing liabilities	4.4	1,500	1,514	1,500	1,514	
Total current liabilities	_	43,063	38,292	43,449	38,600	
Non-current liabilities						
Provisions	4.5	1,704	2,069	1,748	2,128	
Interest-bearing liabilities	4.4	6,000	7,577	6,000	7,577	
Otherliabilities	5.2	1,705	1,463	1,705	1,463	
Total non-current liabilities		9,409	11,109	9,453	11,168	
Total liabilities	_	52,472	49,401	52,902	49,768	
Net assets	_	3,016,968	2,708,209	3,021,719	2,712,947	
Equity						
Accumulated surplus		1,054,909	1,021,247	1,059,660	1,025,986	
Reserves		1,962,058	1,686,962	1,962,059	1,686,961	
Total equity	_	3,016,968	2,708,209	3,021,719	2,712,947	

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

# Statement of Changes in Equity For the year ended 30 June 2018

For the yea	r ended	30	June	2018	3
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	Note	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
Council		\$'000	\$'000	\$'000	\$'000
2018					
Balance at beginning of the financial year		2,708,208	1,021,247	1,625,062	61,900
Surplus for the year		36,790	36,790	_	_
Net asset revaluation increment	8.1 (a)	271,969	-	271,969	-
Transfers to other reserves	8.1 (b)	-	(16,330)	_	16,330
Transfers from other reserves	8.1 (b)	-	13,203	-	(13,203)
Balance at end of the financial year	-	3,016,968	1,054,909	1,897,031	65,027
2017					
Balance at beginning of the financial year		2,398,574	980,173	1,357,686	60.715
Surplus for the year		42,259	42,259	_	-
Net asset revaluation increment	8.1 (a)	267,376		267,376	-
Transfers to other reserves	8.1 (b)	-	(19,813)	-	19,813
Transfers from other reserves	8.1 (b)	-	18,628	-	(18,628)
Balance at end of the financial year	_	2,708,209	1,021,247	1,625,062	61,900
	_				
Consolidated					
2018					
Balance at beginning of the financial year		2,712,947	1,025,986	1,625,062	61,900
Surplus for the year		36,802	36,802	_	_
Net asset revaluation increment	8.1 (a)	271,969	-	271,969	_
Transfers to other reserves	8.1 (b)	-	(16,330)	_	16,330
Transfers from other reserves	8.1 (b)	-	13,203	_	(13,203)
Balance at end of the financial year	-	3,021,719	1,059,660	1,897,031	65,027
2017					
Balance at beginning of the financial year		2,403,337	984,935	1,357,686	60,715
Surplus for the year		42,235	42,235	_	-
Net asset revaluation increment	8.1 (a)	267,376	-	267,376	-
Transfers to other reserves	8.1 (b)	-	(19,813)	-	19,813
Transfers from other reserves	8.1 (b)	-	18,628	-	(18,628)
Balance at end of the financial year	-	2,712,947	1,025,986	1,625,062	61,900

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

### Statement of Cash Flows

For the year ended 30 June 2018

2018         2017         2018         2017           Inflows/         Inflows/         Inflows/         Inflows/         Inflows/           Note         %'000         %'000         %'000         %'000         %'000         %'000           Cash flows from operating activities         109,190         104,467         109,190         104,467           Statutory fees and fines         27,359         21,424         27,359         21,424           User fees         20,531         21,365         24,869         25,677           Grants – operating         9,063         10,489         9,063         10,489           Grants – capital         719         1,301         719         1,301           Contributions – monetary         12,161         15,642         12,161         15,642           Interest received         2,987         2,835         2,992         2,848           Other receipts         9,217         9,143         9,217         9,143           Net GST refund         9,473         6,242         9,383         6,233           Trust funds and deposits taken         21,782         20,959         21,782         20,599           Employee costs         (63,141)         (60,306)
Note         \$'000         \$'000         \$'000         \$'000           Cash flows from operating activities         109,190         104,467         109,190         104,467           Statutory fees and fines         27,359         21,424         27,359         21,424           User fees         20,531         21,365         24,869         25,677           Grants – operating         9,063         10,489         9,063         10,489           Grants – capital         719         1,301         719         1,301           Contributions – monetary         12,161         15,642         12,161         15,642           Interest received         2,987         2,835         2,992         2,848           Other receipts         9,217         9,143         9,217         9,143           Net GST refund         9,473         6,242         9,383         6,233           Trust funds and deposits taken         21,782         20,959         21,782         20,959           Employee costs         (63,141)         (60,306)         (63,927)         (61,091)           Materials and services         (70,806)         (64,353)         (73,890)         (67,467)           Trust funds and deposits repaid         (23,606)<
Cash flows from operating activitiesRates and charges109,190104,467109,190104,467Statutory fees and fines27,35921,42427,35921,424User fees20,53121,36524,86925,677Grants – operating9,06310,4899,06310,489Grants – capital7191,3017191,301Contributions – monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)(4,790)(5,649)
Rates and charges109,190104,467109,190104,467Statutory fees and fines27,35921,42427,35921,424User fees20,53121,36524,86925,677Grants – operating9,06310,4899,06310,489Grants – capital7191,3017191,301Contributions – monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Statutory fees and fines27,35921,42427,35921,424User fees20,53121,36524,86925,677Grants - operating9,06310,4899,06310,489Grants - capital7191,3017191,301Contributions - monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Statutory fees and fines27,35921,42427,35921,424User fees20,53121,36524,86925,677Grants - operating9,06310,4899,06310,489Grants - capital7191,3017191,301Contributions - monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Grants - operating9,06310,4899,06310,489Grants - capital7191,3017191,301Contributions - monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)(4,790)
Grants - capital7191,3017191,301Contributions - monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)(4,790)
Contributions - monetary12,16115,64212,16115,642Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Interest received2,9872,8352,9922,848Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Other receipts9,2179,1439,2179,143Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Net GST refund9,4736,2429,3836,233Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Trust funds and deposits taken21,78220,95921,78220,959Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Employee costs(63,141)(60,306)(63,927)(61,091)Materials and services(70,806)(64,353)(73,890)(67,467)Trust funds and deposits repaid(23,606)(19,856)(23,609)(19,866)Other payments(4,790)(5,649)(4,790)(5,649)
Materials and services         (70,806)         (64,353)         (73,890)         (67,467)           Trust funds and deposits repaid         (23,606)         (19,856)         (23,609)         (19,866)           Other payments         (4,790)         (5,649)         (4,790)         (5,649)         (5,649)
Trust funds and deposits repaid       (23,606)       (19,856)       (23,609)       (19,866)         Other payments       (4,790)       (5,649)       (4,790)       (5,649)
Other payments         (4,790)         (5,649)         (4,790)         (5,649)
Cash flows from investing activities
Payments for property, infrastructure, plant and equipment (61,250) (49,760) (61,784) (51,121)
Proceeds from sale of property, infrastructure, plant and equipment 447 1,281 463 1,288
Payments for investments (46,000) (59,000) (46,000) (59,000)
Receipts from investments         57,000         48,052         57,000         48,052
Net cash used in investing activities         (49,803)         (59,427)         (50,321)         (60,781)
Cash flows from financing activities
Borrowing costs (228) (327) (228) (327)
Benayment of borrowings         (2,287)         (2,409)         (2,287)         (2,409)
Net cash used in financing activities         (2,515)         (2,736)         (2,515)         (2,736)
Net increase/(decrease) in cash and cash equivalents     7,819     1,540     7,681     591
Cash and cash equivalents at the beginning of the financial year 11,078 9,538 11,837 11,246
Cash and cash equivalents at the end of the financial year         4.1 (a)         18,897         11,078         19,518         11,837
Financing arrangements 4.6
Restrictions on cash assets 4.1

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

### Statement of Capital Works

## For the year ended 30 June 2018

	Co	ouncil
	2018	2017
	\$'000	\$'000
Property		
Land	7,251	14,421
Total land	7,251	14,421
Buildings	7,995	7,447
Heritage buildings	601	745
Total buildings	8,596	8,192
Total property	15,847	22,614
Plant and equipment		
Heritage plant and equipment	173	68
Plant, machinery and equipment	3,695	2,770
Fixtures, fittings and furniture	853	374
Computers and telecommunications	461	399
Library books	855	787
Total plant and equipment	6,036	4,398
Infrastructure		
Roads	7,079	3,486
Bridges	-	215
Footpaths and cycleways	2,465	1,255
Drainage	3,340	3,046
Recreational, leisure and community facilities	1,702	2,548
Parks, open space and streetscapes	16,084	7,627
Other infrastructure	3,828	1,039
Total infrastructure	34,498	19,216
Total capital works expenditure	56,381	46,228
Represented by:		
New asset expenditure	22,512	19,716
Asset renewal expenditure	24,067	20,263
Asset expansion expenditure	2,191	2,625
Asset upgrade expenditure	7,610	3,624
Total capital works expenditure	56,381	46,228

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

#### OVERVIEW

#### Introduction

Stonnington City Council was established by an Order of the Governor in Council on 22 June 1994 and is a body corporate. Council's main office is located at 311 Glenferrie Road, Malvern, Victoria.

#### Statement of compliance

These consolidated 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 consolidated financial statements. The general purpose financial report complies with Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014.* 

#### Significant accounting policies

#### Basis of accounting

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

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

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

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

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 Report For the year ended 30 June 2018

#### Note 1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 per cent or \$1,000,000 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 5 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 income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long term.

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	109,218	108,995	(223)	
Statutory fees and fines	22,041	27,359	5,318	1
User fees	20,237	20,968	731	
Grants – operating	9,138	8,932	(206)	
Grants – capital	452	689	237	2
Contributions – monetary	10,283	12,139	1,856	3
Contributions – non-monetary	-	880	880	4
Other income	10,081	11,167	1,086	
Total income	181,450	191,129	9,679	
Expenses				
Employee costs	64,855	63,855	1,000	
Materials and services	51,567	57,333	(5,766)	5
Bad and doubtful debts	20	5,297	(5,277)	6
Depreciation and amortisation	18,752	18,784	(32)	
Borrowing costs	1,037	228	809	7
Share of net loss of joint operation accounted for by using equity method	_	315	(315)	
Fair value adjustments for investment property	_	378	378	8
Net loss on disposal of property, infrastructure, plant				
and equipment	39	2,678	(2,639)	9
Other expenses	8,747	5,470	3,277	10
Total expenses	145,017	154,339	(8,566)	
Surplus for the year	36,433	36,790	357	

#### Note 1 Performance against budget (cont.)

#### (i) Explanation of material variations

Variance Ref	ltem	Explanation
1	Statutory fees and fines	Statutory fees and fines income was \$5.32 million greater than budget. This is primarily due to the recognition of infringement court income owing to Council, however the majority of infringement court income owing to Council is offset by a provision for doubtful debts as there is a low likelihood of this income being paid to Council. The collection of infringement court income is managed by Fines Victoria.
2	Grants – capital	Grants for the Princes Gardens masterplan from the Department of Justice of \$0.18 million was unbudgeted and \$0.09 million of Sports Recreation Victoria funding was received in advance.
3	Contributions - monetary	Open space contributions exceeded budget by \$1.86 million due to higher than expected levels of development.
4	Contributions – non-monetary	A new premise that will be used as a Maternal and Child Health facility was transferred to Council by a developer.
5	Materials and services	Council transferred \$3.69 million worth of expenses from capital projects, which were operating in nature. Also transfer of another \$2.04 million worth of expenditure from the 'other expenses' category, representing the transfer of operating initiatives to materials and services.
6	Bad and doubtful debts	Bad and Doubtful Debts were \$5.28 million greater than budget as a result of an increment in the provision for doubtful debts for infringement court income owing to Council. The majority of infringement court income owing to Council is offset by a provision for doubtful debts as there is a low likelihood of this income being paid to Council. The collection of infringement court income is managed by Fines Victoria.
7	Borrowing costs	Budgeted loan borrowings for the Cato Square redevelopment project have been deferred to 2018/19.
8	Fair value adjustments for investment property	Council's investment properties are valued at a net decrement of \$0.38 million.
9	Net loss on disposal of property, infrastructure, plant and equipment	Council demolished buildings with a written down value of \$1.29 million, which were purchased as a part of proposed open space development. In addition, Council recognised \$1.28 million write-off for road assets as part of the renewal program.
10	Other expenses	New operating initiatives budgeted under 'other expenses' were transferred to materials and services at the end of financial year resulting in a favourable variance.

### Notes to the Financial Report For the year ended 30 June 2018

#### Note 1 Performance against budget (cont.)

1.2 Capital Works

1.2 Capital Works				
	Budget	Actual	Variance	Ref
	2018	2018	2018	
	\$'000	\$'000	\$'000	
Property				1
Land	5,000	7,251	(2,251)	
Total Land	5,000	7,251	(2,251)	
	11 610	7 005	0.604	2
Buildings	11,619	7,995	3,624	
Heritage buildings	4,746	601	4,145	3
Total Buildings	16,365	8.596	7,769	
Total Property	21,365	15.847	5,518	
Plant and Equipment				
Heritage plant and equipment	620	173	447	
Plant, machinery and equipment	2,141	3,695	(1,554)	4
Fixtures, fittings and furniture	443	853	(410)	
Computers and telecommunications	535	461	74	
Library books	950	855	95	
Total Plant and Equipment	4,689	6,036	(1,347)	
Infrastructure				
Roads	5,685	7,079	(1,394)	
Bridges	290	_	290	
Footpaths and cycleways	2,941	2,465	476	
Drainage	2,243	3,340	(1,097)	
Recreational, leisure and community facilities	6,936	1,702	5,234	5
Street trees	680	_	680	
Parks, open space and streetscapes	38,571	16,084	22,487	6
Other infrastructure	2,296	3,828	(1,532)	7
Total Infrastructure	59,642	34,498	25,144	
Total Capital Works Expenditure	85,696	56,381	29,315	
Represented by:				
New asset expenditure	43,073	22,512	20,561	
Asset renewal expenditure	23,552	24,067	(515)	
Asset expansion expenditure	7,823	2,191	5,632	
Asset upgrade expenditure	11,248	7,610	3,638	
Total Capital Works Expenditure	85,696	56.381	29,315	

#### Note 1 Performance against budget (cont.)

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	As a part of the Open Space strategy, Council purchased several new properties. Council funded these purchases from the Open Space Reserve fund. The opportunity to purchase properties to enhance public realm is dependent on market availability and difficult to predict, resulting in the unfavourable variance.
2	Buildings	Capital works carried forward to 2018/19, mainly Dunlop Pavilion and Malvern Valley Golf Course, resulted in the favourable variance.
3	Heritage buildings	Capital works have been carried forward to 2018/19 due to design consultation and project scoping delays for the Harold Holt Swim Centre dive tower project and Prahran Town Hall Masterplan.
4	Plant, machinery and equipment	Council upgraded the street lighting across the municipality as an energy efficiency upgrade measure, project was budgeted under parks, open space and streetscapes.
5	Recreational, leisure and community facilities	Capital projects such as Gardiner Park and Yarra River biodiversity have been carried forward to 2018/19. Some of the expenditure being budgeted under this category was operational in nature and expensed.
6	Parks, open space and streetscapes	Council commenced work on the Cato Square project, which will be completed over next financial year, resulting in a carry forward of funds to 2018/19.
7	Other infrastructure	Some of the expenditure re-classified from Recreation, leisure and community facilities' asset class to Other infrastructure in line with the nature of the asset.
8	New asset expenditure	The Cato Square project has a significant carry forward to 2018/19 to deliver the project.

Cou	uncil Consolidated		
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

#### Note 2 Funding for the delivery of our services

#### 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 plus buildings and other improvements.

The Capital Improved Value (CIV) used to calculate general rates for 2017/2018 was \$78.807 billion (2016/2017, \$76.104 billion). The 2017/2018 rate in the CIV dollar was 0.001098 (2016/2017, 0.001077).

General rates	86,475	81,860	86,475	81,860
Service rates and charges	19,447	18,986	19,447	18,986
Special rates and charges	1,770	1,740	1,770	1,740
Supplementary rate and rate adjustments	1,108	1,763	1,108	1,763
Interest on rates and charges	194	146	194	146
Total rates and charges	108,995	104,495	108,995	104,495

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018. The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was applied in the rating year commencing 1 July 2016 and 1 July 2017.

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

#### 2.2 Statutory fees and fines

Infringements and costs	14,583	14,187	14,583	14,187
Court recoveries	7,807	3,069	7,807	3,069
Town planning fees	2,650	2,023	2,650	2,023
Land information certificates	180	169	180	169
Permits	2,140	1,914	2,140	1,914
Total statutory fees and fines	27,359	21,362	27,359	21,362

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

#### 2.3 User fees

Aged and health services	575	660	575	660
Leisure centre and recreation	4,982	4,676	4,982	4,676
Child care / children's programs	4,308	4,346	4,308	4,346
Parking	4,057	4,097	4,057	4,097
Registration and other permits	709	568	709	568
Building services	3,122	2,633	3,122	2,633
Green fees	962	955	962	955
Waste management services	997	854	997	854
Other fees and charges	1,258	1,270	1,258	1,270
Total user fees	20,968	20,059	20,968	20,059

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

e 2 Funding for the delivery of our services (cont.)	2018	ncil	Consolidated		
∋ 2 Funding for the delivery of our services (cont.)		2017	7 2018		
2 Funding for the delivery of our services (cont.)	\$'000	\$'000	\$'000	\$'00	
2.4 Funding from other levels of government					
Grants were received in respect of the following:					
Summary of grants					
Commonwealth funded grants	5,384	7,254	5,384	7,25	
State funded grants	4,237	4,458	4,237	4,45	
Total grants received	9,621	11,712	9,621	11,71	
(a) Operating Grants					
Recurrent – Commonwealth Government					
Financial Assistance Grants	2,844	3,921	2,844	3,92	
Aged care	2,254	2,605	2,254	2,60	
Recurrent – State Government					
Veteran affairs – Home care	39	200	39	20	
Aged care	1,380	1,314	1,380	1,31	
School crossing supervisors	246	180	246	18	
Libraries	694	675	694	6	
Maternal and child health	699	589	699	58	
Community partnership and youth programs	451	557	451	5	
Child care and immunisation	250	330	250	3	
Total recurrent operating grants	8,855	10,372	8,855	10,3	
 Non-recurrent – Commonwealth Government					
Other minor grants	5	-	5		
Non-recurrent – State Government					
Community safety	34	31	34	(	
Learner to probation L2P	38	38	38	(	
Total non-recurrent operating grants		69	77	6	
Total operating grants	8,932	10,440	8,932	10,44	
(b) Capital Grants					
Recurrent – Commonwealth Government					
Roads to Recovery	272	637	272	63	
Recurrent – State Government					
HACC – minor capital	-	25	-		
Premier's Reading Challenge	12	12	12		
Total recurrent capital grants	284	675	284	67	
Non-recurrent – Commonwealth Government					
Plant, machinery and equipment	10	90	10	Q	
Non-recurrent – State Government					
Major project streetscape improvement	175	_	175		
Recreational, leisure and community facilities	90	352	90	35	
Operating initiatives	11	_	11		
Otherinfrastructure	118	155	118	1	
Other initiastructure	405	597	405	59	
Total non-recurrent Capital Grants	689	1,272	689	1,27	
Total non-recurrent Capital Grants					
Total non-recurrent Capital Grants	789	436	789	43	
Total non-recurrent Capital Grants	789 323	436 508	789 323		
Total non-recurrent Capital Grants         Total capital grants         (c) Unspent grants received on condition that they be spent in a specific manner         Balance at start of year				43 50 15	

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.

	Cou	uncil	Consol	idated
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
2 Funding for the delivery of our services (cont.)				
2.5 Contributions				
Monetary	12,139	15,582	12,139	15,582
Non-monetary	880	-	880	-
Total contributions	13,019	15,582	13,019	15,582
Open space	11,864	14,989	11,864	14,989
Development contributions	-	119	-	119
Capital works contributions	50	474	50	474
Operating contributions	225	_	225	-
Total monetary contributions	12,139	15,582	12,139	15,582
Contributions of non-monetary assets were received in relatior	n to the following asset o	classes :		
Land	195	_	195	-
Buildings	685	-	685	-
Total non-monetary contributions	880		880	_

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

#### 2.6 Other income

2,762	2,651	2,768	2,662
524	438	524	438
1,028	907	1,028	907
80	78	80	78
96	717	96	717
94	95	94	95
5,732	5,743	8,852	8,751
851	651	1,042	731
11,167	11,280	14,483	14,378
	524 1,028 80 96 94 5,732 851	524       438         1,028       907         80       78         96       717         94       95         5,732       5,743         851       651	524       438       524         1,028       907       1,028         80       78       80         96       717       96         94       95       94         5,732       5,743       8,852         851       651       1,042

Interest is recognised as it is earned.

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

#### Note 3 The cost of delivering services

3.1 (a) Employee costs				
Wages and salaries	47,581	44,932	48,283	45,652
WorkCover	1,013	797	1,017	801
Casual staff	2,658	2,995	2,658	2,995
Annual leave and long service leave	6,474	6,593	6,476	6,613
Superannuation	4,833	4,760	4,892	4,824
Fringe benefits tax	530	663	530	663
Other	767	754	767	754
Total employee costs	63,855	61,494	64,623	62,303

#### (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	588	593	588	593
	588	593	588	593

	Council		Consolidated	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 3 The cost of delivering services (cont.)				
(b) Superannuation (cont.) Accumulation funds				
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	3,939	3,865	3,998	3,928
Employer contributions – other funds	306	303	306	303
	4,245	4,167	4,304	4,231
Employer contributions payable at reporting date	64	-	64	-
Total superannuation	4,833	4,760	4,892	4,824

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

#### 3.2 Materials and services

	00.407	00.005	00.407	00.005
Contract payments	28,467	26,805	28,467	26,805
Legal and consulting fees	3,568	3,763	3,568	3,763
Stamp duty on summons and registration searches	2,220	2,351	2,220	2,351
Building maintenance	1,864	1,877	1,864	1,877
General maintenance	337	844	857	1,288
Utilities	4,348	4,282	4,348	4,282
Fire services	200	191	200	191
Office administration/supplies	1,946	1,841	1,946	1,841
Insurance	1,101	1,188	1,101	1,188
Tipping fees and waste removal	3,938	3,780	3,938	3,780
Activities and events	3,469	3,379	3,469	3,379
Other	5,876	5,761	7,571	7,338
Total materials and services	57,333	56,062	59,548	58,084
3.3 Depreciation and amortisation				
Property	4,766	4,588	4,980	4,761
Plant and equipment	3,476	3,586	3,575	3,684
Infrastructure	9,565	8,790	9,565	8,790

Infrastructure	9,565	8,790	9,565	8,790
Total depreciation	17,807	16,964	18,119	17,235
Intangible assets	977	982	977	985
Total depreciation and amortisation	18,784	17,946	19,096	18,219

Refer to note 4.2(b) and 5.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

#### 3.4 Bad and doubtful debts

Parking fine debtors Other debtors Total bad and doubtful debts	5,287 10 5,297	57 3 61	5,287 10 5,297	57 3 61
Movement in provisions for doubtful debts				
Balance at the beginning of the year	11,526	10,450	11,526	10,450
New Provisions recognised during the year	5,287	61	5,287	61
Amounts already provided for and written off as uncollectible	(10)	(3)	(10)	(3)
Amounts provided for but recovered during the year	10	1,018	10	1,018
Balance at end of year	16,813	11,526	16,813	11,526

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

		Co	Council		olidated
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Note 3 T	he cost of delivering services (cont.)				
3.5	Borrowing costs				
	Interest-borrowings	226	294	226	294
	Interest – finance leases	2	30	2	30
	Total borrowing costs	228	324	228	324

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

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

	Net (gain)/loss on sale of property, infrastructure, plant and equipment				
	Proceeds from sales	(447)	(1,281)	(458)	(1,281)
	Written down value of assets disposed	555	473	559	473
		107	(808)	100	(808)
	Net loss on write-off property, infrastructure, plant and equipment				
	Property	1,288	106	1,288	109
	Infrastructure	1,282	1,713	1,282	1,713
	Plant and equipment	-	2	-	2
		2,571	1,821	2,571	1,824
	Total net loss on disposal of property, infrastructure, plant and equipment	2,678	1,014	2,671	1,017
3.7	Other expenses				
	Auditors' remuneration - VAGO - audit of the financial statement,				
	performance statement and grant acquittals	71	71	86	86
	Auditors' remuneration – Internal	152	143	152	143
	Councillors' allowances	366	347	366	347
	Operating lease rentals	696	512	696	512
	Community grants	3,531	3,489	3,531	3,489
	Sundry other	654	655	654	655
	Total other expenses	5,470	5,218	5,486	5,232

	Council		Consolidated	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Note 4 Our financial position				
4.1 Financial assets				
(a) Cash and cash equivalents				
Cash on hand	8	9	8	10
Cash at bank	4,889	6,069	5,509	6,827
Term deposits	14,000	5,000	14,000	5,000
Total cash and cash equivalents	18,897	11,078	19,518	11,837
(b) Other financial assets				
Current				
Term deposits	90,000	101,000	90,000	101,000
Total cash, cash equivalents and term deposits	108,897	112,078	109,518	112,837
Non-current				
Shares in Regional Kitchen Pty Ltd – at cost*	230	230	230	230
MAPS Shareholding – at cost	15	15	15	15
Total non-current other financial assets	245	245	245	245
Total other financial assets	90,245	101,245	90,245	101,245
Total financial assets	109,142	112,323	109,762	113,082

\* At balance date, Council holds 24 of the 324 shares in Regional Kitchen Pty Ltd.

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

- Trust funds and deposits (note 4.3)	6,557	6,117	6,637	6,117
Total restricted funds	6,557	6,117	6,637	6,117
Total unrestricted cash, cash equivalents and term deposits	102,340	105,962	102,881	106,720

# 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	32,410	33,060	32,410	33,060
- Employee leave entitlement provisions (note 4.5)*	10,666	10,890	10,759	10,966
- Future Fund held for future strategic property purchase (note 8.1 (b))	17,778	14,529	17,778	14,529
<ul> <li>Public open space, developer contributions and off-street parking reserves (note 8.1 (b))</li> </ul>	40.000	40.007	40.000	40.007
	46,266	46,387	46,266	46,387
- Infrastructure reserve fund held for future road damage				
reinstatement (note 8.1 (b))	272	272	272	272
- Infrastructure reserve fund held for future park reinstatement (note 8.1 (b))	710	710	710	710
- Conditional grants unspent (note 2.4 (c))	786	789	786	789
- IMAP monies held under payables	632	704	632	704
Total funds subject to intended allocations	109,521	107,342	109,613	107,418
Total unrestricted cash, cash equivalents and term deposits adjusted				
for intended allocations **	(7,181)	(1,380)	(6,732)	(698)

\*\* Includes long service leave and retirement gratuity provisions only

\*\* It is highly unlikely that settlement of all restricted funds and intended allocations will be required within the next twelve months.

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 measured at original cost at balance date. Term deposits are measured at original cost at balance date.

	Council		Conse	olidated
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Note 4 Our financial position (cont.)	•	•	•	•
4.1 Financial assets (cont.)				
(c) Trade and other receivables				
Current				
Statutory receivables				
Rates debtors	2,165	2,339	2,165	2,339
Special rate assessment	28	31	28	31
Parking infringement debtors	21,388	15,422	21,388	15,422
Provision for doubtful debts – parking infringements	(16,713)	(11,426)	(16,713)	(11,426)
Net GST receivable	2,014	1,546	2,014	1,546
Non-statutory receivables				
Other debtors	1,288	1,618	1,444	1,769
Provision for doubtful debts – other debtors	(100)	(100)	(100)	(100)
Total trade and other receivables	10,069	9,429	10,226	9,581

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.

# (i) Ageing of other Receivables

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

Current (not yet due)	932	974	1,049	981
Past due by up to 30 days	141	338	153	396
Past due between 31 and 180 days	109	253	114	317
Past due between 181 and 365 days	5	26	27	26
Past due by more than 1 year	101	27	101	27
Total other receivables	1,288	1,618	1,443	1,747

# ii) Ageing of individually impaired Receivables

At balance date there were no other debtors representing financial assets that were impaired (2017, Nil).

# 4.2 Non-financial assets

# (a) Other assets

Accrued income	820	850	820	854
Prepayments	3,311	571	3,311	571
Other	485	150	485	150
Total other assets	4,615	1,571	4,616	1,575

#### Note 4 Our financial position (cont.)

<ul><li>4.2 Non-financial assets (cont.)</li><li>(b) Intangible assets</li></ul>	Council \$'000	Consolidated \$'000
Gross Carrying Amount		
Balance at 1 July 2017	11,440	11,440
Work In Progress	-	-
Other Additions	750	750
Balance at 30 June 2018	12,190	12,190
Accumulated amortisation and impairment		
Balance at 1 July 2017	(8,865)	(8,865)
Amortisation expense	(977)	(977)
Balance at 30 June 2018	(9,842)	(9,842)
Net Book value at 30 June 2017	2,575	2,575
Net Book value at 30 June 2018	2,348	2,348

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.

	Co	Council		Consolidated	
	2018	2017	2018	2017	
	\$'000	\$'000	\$'000	\$'000	
Note 4 Our financial position (cont.)					
4.3 Payables					
(a) Trade and other payables					
Trade payables	12,772	9,716	12,937	9,834	
Accrued expenses	6,224	5,189	6,224	5,189	
Other	1,336	1,350	1,387	1,467	
Total trade and other payables	20,332	16,255	20,548	16,490	
(b) Trust funds and deposits					
Refundable deposits	4,874	3,355	4,954	3,355	
Refundable contract deposits	821	645	821	645	
Fire Service Property Levy	-	1,264	-	1,264	
Retention amounts	862	852	862	852	
Total trust funds and deposits	6,557	6,117	6,637	6,117	

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 Services Property Levy – Council is the collection agent for fire services property levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

Retention Amounts – Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to 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.

#### 4.4 Interest-bearing liabilities

Current				
Finance leases	-	14	-	14
Borrowings-secured	1,500	1,500	1,500	1,500
	1,500	1,514	1,500	1,514
Non-current				
Finance leases	-	77	-	77
Borrowings – secured	6,000	7,500	6,000	7,500
	6,000	7,577	6,000	7,577
Total	7,500	9,091	7,500	9,091

Cou	ncil	Conso	lidated
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

#### Note 4 Our financial position (cont.)

#### 4.4 Interest-bearing liabilities (cont.)

Borrowings are secured by rates income of Council.

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

Not later than one year	1,500	1,500	1,500	1,500
Later than one year and not later than five years	3,000	4,500	3,000	4,500
Later than five years	3,000	3,000	3,000	3,000
	7,500	9,000	7,500	9,000
				·

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

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

b) The maturity profile for Council's finance lease liabilities is:

Not later than one year	-	14	-	14
Later than one year and not later than five years	-	77	-	77
Later than five years	-	-	-	-
Minimum future lease payments	_	91		91
Less: Future finance charges	_	-	-	_
Present value of minimum lease payments	-	91		91

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 assets and 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. Leased assets are amortised over a 2 to 5 year period.

Note 4 Our financial position (cont.)		Employee Provisions	Insurance Excess Provision	Total
4.5 Provisions		\$'000	\$'000	\$'000
2018 Council				
Balance at beginning of the financial year		16,275	200	16,475
Additional provisions		4,743	-	4,743
Amounts used		(4,827)	-	(4,827)
Change in the discounted amount arising because of time and the effect of any change in the discount rate		(13)	_	(13)
Balance at the end of the financial year		16,178	200	16,378
2018 Consolidated				
Balance at beginning of the financial year		16,407	200	16,607
Additional provisions		4,800	_	4,800
Amounts used		(4,881)	-	(4,881)
Change in the discounted amount arising because of time and the				
effect of any change in the discount rate		(13)	-	(13)
Balance at the end of the financial year	_	16,312	200	16,513
2017 Council				
Balance at beginning of the financial year		15,798	200	15,998
Additional provisions		5,420	-	5,420
Amounts used		(4,909)	-	(4,909)
Change in the discounted amount arising because of time and the effect of any change in the discount rate		(34)	_	(34)
Balance at the end of the financial year	_	16,275	200	16,475
		10,270		10,470
2017 Consolidated				
Balance at beginning of the financial year		15,910	200	16,110
Additional provisions		5,485	-	5,485
Amounts used		(4,954)	-	(4,954)
Change in the discounted amount arising because of time and the effect of any change in the discount rate		(0.4)		(0.4)
	_	(34) <b>16,407</b>		(34)
Balance at the end of the financial year		10,407	200	16,607
		ouncil	Cons	solidated
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
(a) Employee provisions				
Current provisions expected to be wholly settled within 12 months	2,540	2,476	2,573	2,520
Annual leave Long service leave	448	311	448	311
Time in lieu	84	64	84	64
Accrued day off	387	381	387	381
	3,460	3,231	3,493	3,275
Current provisions expected to be wholly settled after 12 months				
Annual leave	2,500	2,464	2,509	2,476
Long service leave	8,514	8,510	8,562	8,527
-	11,014	10,974	11,072	11,003
Total current employee provisions	14,474	14,206	14,565	14,279
Non-current				
Long service leave	1,564	1,915	1,608	1,973
Retirement gratuity	140	155	140	155
Total non-current employee provisions	1,704	2,069	1,748	2,128

	Council		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Note 4 Our financial position (cont.)				
(a) Employee provisions (cont.)				
Aggregate carrying amount of employee provisions:				
Current	14,474	14,206	14,565	14,279
Non-current	1,704	2,069	1,748	2,128
Total aggregate carrying amount of employee provisions	16,178	16,275	16,313	16,407

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

#### Wages and salaries and annual leave

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

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

#### Long service leave

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

#### Retirement Gratuity

Liability for retirement gratuity is recognised in the provision for employee benefits and accounts as post-employment benefits. Retirement gratuity is measured at present value and disclosed as a non-current liability.

The following assumptions were adopted in measuring the present value of long service leave and retirement gratuity:

Weighted average increase in employee costs	2.25%	2.50%	2.25%	2.50%
Weighted average discount rates	1.95%	1.68%	1.95%	1.68%
Weighted average settlement period	12 months	12 months	12 months	12 months
(b) Insurance Excess Provision				
Current	200	200	200	200

# 4.6 Financing arrangements

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

Bank overdraft	250	250	250	250
Credit card facilities	65	40	65	40
Borrowings	7,500	9,000	7,500	9,000
Total facilities	7,815	9,290	7,815	9,290
Used facilities	(7,508)	(9,016)	(7,508)	(9,016)
Unused facilities	307	274	307	274

# Note 4 Our financial position (cont.)

#### 4.7 Commitments

Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable. Prahran Market Pty Ltd has no material commitments.

Later than 1 Later than year and not 2 years Not later later than 2 and not Later 2018 later than Total than 1 than 5 years year \$'000 years \$'000 5 years \$'000 \$'000 \$'000 Operating Municipal turf maintenance and mowing services 2,557 2,566 883 6,006 \_ Consultancies 137 137 \_ \_ -Parking enforcement and car parks 8,084 8,326 16,410 \_ \_ Management of car parks 153 35 337 149 \_ Hard and green waste collection 950 976 559 \_ 2,485 Cleaning of municipal buildings and aquatics centres 1,741 188 1,929 \_ 2,587 **Recycling Collections** 1,277 1,310 \_ \_ **Building Maintenance Services** 1,752 1,752 \_ \_ 4,400 9,130 Tipping waste management 4,290 \_ 17,820 Other contractual obligations 2,849 1,985 3,604 8,438 \_ Total 23,786 19,904 14,211 \_ 57,901 Capital Buildings 4,148 660 173 4,981 Roads 150 300 790 340 \_ 768 768 Drainage \_ 37 52,299 Cato Square Development 49,497 2,765 Other capital works 4,407 1,683 450 6,540 \_ Total 5,258 960 65,378 59,160 \_

	Not later than 1 year	Later than 1 year and not later than 2	Later than 2 years and not	Later than 5 years	
2017	<b>,</b>	years	later than 5 years	,	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Municipal turf maintenance and mowing services	2,468	2,437	2,221	-	7,126
Consultancies	135	-	-	-	135
Parking enforcement and car parks	7,991	8,231	8,478	-	24,700
Central record services	439	-	-	-	439
Management of car parks	100	103	106	-	309
Hard and green waste collection	841	881	369	-	2,091
Cleaning of municipal buildings and aquatics centres	844	764	-	-	1,607
Recycling Collections	990	-	-	-	990
Building Maintenance Services	1,620	-	-	-	1,620
Other contractual obligations	2,045	1,838	4,935	-	8,818
Total	17,473	14,254	16,109	_	47,835
Capital					
Buildings	2,186	588	-	-	2,774
Roads	69	-	-	-	69
Drainage	-	-	-	-	-
Cato Square Development	890	1,137	59	-	2,086
Other capital works	6,361	54	38	-	6,453
Total	9,506	1,779	97	_	11,382

Cou	ncil	Conse	olidated
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000

# Note 4 Our financial position (cont.)

#### 4.7 Commitments (cont.)

#### (a) Operating lease commitments

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

Not later than one year	694	574	694	574
Later than one year and not later than five years	951	982	951	982
	1,646	1,556	1,646	1,556

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.

# (b) Operating lease receivables

The Council has entered into commercial property leases on:

- Prahran Market Pty Ltd at 163 Commercial Rd, Prahran. This property is held under an operating lease with a remaining non-cancellable lease term of between 1 and 5 years. The rent payable is 30% of the rental and other miscellaneous income for each year of the new lease term.

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

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

Not later than one year	1,897	2,109	395	603
Later than one year and not later than five years	411	1,042	411	1,042
Later than five years	_	-	-	-
	2,308	3,151	805	1,645

# Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

# Council

Summary of property, infrastructure, plant and equipment

	At Fair Value 1 July 2017 1	At Cost July 2017	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2018	At Cost 30 June 2018	Written down value 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property Plant and Equipment	2,228,418 4,831	_ 16,506	-	880	271,969 _	(0, 470)	(1,288) (555)		11,320 5,960	, ,	- 18,434	2,506,533 23,265
Infrastructure Work in progress	359,544 10,601	-	- 56,381	-	-	(9,565)	(1,282) –	-	20,252 (36,553)	/	-	368,948 30,430
	2,603,393	16,506	56,381	880	271,969	(17,807)	(3,125)	-	979	2,910,741	18,434	2,929,176

Summary of Work in Progress (WIP)

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	2,746	15,847	-	(10,265)	8,328
Plant and Equipment	-	6,036	-	(6,036)	-
Infrastructure	7,855	34,498	-	(20,252)	22,101
Total	10,601	56,381	_	(36,553)	30,430

# Consolidated

Summary of property, infrastructure, plant and equipment

	At Fair Value 1 July 2017 1 \$'000	At Cost July 2017 \$'000	Acquisitions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000		At Cost 30 June 2018 \$'000	Written down value 30 June 2018 \$'000
Property	2,234,178	_	_	880	271,969	(4,980)	(1,288)	_	11,451	2,512,210	-	2,512,210
Plant and Equipment	4,831	16,935	-	-	-	(3,575)	(559)	-	6,129	4,831	18,930	23,761
Infrastructure	359,543	-	-	-	-	(9,565)	(1,282)	-	20,252	368,948	-	368,948
Work in progress	10,601	-	56,904	-	-	-	-	-	(36,846)	30,659	-	30,659
	2,609,153	16,935	56,904	880	271,969	(18,120)	(3,129)	-	986	2,916,648	18,930	2,935,579

Summary of Work in Progress (WIP)

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property Plant and Equipment	2,746	16,201 6,205	-	(10,389) (6,205)	8,558 –
Infrastructure	7,855	34,498	_	(20,252)	22,101
Total	10,601	56,904	-	(36,846)	30,659

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$,000
Property		
land	Not depreciable	all land
Buildings		
buildings	50 years	5
heritage buildings	100 years	5
Plant and Equipment		
plant, machinery and equipment	3–10 years	1
fixture, fittings and furniture	5-10 years	1
computers and telecommunications	4–10 years	1
heritage plant and equipment	100 years	1
library stocks	3–8 years	all holdings with life exceeding one year
Infrastructure		ono you
road pavements and seals	30–60 years	10
road substructure	200 years	10
road kerb, channel and minor culverts	60–80 years	10
bridges	80 years	10
footpaths and cycleways	30–60 years	10
drains	100 years	10
drainage pits	50 years	10
rights of way	15–200 years	10
recreational, leisure and community facilities	20 years	5
park, open space and streetscapes	20 years	5
off street car parks	25–50 years	10
other infrastructure	10-25 years	10
Intangible assets		
software	4 years	1

Council

Council									
(a) Property	Land – specialised \$'000	Land – non specialised \$'000	Total Land \$'000	Heritage buildings \$'000	Buildings – specialised \$'000	Buildings – non specialised \$'000	Total Buildings \$'000	Work in Progress \$'000	Total property \$'000
					· ·				<u> </u>
At fair value 1 July 2017 Accumulated depreciation at 1 July 2017	1,895,955	146,309 _	2,042,263 -	67,013 (977)	107,421 (3,157)	16,279 (423)	190,712 (4,558)	2,746	2,235,722 (4,558)
	1,895,955	146,309	2,042,263	66,036	104,263	15,855	186,154	2,746	2,231,164
Movements in fair value									
Additions	-	-	_	-	-	-	_	15,847	15,847
Contributed asset	195	-	195	-	-	685	685	-	880
Revaluation*	253,887	16,174	270,061	(1,884)	(2,685)	(2,252)	(6,821)	-	263,240
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(1,883)	-	(1,883)	-	(1,883)
Transfers	7,251	-	7,251	134	2,327	553	3,014	(10,265)	-
Transfer between asset class	499	_	499	-	556	-	556	-	1,055
	261,832	16,174	277,507	(1,750)	(1,685)	(1,014)	(4,449)	5,582	279,139
Movements in accumulated depreciation Depreciation and amortisation	_	_	_	(999)	(3,316)	(451)	(4,766)	_	(4,766)
Accumulated depreciation of disposals	-	-	-	-	595	-	595	-	595
Revaluation	-	-	-	1,976	5,879	874	8,729	-	8,729
Transfers	-	-	-	-	-	-	_	-	-
		-	-	977	3,158	423	4,558	-	4,558
At fair value 30 June 2018 Accumulated depreciation at 30 June 2018	2,157,786	162,482	2,320,269 _	65,263 _	105,736 _	15,265 _	186,263 _	8,328 _	2,514,861 _
	2,157,786	162,482	2,320,269	65,263	105,736	15,265	186,264	8,328	2,514,861

\* Includes adjustment of \$438,000 for Land Under Roads due to increase in area, which was not recognised as a Council asset in the prior period.

#### Council

(b) Plant and Equipment

	Heritage plant and equipment \$'000	Plant machinery, motor vehicles and equipment \$'000	Leased plant and equipment \$'000	Fixtures fittings and furniture \$'000	Computers and telecoms \$'000	Library books \$'000	Work in Progress \$'000	Total Plant and equipment \$'000
At fair value 1 July 2017	4,831	20,725	773	8,357	5,759	19,656	-	60,102
At cost 1 July 2017	551	-	-	-	-	-	-	551
Accumulated depreciation at 1 July 2017	(110)	(11,388)	(684)	(5,529)	(4,669)	(16,936)	_	(39,316)
	5,272	9,337	89	2,828	1,091	2,720	_	21,337
Movements Additions								
Revaluation	-	-	-	-	-	-	6,036	6,036
Disposal	-	-	-	-	-	-	-	-
Write-off	-	(1,584)	-	-	(24)	-	-	(1,608)
Transfers	-	-	-	-	-	-	-	-
Transfer between asset class	173	3,695	(773)	853	461	855	(6,036)	(773)
	173	2,111	(773)	853	436	855	_	3,654
Movements in accumulated depreciation								
Depreciation and amortisation	(61)	(1,593)	(13)	(498)	(496)	(815)	-	(3,476)
Accumulated depreciation of disposals	-	1,029	-	-	24	-	-	1,054
Transfers	-	-	697	-	-	-	-	697
-	(61)	(564)	684	(498)	(472)	(815)	-	(1,726)
At fair value 30 June 2018 At cost 30 June 2018	4,831 724	_ 22,836	-	_ 9,210	_ 6,196	_ 20,510	-	4,832 59,477
Accumulated depreciation at 30 June 2018	(171)	(11,952)	-	(6,027)	(5,141)	(17,751)	-	(41,042)
	5,384	10,884	_	3,183	1,055	2,759	_	23,267

# Council

(c) Infrastructure	Roads \$'000	Bridges \$'000	Drainage \$'000	Recreational, leisure and community \$'000	space and streetscapes	Other Infrastructure \$'000	Work In Progress I \$'000	Total nfrastructure \$'000
At fair value 1 July 2017 Accumulated depreciation at 1 July 2017	372,537 (168,355)	6,475 (1,381)	143,838 (71,916)	16,567 (3,891)	51,598 (5,509)	28,853 (9,272)	7,855	627,721 (260,324)
	204,182	5,094	71,922	12,676	46,089	19,580	7,855	367,397
Movements in fair value								
Additions	-	-	-	-	-	-	34,498	34,498
Revaluation	-	-	-	-	-	-	-	-
Disposal	(3,274)	-	-	-	-	-	-	(3,274)
Write-off	-	-	-	-	-	-	-	-
Transfers	8,339	-	4,967	908	3,010	3,027	(20,252)	-
	5,065	-	4,967	908	3,010	3,027	14,246	31,224
Movements in accumulated depreciation								
Depreciation and amortisation	(4,573)	(78)	(1,778)	(804)	(1,197)	(1,134)	-	(9,565)
Accumulated depreciation of disposals	1,992	-	-	-	-	-	-	1,992
Transfers	-	-	-	-	-	-	-	-
	(2,582)	(78)	(1,778)	(804)	(1,197)	(1,134)	-	(7,573)
At fair value 30 June 2018 Accumulated depreciation at 30 June 2018	377,602 (170,936)	6,475 (1,458)	148,805 (73,694)	17,475 (4,695)	54,608 (6,706)	31,879 (10,407)	22,101	658,945 (267,897)
	206,665	5,016	75,111	12,781	47,901	21,473	22,101	391,048

Consolidated

(a) Property	Land – specialised	Land – non specialised	Total Land	Heritage buildings	Buildings – specialised	Buildings – non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017 Accumulated depreciation at 1 July 2017	1,895,955 -	146,309 -	2,042,264 _	74,471 (2,676)	107,421 (3,157)	16,279 (423)	198,170 (6,257)	2,746	2,243,180 (6,257)
	1,895,955	146,309	2,042,264	71,795	104,263	15,855	191,914	2,746	2,236,923
Movements in fair value Additions		_	_	_	_	_	_	16,201	16,201
Contributed asset	195	-	195	-	_	685	685	-	880
Revaluation*	253,887	16,174	270,061	(1,884)	(2,685)	(2,252)	(6,821)	-	263,240
Disposal	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	(1,883)	-	(1,883)	-	(1,883)
Transfers	7,251	-	7,251	258	2,327	553	3,138	(10,389)	-
Transfer between asset class	499	-	499	-	556	-	556	-	1,055
	261,832	16,174	278,006	(1,626)	(1,685)	(1,014)	(4,325)	5,812	279,493
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(1,212)	(3,316)	(451)	(4,980)	-	(4,980)
Accumulated depreciation of disposals	-	-	-	-	595	-	595	-	595
Revaluation	-	-	-	1,976	5,879	874	8,729	-	8,729
Transfers	-	-	-	7	-	-	7	-	7
		-	-	771	3,158	423	4,352	-	4,352
At fair value 30 June 2018 Accumulated depreciation at 30 June 2018	2,157,787	162,483 _	2,320,269 _	72,845 (1,905)	105,736	15,265 _	193,846 (1,905)	8,558 _	2,522,673 (1,905)
	2,157,787	162,483	2,320,269	70,940	105,736	15,265	191,941	8,558	2,520,768

\* Includes adjustment of \$438,000 for Land Under Roads due to increase in area, which was not recognised as a Council asset in prior period.

Consolidated	Heritage plant and	Plant machinery, motor vehicles and	Leased plant and	Fixtures fittings and	Computers		Work in	Total plant and
(b) Plant and Equipment	equipment \$'000	equipment \$'000	equipment \$'000	furniture \$'000	telecoms 000°\$		Progress \$'000	equipment \$'000
At fair value 1 July 2017	4,831	_	_	_	_	_	_	4,831
At cost 1 July 2017	551	21,924	773	8,502	5,960	19,656	-	57,366
Accumulated depreciation at 1 July 2017	(110)	(12,191)	(684)	(5,673)	(4,836)	(16,936)	-	(40,431)
	5,272	9,733	89	2,829	1,123	2,720	_	21,766
Movements in fair value								
Additions	-	-	-	-	-	-	6,205	6,205
Revaluation	-	-	-	-	-	-	-	-
Disposal	-	(1,588)	-	-	(24)	-	-	(1,612)
Write-off	-	-	-	-	-	-	-	-
Transfers	173	3,864	(773)	853	461	855	(6,205)	(773)
	173	2,276	(773)	853	436	855	-	3,820
Movements in accumulated depreciation								
Depreciation and amortisation	(61)	(1,670)	(13)	(498)	(516)	(817)	-	(3,575)
Accumulated depreciation of disposals	-	1,029	-	_	24	-	-	1,054
Transfers	-	-	697	-	-	-	-	697
	(61)	(641)	684	(498)	(491)	(817)	-	(1,825)
At fair value 30 June 2018	4,831	_	_	_	_	_	_	4,832
At cost 30 June 2018	724	24,199	_	9,355	6,396	20,510	_	61,186
Accumulated depreciation at 30 June 2018	(171)	(12,832)	-	(6,171)	(5,328)	(17,754)	-	(42,255)
	5,384	11,368	_	3,184	1,068	2,757	_	23,762

Consolidated								
(c) Infrastructure	Roads \$'000	Bridges \$'000	Drainage \$'000	Recreational, leisure and community \$'000	Parks, open space and streetscapes \$'000	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2017 Accumulated depreciation at 1 July 2017	372,536 (168,355)	6,475 (1,381)	143,838 (71,916)	16,567 (3,891)	51,598 (5,509)	28,853 (9,272)	7,855 –	627,721 (260,324)
-	204,181	5,094	71,923	12,676	46,089	19,580	7,855	367,398
Movements in fair value Additions	-	_	_	-	-	-	34,498	34,498
Revaluation	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
Write-off	(3,274)	-	-	-	-	-	-	(3,274)
Transfers	8,339	-	4,967	908	3,010	3,027	(20,252)	_
	5,065	-	4,967	908	3,010	3,027	14,246	31,224
Movements in accumulated depreciation Depreciation and amortisation	(4,573)	(78)	(1,778)	(804)	(1,197)	(1,134)	_	(9,565)
Accumulated depreciation of disposals	1,992	-	-	-	-	-	-	1,992
Transfers	-	-	-	-	-	-	-	-
-	(2,582)	(78)	(1,778)	(804)	(1,197)	(1,134)	-	(7,573)
At fair value 30 June 2018 Accumulated depreciation at 30 June 2018	377,601 (170,936)	6,475 (1,458)	148,806 (73,694)	17,475 (4,695)	54,608 (6,706)	31,880 (10,407)	22,101	658,945 (267,896)
	206,665	5,016	75,112	12,781	47,902	21,473	22,101	391,049

#### Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction and direct labour.

In accordance with Council's policy, the threshold limits detailed in Note 5.1 have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

#### Land under roads

Council recognises land under roads it controls at fair value.

#### Depreciation and amortisation

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

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life. Straight line depreciation is charged based on the residual useful life as determined each year. Depreciation periods used are listed above and are consistent with the prior year unless otherwise stated.

#### Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to 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 Council where it is likely that Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets were amortised over a 2 to 5 year period.

#### Repairs and maintenance

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

#### Valuation of Land and Buildings

Full valuation of land and buildings were undertaken by a qualified valuer by Mr P. Fitzgerald AAPI CPV (Australian Property Institute Member no. 62188). 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.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised land or land under roads 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.

#### Valuation of Land and Buildings (cont.)

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

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Land – non-specialised	_	162,482	-	06/18
Land – specialised	-	-	1,428,936	06/18
Land under roads	-	_	728,850	06/18
Buildings – non-specialised	-	15,265	-	06/18
Buildings – specialised	-	-	170,999	06/18
Total	-	177,747	2,328,786	

#### Valuation of infrastructure

Infrastructure is valued at fair value based on replacement cost less accumulated depreciation method. This cost represents the replacement cost of the component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the asset to an 'as new' standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Council's assessment of the Infrastructure assets as per the Australian Bureau of Statistics (ABS) indexation movement 31 March 2018 data require no change to carrying amount. The index calculation was verified by Mr. Simon Thomas, B.Eng. (Civil), MIE CP Eng. The valuation is at fair value based on replacement cost less accumulated depreciation as at 30 June 2018.

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

Details of Council's infrastructure 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
Roads	-	-	206,665	06/17
Bridges	-	-	5,016	06/17
Drainage	-	-	75,111	06/16
Other infrastructure	-	-	21,473	06/15
Recreation, leisure and community facilities	-	-	12,781	06/16
Parks, open space and streetscapes	-	-	47,902	06/16
Total	-	-	368,948	

No transfers between levels occurred during the year.

#### Valuation of Heritage assets - Arts and antiques

Council underwent a valuation of artworks, antiques and public artworks in accordance with AASB 113 – fair value measurement in 2015. The value of these assets are determined in accordance with an independent valuation undertaken by McWilliam Associates, Colin Mc William (Registered Valuer No: 384) on Council's fine arts, public sculptures and other artworks and by Peter Tinslay (Registered Valuer No: 613) on Council's historical assets. Input data for the valuation was derived from values of like or similar material found by research of records of Australian and international sales, purchases and other forms of acquisition, knowledge of prices paid by other institutions and valuation experience of other Council's collections.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of Valuation
Heritage plant and equipment	-	-	5,384	06/15
Total	_	_	5,384	

#### 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 \$176 and \$7,750 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 \$950 to \$8,250 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of 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. Current replacement costs is calculated on a cost per unit per linear metre basis and ranges from \$18 to \$500 per linear metre. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 to 200 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of 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	728,850	621,350
Land	1,428,936	1,274,605
Total specialised land	2,157,786	1,895,955

Coun	cil	Consolidate			
2018	2017	2018	2017		
\$'000	\$'000	\$'000	\$'000		

# 5.2 Investments in joint operation and subsidiary(a) Investment in joint operationRegional Landfill Clayton South

#### Background

The Regional Landfill Clayton South Investment is a joint council initiative comprising the municipalities of Stonnington, Glen Eira, Monash, Boroondara and Whitehorse for the sole purpose of owning and operating a putrescible landfill (rubbish tip) to the benefit of the owner Councils. The City of Stonnington has a 12.76 per cent interest in the assets, liabilities and operating result of this investment. Council's share of the financial result in the investment is brought to account using the equity accounting method as an investment in joint operation based on 2018 unaudited accounts (2017 unaudited accounts).

Fair value of Council's investment in Regional Landfill Clayton South	890	963	890	963
Council's share of accumulated surplus/(deficit)				
Council's share of accumulated surplus/(deficit) at start of year	(712)	(479)	(712)	(479)
Reported surplus/(deficit) for year	(315)	(233)	(315)	(233)
Council's share of accumulated surplus/(deficit) at end of year	(1,027)	(712)	(1,027)	(712)
Council's share of reserves				
Council's share of reserves at start of year	212	212	212	212
Share of asset revaluation decrement		-	_	-
Council's share of reserves at end of year	212	212	212	212
Movement in carrying value of specific investment				
Carrying value of investment at start of year	963	1,286	963	1,286
Share of surplus/(deficit) for the year excluding revaluation of provision				
for environmental rehabilitation	(73)	(69)	(73)	(69)
Share of environment rehabilitation provision used		(253)		(253)
Carrying value of investment at end of year	890	963	890	963
Council's share of expenditure commitments				
Operating commitments	5	34	5	34
Capital commitments		_	_	-
Council's share of expenditure commitments	5	34	5	34
Council's share of environmental rehabilitation provision				
Carrying value of environment rehabilitation provision at start of year	1,463	1,553	1,463	1,553
Share of revaluation of provision	242	164	242	164
Share of provision used	-	(253)	-	(253)
Carrying value of environment rehabilitation provision at end of year	1,705	1,463	1,705	1,463

The landfill has reached capacity and ceased operations at the end of January 2016, with rehabilitation now in progress in accordance with EPA requirements. An assessment of the post-closure aftercare management costs for the landfill undertaken by Golder Associates Pty Ltd civil/geotechnical and environmental consultants in June 2015 was reviewed in June 2017 for the purposes of updating the Clayton South Landfill rehabilitation provision. The resultant provision for rehabilitation within the Regional Landfill Clayton South 2018 unaudited accounts of \$13.4 million (\$11.5 million, 2017) now reflects the latest present value of the estimated costs for capping of the landfill cells and installation of additional gas extraction infrastructure over the next year, and then 'aftercare' costs (active monitoring and site management) for a 27 year period. The Landfill joint operation will, in the future, be dependent on the participating councils for funding contributions to meet its rehabilitation obligations. As such, Council's share of the joint operation's provision is recorded in the balance sheet as a Non-current liability – Other liabilities \$1.7 million (2017, \$1.5 million reduction to Investment in joint operation) and an expense, Share of net profit or loss of joint operation accounted for by the equity method, in the comprehensive income statement.

#### Significant restrictions

Since Council holds less than 20 per cent equity, it does not have significant influence over the operations of the joint operation. A fair value assessment on the Clayton South Tip facility was conducted by CJ Ham & Murray Pty Ltd (Ham & Murray) at 30 June 2016 after the site ceased operation. Post-closure and environmental impact costs are not part of the assessment. The fair values of land, land improvements and EPA licence at 30 June 2018 is nil (2017, nil) and infrastructure assets as at 30 June 2018 is valued at nil (2017, nil).

# 5.2 Investments in joint operation and subsidiary (cont.)

#### (a) Investment in joint operation (cont.)

Council recognises its direct right to, and its share of, the jointly held assets, liabilities, revenues and expenses of Clayton South Regional Landfill. These have been incorporated in the financial statements under the appropriate headings. Council interest in joint operations are accounted for using the equity method. Under this method, the interest is initially recognised in the Balance Sheet at cost and adjusted thereafter to recognise Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the Comprehensive Income Statement.

#### 5.2 Investment in joint operation and subsidiary (cont.)

(b) Subsidiary

# Prahran Market Pty Ltd

Prahran Market Pty Ltd is a wholly owned subsidiary, incorporated within Australia, of the City of Stonnington. Prahran Market Pty Ltd manages the retail activities of the Prahran Market for the City of Stonnington on terms set out in a management agreement between both parties dated 30 March 2008. The assets, liabilities and operating result based upon 2018 unaudited financial statements (2017 unaudited financial statements) are included in Council's consolidated financial accounts, as follows:

Summarised financial information	2018 \$'000	2017 \$'000
Summarised statement of comprehensive income	\$ 000	\$ 000
Total income	4,654	4,564
Total expenses*	4,642	4,587
Surplus/(Deficit) for the year	12	(24)
Other comprehensive income	_	_
Total comprehensive result	12	(24)
Summarised balance sheet		
Current assets	779	892
Non-current assets	6,403	6,191
Total assets	7,182	7,083
Current liabilities	309	286
Non-current liabilities	124	59
Total liabilities	432	345
Net Assets	6,750	6,738
Equity		
Accumulated Funds	4,750	4,738
Issued Capital	2,000	2,000
Total Equity	6,750	6,738
Summarised statement of cash flows		
Net cash provided by/(used in) operating activities	379	406
Net cash provided by/(used in) investing activities	(517)	(1,353)
Net cash provided by/(used in) financing activities		-
Net increase/(decrease) in cash and cash equivalents	(138)	(947)

\* Includes \$30,000 prior year audit adjustment for the Prahran Market in 2017.

#### Principles of consolidation

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

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

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

The Prahran Market Pty Ltd is the only subsidiary and controlled entity consolidated into Council.

# 5.3 Investment property

	Council		Conso	olidated
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year	8,850	6,471	8,850	6,471
Additions	3,783	2,258	3,783	2,258
Transfer to land and buildings – non-specialised	(1,055)	-	(1,055)	-
Fair value adjustments	(378)	121	(378)	121
Balance at end of financial year	11,200	8,850	11,200	8,850

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

#### Valuation of investment property

The valuation of investment property has been determined annually by Council valuer Mr P Fitzgerald AAPI CPV (Australian Property Institute Member no. 62188). All tenant leases are on arm's length basis. Investment property is carried at fair value being \$11.2 million (2017, \$8.85 million), based on the current market value of the property. A portion of investment property (upstairs office, 1/1233 High St) is occupied by Council and the amount of \$1.055 million has been transferred from investment property to non-specialised land and buildings.

# Note 6 People and relationships

# 6.1 Council and key management remuneration

#### (a) Related Parties

Parent Entity Stonnington City Council is the parent entity. *Subsidiaries* Interests in subsidiary are detailed in note 5.2.

# (b) Key Management Personnel

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

Councillors	•	s (1 July 2017 – 1 November 2017, Mayor 2 November 2017 – current)
	Councillor Jami Klisaris	(Mayor 1 July 2017 – 1 November 2017)
	Councillor John Chandler	
	Councillor Melina Sehr	
	Councillor Matthew Koce	
	Councillor Glen Atwell	
	Councillor Judy Hindle	
	Councillor Marcia Griffin	
	Councillor Sally Davis	

### Chief Executive Officer Mr Warren Roberts

General Managers	Mr Geoff Cockram	General Manager Corporate Services
	Ms Karen Watson	General Manager Community and Culture (1 July 2017 – 5 April 2018)
	Mr Simon Thomas	General Manager Assets and Services
	Mr Stuart Draffin	General Manager Planning and Amenity
	Ms Cath Harrod	Acting General Manager Community and Culture (27 March 2018 – current)

	Council		Consoli	dated
	2018	2017	2018	2017
	No.	No.	No.	No.
Total Number of Councillors	9	14	9	14
Chief Executive Officer and other Key Management Personnel	6	5	11	9
Total Key Management Personnel	15	19	20	23
(c) Remuneration of Key Management Personnel				
Total remuneration of key management personnel was as follows:				
Short-term benefits	1,393	1,536	1,660	1,773
Post-employment benefits	128	117	150	139
Other long-term benefits	31	30	37	39
Termination benefits	200	-	200	-
Total remuneration	1,753	1,683	2,048	1,951

# 6.1 Council and key management remuneration (cont.)

# (c) Remuneration of Key Management Personnel (cont.)

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

	Council		Council Consolidated	
	2018	2017	2018	2017
	No.	No.	No.	No.
\$1 – \$9,999	-	4	-	4
\$20,000 – \$29,999	-	5	4	8
\$30,000 – \$39,999	7	4	7	4
\$50,000 – \$59,999	1	-	1	-
\$70,000 – \$79,999	-	1	-	1
\$80,000 – \$89,999	1	-	1	-
\$180,000 – \$189,999	1	-	1	-
\$200,000 – \$209,999	-	-	1	1
\$230,000 – \$239,999	-	2	-	2
\$240,000 - \$249,999	-	2	-	2
\$250,000 – \$259,999	1	-	1	-
\$260,000 – \$269,999	1	-	1	-
\$270,000 – \$279,999	1	-	1	-
\$360,000 – \$369,999	-	1	-	1
\$380,000 – \$389,999	1	-	1	-
\$390,000 – \$399,999*	1	-	1	-
	15	19	20	23

\* Includes termination payment

# (d) Senior officer remuneration

A Senior Officer is an officer of Council, 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:

	Council		Consolidated	
	2018	2017	2018	2017
Income Range:	No.	No.	No.	No.
\$150,000 – \$159,999	2	5	2	5
\$160,000 – \$169,999	5	6	5	6
\$170,000 – \$179,999	8	9	8	9
\$180,000 – \$189,999	4	-	4	-
	19	20	19	20
	\$'000	\$'000	\$'000	\$'000
Total Remuneration for the reporting year for Senior				
Officers included above, amounted to:	3,290	3,339	3,290	3,339

#### 6.2 Related party disclosure

# (a) Transactions with related parties

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

Type of transaction	Terms	Aggregate Amount (incl GST) \$'000
Rental, garbage collection fees and reimbursements from Prahran Market Pty Ltd	Management agreement	1,574
Base rent paid to Prahran Market	Rentalagreement	29

# 6.2 Related party disclosure (cont.)

# (b) Outstanding balances with related parties

The following balance is outstanding at the end of the reporting period in relation to transactions with related parties.

Type of transaction	Terms	Aggregate Amount (incl GST) \$'000
Amounts receivable from Prahran Market Pty Ltd	Memorandum of understanding	2

# (c) Loans to/from related parties

There are no outstanding loans to/from related parties.

#### (d) Commitments to/from related parties

Prahran Market Pty Ltd has a Management Agreement with Stonnington City Council which is in overholding. Prahran Market Pty Ltd has a variation of Lease Agreement with Stonnington City Council until 30 June 2019.

A related parties commitment for rent from the Market is \$1,532,968.

#### Note 7 Managing uncertainties

#### 7.1 Contingent assets and contingent liabilities

#### (a) Contingent assets

#### Legal Matters

Council is presently involved in a confidential legal matter, which is being conducted through Council's solicitors. As this matter is not yet finalised, the financial outcome of this matter cannot be reliably estimated and no allowance for this contingency has been made in the financial report (30 June 2017, same position).

#### (b) Contingent liabilities

#### Legal Matters

Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report (30 June 2017, same position).

#### Defined superannuation benefit

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 8.3. 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.

#### 7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

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

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.

#### 7.2 Change in accounting standards (cont.)

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

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

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

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

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

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

#### 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.

#### 7.3 Financial instruments

#### (a) Objectives and policies

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

#### (b) Market risk

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

#### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council 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, and
- benchmarking of returns and comparison with budget.

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

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

#### (c) Credit risk

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

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we 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 Council's financial assets is minimal. Rates debtors are secured by a charge over the rateable property. Council has assessed that 78% of parking infringement debts owing to Council are unlikely to be collected and has raised a provision for doubtful debts over those debts based on an assessment of collectability. The collection of long overdue parking infringement debts is managed by Fines Victoria.

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

We may also be subject to credit risk for transactions which are not included in the Balance Sheet, such as when we 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.

# 7.3 Financial instruments (cont.)(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements we will not have sufficient funds to settle a transaction when required or we 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.

Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to any financial guarantees disclosed in Note 7.1(b), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

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

#### (e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% 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.

#### 7.4 Fair value measurement

Fair value hierarchy

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

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

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

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.

#### 7.4 Fair value measurement (cont.)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 years. The valuation is performed either by experienced council officers or independent experts.

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

#### Impairment of assets

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

#### 7.5 Events occurring after balance date

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

#### Note 8 Other matters

(a) Asset revaluation reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$'000	\$'000	\$'000
2018			
Property			
Land	1,027,035	162,561	1,189,596
Land under roads	240,760	107,500	348,260
Buildings	172,375	1,909	174,284
Heritage buildings	15,267	_	15,267
	1,455,438	271,969	1,727,407
Infrastructure			
Roads, streets, rights of way and bridges	119,789	-	119,789
Other infrastructure	12,182	-	12,182
Drainage	29,120	-	29,120
Recreational, leisure and community	1,672	-	1,672
Parks, open space and streetscapes	5,927	-	5,927
	168,690	-	168,690
Plant and equipment			
Heritage plant and equipment	934	_	934
Total Asset revaluation reserve	1,625,062	271,969	1,897,032
2017			
Property	040.040		4 007 005
Land	849,218	177,817	1,027,035
Land under roads	168,460	72,300	240,760
Buildings	172,664	(289)	172,375
Heritage buildings	15,267		15,267
	1,205,610	249,828	1,455,438
Infrastructure	100.041	17 540	110 700
Roads, streets, rights of way and bridges	102,241	17,548	119,789
Otherinfrastructure	12,182	-	12,182
Drainage	29,120	-	29,120
Recreational, leisure and community	1,672	-	1,672
Parks, open space and streetscapes	5,927	-	5,927
Plant and equipment	151,142	17,548	168,690
Heritage plant and equipment	934	_	934
Total Asset revaluation reserve	1,357,686	267,376	1,625,062
	.,	201,010	1,020,002

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

### 8.1 Reserves (cont.)

	(b)	Other	reserves
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(b) Other reserves	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000	Consolidated balance at end of reporting <u>period</u> \$'000
2018					
Open Space Reserve	44,471	13,033	(11,238)	46,267	46,267
Off-Street Parking Reserve Developer Contributions	1,057 859	27 22	(1,084) (881)	-	
Future Fund Reserve	14,529	3,249	-	17,778	17,778
Infrastructure – Roads Damaged Reserve	272	-	-	272	272
Park Reinstatement Reserve	710	_	-	710	710
Total Other reserves	61,889	16,330	(13,203)	65,026	65,026
2017					
Open Space Reserve	46,396	16,363	(18,288)	44,471	44,471
Off-Street Parking Reserve	1,027	30	-	1,057	1,057
Developer Contributions	1,049	150	(339)	859	859
Future Fund Reserve	11,729	2,800	-	14,529	14,529
Infrastructure – Roads Damaged Reserve	274	-	(2)	272	272
Park Reinstatement Reserve	240	470	-	710	710
Total Other reserves	60,715	19,813	(18,628)	61,899	61,899

The Open Space Reserve is used to record developer contributions and utilisation of this reserve is to purchase or develop open space assets.

The Off-Street Parking Reserve is used to record contributions to off-street parking and funds the purchase or development of off-street parking assets.

The Developer Contributions Reserve is governed by the Developer Contributions Plan. It is used for the development of infrastructure in the Forrest Hill precinct.

The Future Fund Reserve is a reserve created to assist Council when making strategic property acquisitions, for major community infrastructure development opportunities and other specific one-off purposes.

The Infrastructure - Roads Damaged Reserve is created to enable Council to utilise forfeited road asset protection and work zones maintenance bonds on road and infrastructure repair and maintenance.

The Park Reinstatement Reserve is created for recording of funds received as a result of occupation of Gardiner Park by VicRoads. Funds will be utilised to maintain and enhance Gardiner Park.

	Council		Consolidated	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
8.2 Reconciliation of cash flows from operating activities to surplus				
Surplus for the year	36,790	42,259	36,802	42,235
Depreciation/amortisation	18,784	17,946	19,096	18,219
Loss on disposal of property, infrastructure, plant and equipment	2,678	1,014	2,671	1,017
Share of net loss of joint operation accounted for by the equity method	315	233	315	233
Fair value adjustments for investment property	378	(121)	378	(121)
Contributions – non-monetary assets	(880)	-	(880)	-
Change in assets and liabilities in relation to operating activities:				
(Increase)/decrease in trade and other receivables	(903)	581	(850)	736
(Increase)/decrease in prepayments	(475)	214	(471)	218
Increase/(decrease) in accrued income	(42)	(29)	(42)	(29)
Increase/(decrease) in trade and other payables	3,803	(355)	3,791	(357)
(Decrease)/increase in other liabilities	(214)	1,483	(201)	1,460
Increase/(decrease) in provisions	(97)	477	(94)	497
Net cash provided by operating activities	60,137	63,702	60,516	64,108

#### 8.3 Superannuation

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

#### Accumulation

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

#### **Defined Benefit**

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

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

#### Funding arrangements

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

As at 30 June 2017, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. 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 30 June 2018 was 106.0 per cent (this is subject to the finalisation of the Fund Actuary's 2018 report in October 2018).

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

#### 8.3 Superannuation (cont.)

#### Employer contributions Regular contributions

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5 per cent of members' salaries (9.5 per cent in 2016/17). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

#### Funding calls

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

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

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

#### 2017 triennial actuarial investigation surplus amounts

The Fund's 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.

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

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

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

#### 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 by October 2018.



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