



# 2017-18

## ANNUAL REPORT

[surfcoast.vic.gov.au](http://surfcoast.vic.gov.au)



*Rip Curl Pro Welcome to Country at Bells Beach, 27 March 2018*

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# INTRODUCTION

## About this Annual Report

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

The Surf Coast Shire Council Annual Report 2017-18 is the primary means of advising the Surf Coast Shire Council community about Council's operations and performance during the financial year.

The report seeks to describe the breadth of our services and operations, our governance and management processes, and the responsibilities fulfilled by our councillors, Executive Management Team and employees.

Our aim is to provide our residents, ratepayers, state and federal governments, and other key stakeholders with an open, accurate account of our performance during 2017-18.

An online version of this report is available at [www.surfcoast.vic.gov.au](http://www.surfcoast.vic.gov.au).

## Mayor's message

On behalf of fellow councillors, I am pleased to present Surf Coast Shire Council's 2017-18 Annual Report.

Our shire is an interesting mix of landscapes and outlooks, from the limestone cliffs of the coast to the basalt plains of the inland areas.

The rapid development of Torquay, the contained towns of the Great Ocean Road, the Otway Ranges hamlets and the growth node of Winchelsea all provide a rich tapestry of needs and wants and desires that Council must serve.

It is a delicate balancing act to provide the services that each individual and community needs.

Over the past year we have finalised the draft Hinterland Futures Strategy, a document that will guide development across the shire for the next 10 or more years. This will provide direction for decision making – not just by Council but for farming, business and tourism industries and most importantly the various communities of people who call the shire home.

One of the best pieces of news we had this year was the Regional Australia Institute's naming of the Surf Coast as one of Australia's top four regional creative hot spots. It was fitting recognition of the talented and creative people who call the Surf Coast home.

We also host a number of events of international standing – the World Surf League Rip Curl Pro Bells Beach, the Cadel Evans Great Ocean Road Race and the Lorne Pier to Pub ocean swim, to name a few.

There are also a number of exciting projects in the pipeline that will, over the next few years, carry the name of the shire to new audiences here in Australia and internationally.

While these might bring new challenges for our communities, I believe we are capable of rising to the challenges of change, and together we will thrive.

Council has maintained a strong voice in the G21 region on behalf of our communities during the past year, and looks forward to continuing to advocate for and meet the municipality's growing needs.



**Cr David Bell**  
Mayor

## CEO's message

Council's performance during the past year has demonstrated our commitment to Our Purpose: to help our community and environment to thrive.

An excellent financial result has been achieved while providing strong service and project delivery. We have also continued a clear focus on our business improvement program and far-reaching reforms.

During the past year Council identified more than \$557,000 of recurrent savings through our business improvement program, up on \$450,000 the previous year. We are also focused on the timely implementation of funded capital works and operational projects, with a significant delivery of more than \$22 million in projects.

Council is making strong progress on a range of long term reforms, including implementation of the digital transformation strategy, improving the customer experience when interacting with Council, and a continued priority on enhancing the planning service. We look forward to further achievements in these areas over the year ahead.

Highlights for the year included the opening of the \$6.7 million Kurrabee Myaring Community Centre (KMCC), with the support of the Victorian Government, in Torquay's municipal precinct. KMCC represents a substantial investment in meeting the needs of a rapidly growing community and achieves high environmental design standards.

Council also released the draft Hinterland Futures Strategy for community feedback. This is a very important strategy for our municipality and we are excited by the possibilities and long-term vision the strategy explores for our rural areas.

Council has also affirmed the importance of better understanding the performance of the unsealed road network, particularly in rural areas. An action plan is being developed to progress a number of initiatives for this important service.

With national reform on the way in the aged and disability services sector, we look forward to our completed positive ageing review resulting in a supportive action plan for our community during these changing times.

Thank you to councillors and staff for having helped make 2017-18 a year of significant achievement.

We look forward to the challenges and successes of the year ahead, with our community and environment at the heart of what we do.



**Keith Baillie**  
Chief Executive Officer

## Snapshot of Council

The Surf Coast Shire is located in south-western Victoria, 95km from Melbourne, 21km south of Geelong and close to the extended Geelong Ring Road. With its internationally renowned beaches, bushland and rural environment, the Surf Coast Shire is an appealing destination for holiday makers and international visitors, and is increasingly attractive to those looking to make a permanent sea change. The shire is home to some of the world's best surfing locations and the start of the iconic Great Ocean Road. The natural environment is a defining feature of the Surf Coast Shire. From spectacular rugged coastlines to dense native forests and rolling rural plains, the shire is strongly influenced by physical and natural features that impact on urban development and land management.

The shire is home to ten distinct townships; Aireys Inlet, Anglesea, Bellbrae, Deans Marsh, Fairhaven, Jan Juc, Lorne, Moriac, Torquay and Winchelsea. Each of these townships has a keen sense of community, a unique identity and a strong desire to protect and nurture the environment. There is also a significant rural population including farming and rural/residential communities.

Torquay is at the start of the Great Ocean Road and is the fastest growing location within the municipality, with census data showing that Torquay and neighbouring Jan Juc's population increased by 3,244 people (23.7%) from 2011 to 2016. This represents an average annual population change of 4.35% per year over the period. Torquay and Jan Juc continue to attract a large number of young families to the shire given the coastal lifestyle and ease of commuting to Geelong and Melbourne.

Winchelsea has been identified as a town that is also capable of supporting substantial residential growth and is the principal agricultural centre of the shire. Duplication of the Princes Highway together with access to good physical and community infrastructure support Winchelsea's position as our secondary growth centre within the shire.

Lorne, in the south-west of the shire, is another iconic destination. Bordered by Loutitt Bay, the Great Ocean Road and the Otways National Park, this town is a scenic and recreational wonderland. Smaller coastal towns of Anglesea and Aireys Inlet offer magnificent seaside and bushland experiences, while the hinterland villages of Deans Marsh and Moriac maintain strong links to the land, much of which is highly productive agricultural countryside adjacent to the Otways National Park.

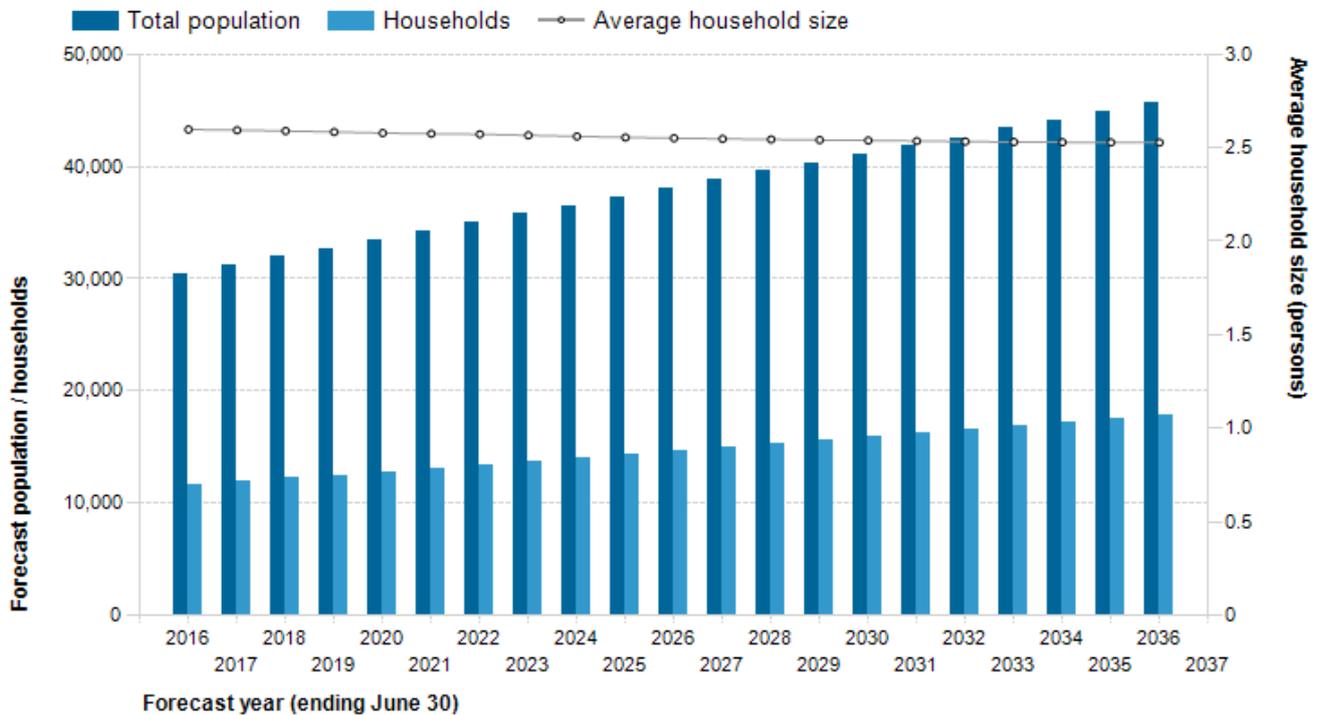
The Surf Coast Shire, with its natural beauty, proximity to the beach and bushland, and its ability to sustain thriving vibrant communities, continues to deliver jobs and create economic development opportunities. These townships and the rural hinterland support over 3,000 businesses which drive an economy estimated to be worth \$1 billion annually. The economy is unique, dominated by surfing, tourism, construction and retail sectors. Traditional and emerging sectors of agriculture and health compliment to create a distinctly different economy to that of Geelong and surrounding regions.

### Population

Location and lifestyle continue to contribute to the Surf Coast Shire being one the fastest growing municipalities in Victoria. Since 2001 the permanent population of the Surf Coast Shire has grown from 20,872 to 31,227 in 2017 (latest official Estimated Resident Population). By the end of 2019 the shire's population is forecast to grow to 32,651 (estimated).

# Forecast population, households and average household size

Surf Coast Shire



Population and household forecasts, 2016 to 2036, prepared by .id the population experts, October 2017.



The shire’s population is forecast to grow to nearly 45,717 by 2036 (forecast .id). The forecast average annual growth rate through to 2031 is the fifth highest in regional Victoria (Department of Planning and Community Development 2014, *Victoria in Future*).

Census and forecasts population data is available on the Surf Coast Shire Council website and includes community profile data for all Surf Coast Shire townships (Go to About us/About the shire).

## Economy

The Surf Coast townships and the rural hinterland support over 3,200 businesses which drive an economy shown to be worth almost \$1.25 billion annually.

The economy is unique, dominated by surfing, tourism, construction and retail sectors. Traditional and emerging sectors of agriculture and health complement to create a distinctly different economy to that of Geelong and surrounding regions.

Over a five year period, the Gross Regional Product of the Surf Coast Shire grew by an average of 6.74%. This is higher than the average growth for the G21 region, Victoria and Australia.

The total employment estimate for the Surf Coast is 9,293 jobs. Regional leaders in terms of jobs and output are:

- Accommodation and food services – 16.0% of all jobs, 9.4% output
- Construction – 14.5% of jobs, 22.9% of total output
- Rental, hiring and real estate services is one of our highest performing sectors, but accounts for very few jobs – 1.9% jobs, 13.6% output
- Retail is one of the largest employers but ranked seventh in output – 12.2% jobs, 5.0% output
- Agriculture represents the fifth largest sector in terms of output, and the seventh largest employer – 5.9% jobs, 6.6% output.

In 2017, the total number of actively trading Surf Coast businesses increased by 494. There were 1012 new businesses and 518 that ceased to be active. The largest growth sector was in professional, scientific and technical services, with an increase of 16%.

### **Visitation and part time populations**

The Surf Coast's proximity to Melbourne, sandy beaches, varied national parks, diverse recreational opportunities, major events and beautiful natural environment make it a tourism drawcard of regional Victoria.

During 2017, the Surf Coast Shire attracted over 2.1 million visitors, generating over \$430 million in tourism expenditure. It is estimated that over \$42 million in wages and salaries is attributed to tourism in the shire each year. While domestic day trippers are the most common type of visitor (53%), domestic overnight visitors contribute the highest spend (71%). International overnight visitor numbers have increased by 15% since 2016 with a total of 50,300. In 2018, it is expected that China will become our largest international market.

The Surf Coast Shire was home to over 200 events, festivals and markets in 2017, attracting over 240,000 attendees, and seen by a global audience of over 40 million.

In addition to the growing permanent population, part time and visitor populations are significant in the Surf Coast. 47% of properties in the Surf Coast Shire are owned by people residing outside the shire, with 26% of holiday home owners intending to move permanently to the shire in the future. During peak visitation periods, the population of the Surf Coast Shire is estimated to nearly triple, from its usual population of 29,402 to over 86,000.

### **Age structure**

The Surf Coast Shire has a younger age profile in 2016 compared to the Geelong Region. In 2016, 20.6% of our population was in the younger age groups (0 to 17) and 17.5% was aged 60 years or older, compared with 18.6% and 18.5% respectively for the Geelong Region (Australian Bureau of Statistics, *Census of Population and Housing*). Between 2016 and 2026, the age structure forecasts for the Surf Coast Shire indicate a 15.1% increase in population under working age and a 57.6% increase in population of retirement age.

### **Births**

New births are also contributing to Council's increasing population. In 2017 there were around 330 births in the Surf Coast Shire (Australian Bureau of Statistics, *Registered Births*). Between 2017 and 2026 it is projected that there will be a further 4,091 births (forecast .id).

### **Dwellings and households**

The total number of dwellings in the Surf Coast Shire increased by 1,594 between 2011 and 2016 (Australian Bureau of Statistics, *Census of Population and Housing*). It is anticipated that residential development will grow by an additional 379 dwellings each year until 2036 (forecast .id).

In 2016, 33.7% of all households in the Surf Coast Shire were couples with children, 28.8% were couples without children, 7.6% were one parent families, 0.7% were other families, 2.7% were group households, 19.8% were lone persons, 4% were other not classified households and 2.6% were visitor-only households. (Australian Bureau of Statistics, *Census of Population*).

Over \$2.25 billion of building and construction activity has taken place in the Surf Coast Shire in the past 10 years. Of this, approximately \$1.5 billion has occurred in Torquay/Jan Juc. Since 2004 only the regional cities of Geelong, Bendigo and Ballarat have had greater construction activity than the Surf Coast Shire. Construction activity in Torquay/Jan Juc alone is greater than 50% of Victoria's regional cities.

### **Education**

In the Surf Coast Shire, 50% of people aged over 15 years had completed Year 12 schooling (or equivalent) as of 2011 (compared to 38% in the G21 Region), increasing from 45% in 2006. The proportion of residents who have post-school qualifications has also increased from 47% in 2006 to 54% in 2011 (Australian Bureau of Statistics, *Census of Population and Housing*).

## **Employment**

The Surf Coast Shire is strongly influenced by the impact of tourism and surfing. Total employment in the municipality is estimated at just over 9,000 jobs with major employers including Rip Curl, Quiksilver, Barwon Health and the Surf Coast Shire. Construction businesses account for approximately 23% of businesses in the shire.

## **Budget implications**

As a result of the shire's demographic profile there are a number of budget implications in the short and long term as follows:

The development of Torquay continued at a steady pace with the completion of the Kurrambee Myaring Community Centre, open space pathways, recreation areas and facilities, a regional bicycle route, road widening and an intersection upgrade to support the growing population and the resulting demand placed on Council-provided community infrastructure.

Winchelsea has been identified as an important future growth zone for the shire, and as such Council supported growth in the area with over \$2.0m of project investment in 2017-18. Projects included urban street improvements, playground and pathway improvements, and investment in rural roads to support the better movement of both tourism visitors and agricultural products.

Various strategic projects are planned in 2018-19 to prepare Council for the anticipated growth and development in the shire, including:

- new infrastructure such as roads and footpaths, and upgrades to existing infrastructure assets
- planning for Winchelsea and Spring Creek growth areas
- Surf Coast Multi-purpose Indoor Stadium design and construction
- Yuurrok third soccer pitch and lighting
- Winchelsea town centre upgrade works
- Elimatta Reserve lighting upgrade
- continuation of Council's digital transformation program.

The budget also recognises that an increasing population continues to place pressure on Council's asset maintenance services, including buildings, recreation reserves, pathways, and drainage.

## Councillors

The Council was elected to provide leadership for the good governance of the municipal district and the local community. On 22 October 2016 the Surf Coast Shire Council community elected this Council for a four year term.

The municipality is divided into four wards and ensures that communities have local representation in Council.

The nine councillors are the elected representatives of all residents and ratepayers across the shire. They have a responsibility for setting the strategic direction for the municipality, developing policy, identifying service standards and monitoring performance across the organisation. The councillors are listed below.

### Anglesea Ward



**Cr Margot Smith**

Elected: 2012, 2016  
Mayor: 2014-15  
P. 5261 0852 M. 0400 271 574

[msmith@surfcoast.vic.gov.au](mailto:msmith@surfcoast.vic.gov.au)



**Cr Libby Coker**

Elected: 2008, 2012, 2016  
Mayor: 2009-10, 2012-13  
P. 5261 0855 M. 0427 337 558

[lcoker@surfcoast.vic.gov.au](mailto:lcoker@surfcoast.vic.gov.au)

### Torquay Ward



**Cr David Bell – Mayor**

Elected: 2012, 2016  
Mayor: 2017-18  
P. 5261 0859 M. 0409 626 614

[dbell@surfcoast.vic.gov.au](mailto:dbell@surfcoast.vic.gov.au)



**Cr Martin Duke**

Elected: 2016  
P. 5261 0856 M. 0409 806 073

[mduke@surfcoast.vic.gov.au](mailto:mduke@surfcoast.vic.gov.au)



**Cr Rose Hodge**

Elected: 2004, 2008, 2012, 2016  
Mayor: 2006-07, 2013-14, 2015-16  
P. 5261 0857 M. 0407 552 025

[rhodge@surfcoast.vic.gov.au](mailto:rhodge@surfcoast.vic.gov.au)



**Cr Brian McKiterick**

Elected: 2008, 2012, 2016  
Mayor: 2011-12, 2016-17  
P. 5261 0851 M. 0428 570 094

[bmckiterick@surfcoast.vic.gov.au](mailto:bmckiterick@surfcoast.vic.gov.au)

### Lorne Ward



**Cr Clive Goldsworthy**

Elected: 2012, 2016  
P. 5261 0854 M. 0400 756 854

[cgoldsworthy@surfcoast.vic.gov.au](mailto:cgoldsworthy@surfcoast.vic.gov.au)

### Winchelsea Ward



**Cr Carol McGregor**

Elected: 2015, 2016  
P. 5261 0858 M. 0400 169 741

[cmcgregor@surfcoast.vic.gov.au](mailto:cmcgregor@surfcoast.vic.gov.au)



**Cr Heather Wellington**

Elected: 2012, 2016  
P. 5261 0853 M. 0417 542 967

[hwellington@surfcoast.vic.gov.au](mailto:hwellington@surfcoast.vic.gov.au)

# THE YEAR IN REVIEW

## Highlights, challenges and the year ahead

See the *Our Performance* section for more performance related information.

### **Theme: Community wellbeing**

Create an inclusive community where everyone can participate and contribute

Highlights:

- funded 38 community projects via the Small Grants Program
- commenced planning for National Aged Care reform
- celebrated the opening of Kurrabee Myaring Community Centre
- delivered the annual Casuarina program to enhance employment prospects of young people
- celebrated International Day for People with Disability with 1,300 students in six towns
- recognised the achievements of young people through the annual Surf Coast Youth Awards
- received \$200,000 grant to construct Changing Places facilities in Anglesea and Winchelsea

Challenges:

- complexity and uncertainty regarding national reforms to aged care and disability services

The year ahead:

- develop early years and youth development strategies
- implement a response to the national aged care and disability reforms
- update Council arts, culture and heritage strategy
- investigate the feasibility of an arts centre in Torquay
- design and construct Changing Places facilities in Anglesea and Winchelsea
- investigate community safety issues and develop local community responses
- achieve national standards in volunteering
- provide educational workshops or forums to local sporting clubs
- increase participation of girls and women in physical activity
- develop an Anglesea network trails concept plan.

### **Theme: Environmental leadership**

Preserve and enhance the natural environment

Highlights:

- adopted Local Food Program
- installed LED Streetlights
- installed solar PV panels on Council Offices - Microgrid stage 1
- completed daylighting of Jan Juc Creek
- protected Bells Beach Hinterland
- beautified Winchelsea Common
- continued Plastic Wise program
- continued rabbit program.

Challenges:

- waste diversion for landfill
- dog Poo - Poo muster
- encouragement to the community to use renewables
- urban heat and trees for shade
- protection of our green breaks
- Anglesea river restoration with Victorian Government
- Anglesea Futures Land Use Plan implementation
- management of the ramifications of the Victorian Building Authority's combustible cladding audit.

The year ahead:

- update the Bells Beach Coastal Management Plan (CMP)
- deliver Microgrid stage 2
- implement street tree program
- execute township beautification program
- implement Winchelsea integrated water management plan
- implement Moriac domestic wastewater management plan
- trial food and organics recycling
- develop Waste Strategy

**Theme: Balancing growth**

Provide for growth whilst ensuring the intrinsic values and character of the shire are retained

Highlights:

- developed stronger planning controls for Bells Beach Hinterland
- opened Kurrabee Myaring Community Centre
- replaced three bridges over Stony Creek following floods
- redeveloped Anglesea Bowls Club
- completed Winchelsea Beautification project - stage one
- adopted the Torquay Town Centre Growth Strategy
- awarded several grants including \$5 million for the Surf Coast multi-purpose indoor stadium

Challenges:

- Council investigation of long term future of Anglesea Bike Park
- Council adoption of Spring Creek Precinct Structure Plan
- review of Torquay/Jan Juc Developer Contribution plan
- strengthen town boundary discussion paper highlights
- determine paths forward to protecting our environment and green belts

The year ahead:

- continuing the roll out of the LED Street light replacement program
- Surf Coast Multi-purpose Indoor Stadium design and begin construction
- Yuurok third soccer pitch construction Torquay Settlement Strategy to be commenced
- second stage of strengthening town boundary investigation work
- Torquay/Jan Juc Social Infrastructure Study development
- drivers for growth - impact on Torquay
- Spring Creek Netball Pavilion construction
- Stribling Reserve lighting upgrade and electronic scoreboard
- Anderson Roadknight Reserve Masterplan implementation

**Theme: Vibrant economy**

Support innovative, sustainable businesses and activities that create jobs and are valued by the community and visitors

Highlights:

- recorded highest visitation rates to the Australian National Surfing Museum
- developed draft Hinterland Futures Strategy for public consultation
- completed the first stage of the Winchelsea Town Centre Beautification project
- completed Torquay Town Centre Urban Design Project framework
- launched Agribusiness Network
- actively participated in taskforce focussed on Governance of the Great Ocean Road and development of a Strategic Framework Plan

- facilitated over 200 events including the RipCurl Pro, Cadel Evans Great Ocean Road Race, Amy's Gran Fondo, Falls Festival, Pier to Pub, Aireys Open Mic etc.
- increased budgets for roads.

Challenges:

- creating a clear direction for the Surf Coast economy
- facilitating job growth and retaining key sectors
- managing the calendar of events
- enhancing community awareness of our economy
- growing our tourism product
- supporting our agricultural industry

The year ahead:

- complete an Economic Development Strategy
- secure new events to boost visitation
- implement new strategies including Hinterland Futures Strategy and G21 Sustainable Agriculture Strategy
- work in partnership with the Great Ocean Road Coast Committee in enhance visitor brand
- continue to provide excellent services via our visitor centres
- develop a plan for an improve trail network on the coast

**Theme: High performing Council**

Deliver valued services to the community

Highlights:

- delivered record level of capital and operational projects
- received an Australian Institute of Project Management Achievement Award for project management approach
- delivered favourable annual cash surplus due to strong financial management
- aligned the culture of the organisation to our purpose and direction through our approach
- continued with a strong focus on leadership and the capabilities of our people
- successfully completed the 2017-18 business improvement program
- introduced Child Safe Standards, Reportable Conduct Scheme and Working with Children's Checks across the organisation
- developed a new website to improve community access to Council
- obtained re-certification of OHS International accreditation
- adopted Domestic Animal Management Plan following extensive community engagement

Challenges:

- long term financial sustainability due to rate capping
- maintaining service levels with a growing population
- improving completion rates for customer requests

The year ahead:

- Local Government Act reforms
- implement online planning and application process
- implement state and federal election advocacy campaigns

## Financial overview

### Summary

Surf Coast Shire Council remains in a sound financial position. This is evidenced by:

- cash and investments of \$48.6m (up from \$38.8m last year)
- \$98.7m in revenue (\$85.4m last year)
- \$17.3m in borrowings (\$17.9m last year)
- Income Statement surplus of \$27.9m (up from \$17.0m in 2016-17)
- Accumulated Unallocated Cash Balance of \$5.0m (in line with last year).

### How it works

The Council Plan 2017-2021 outlines Council's strategy and commitment to achieve its vision of "an engaged, innovative, and sustainable community".

To ensure we achieve this, the revenue raised via rates and charges, grants and contributions is invested in funding the provision of community services and new assets and the maintenance of existing assets. Such investment typically includes services such as:

- kindergartens and early year education programs
- libraries and school crossings
- community health programs and initiatives
- community education and social planning
- community emergency management
- maintenance of public open space and community assets
- waste management and recycling
- road maintenance
- environmental projects, including Council's Environmental Leadership program
- economic development
- planning and development
- local law enforcement.

Project delivery generally spans constructing new community assets and renewing existing ones, and coordinating various environmental and community initiatives, including community events.

### Financial sustainability and challenges

As a government institution, Council has a responsibility to use ratepayer funds in a responsible and accountable manner. Council's financial principals underpin these responsibilities, and are:

- transparency
- sustainability
- a strong financial framework.

Council faces a number of challenges to its financial sustainability, and prepares a 10 year financial plan to ensure these challenges are recognised. Current challenges include:

- heavy reliance on rate revenue and government grants as our main sources of income, and limited access to other revenue sources
- increasing costs related to maintaining assets
- the costs of providing new assets in growth areas
- increased costs in delivering services in a population that is growing
- competing community priorities
- the state government's cap on rate revenue increases.

Council continues to invest in initiatives to mitigate these challenges, including our Business Improvement Program, Project Management Office, and Digital Transformation Program.

### Operating performance

Council's operations delivered a net surplus of \$27.9m, \$13.9m higher than budget. This was mainly due to:

- Higher non-cash granted assets (\$5.8m) received in relation to completed subdivision works.
- Higher capital grants (\$4.1m), mostly relating to new roads projects.
- The early receipt of grants (\$2.1m) from the Commonwealth Government, which relate to the 2018-19 financial year.

The net surplus is generated to fund non-operating activities, including the provision of new infrastructure and the renewal of existing community assets. The net surplus also includes funds tied to specific purposes, such as our waste and recycling programs.

**Table 1: Key Results for 2017-18**

(\$'000)	Budget	Actual	\$ Variance	% Variance
<b>Revenue</b>	82,639	92,696	16,057	19%
<b>Expenditure</b>	68,688	70,832	(2,144)	-3%
<b>Net Surplus</b>	13,951	27,864	13,913	100%
<b>Recurrent EBITDA Result</b>	15,307	19,396	4,090	27%
<b>Cash and Investments</b>	37,208	48,558	11,350	31%
<b>Borrowings</b>	17,262	17,262	-	-
<b>Net Assets</b>	493,754	771,299	277,454	56%
<b>Rates and Charges revenue</b>	49,353	49,778	425	<1%
<b>Capital Expenditure</b>	16,624	18,141	1,517	9%
<b>Accumulated unallocated Cash</b>	3,762	5,018	1,256	33%

Council remains heavily dependent on rates as its major revenue source. In 2017-18, rates still accounted for over 50% of total income, and although this number was lower than the previous year (56% in 2016-17), this number was artificially reduced by once-off factors, such as the payment of large capital grants and the early payment of Commonwealth grants in 2017-18. If non-cash items and non-recurrent grants are removed from the equation, rates and charges account for 66% of adjusted revenue. This measure has improved from 70% in 2016-17.

Figure 1: How we spent \$100 of Rates Revenue in 2017-18

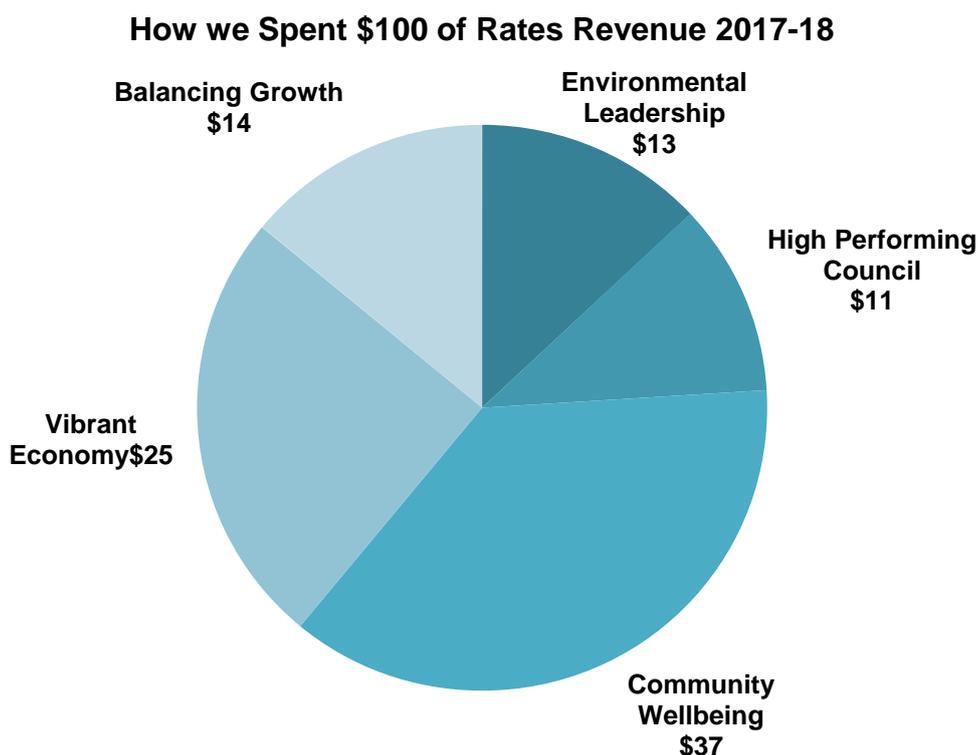


Figure 1 above shows the split of Council expenditure on Council Plan themes. Compared to budget, Council spent:

- \$6 per \$100 more on Community Wellbeing, mainly due to additional expenditure on community projects, including the Anglesea Bowls Club upgrade (\$1.0m)
- \$3 per \$100 more on Vibrant Economy, mainly due to additional expenditure on road upgrade projects.

#### Capital Expenditure Summary

Expenditure for significant projects delivered in 2017-18 included:

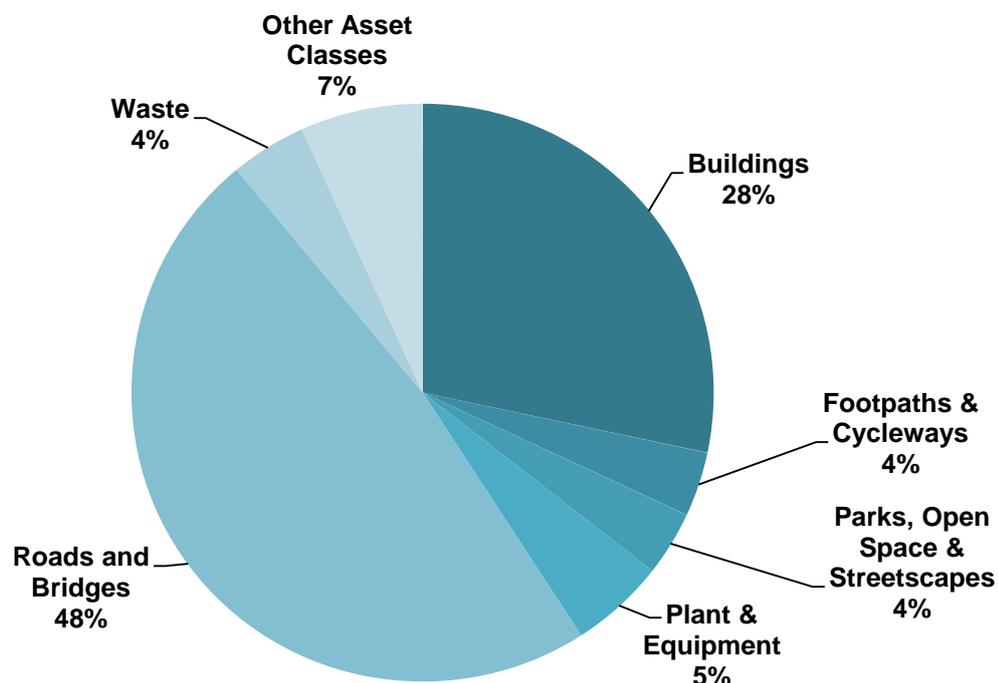
- Kurrambee Myaring Community Centre (\$3.4m)
- Cape Otway Road widening stage 5 (\$1.6m)
- Anglesea Bowling Club upgrade (\$1.0m)
- Darian Road reconstruction (\$0.5m)
- Forrest Road rehabilitation (\$0.3m)
- Grenville Oval Road and Car Park (\$0.1m)
- Asset Renewal Program (\$4.7m).

Table 2: Capital Spend by Expenditure Type 2017-18

Capital Spend Type	Budget (\$'000)	Actual (\$'000)
New assets	6,224	6,162
Renewal of existing assets	5,751	4,742
Expansion of existing assets	-	72
Upgrade of existing assets	6,166	5,648
<b>Total</b>	<b>18,141</b>	<b>16,624</b>

Figure 2: Capital Spend by Expenditure Type 2017-18

### Capital Works Expenditure by Asset Type 2017-18



### Projects to be completed

Significant incomplete capital projects as at 30 June 2017 are listed below by ward. Unspent project funds have been carried forward to the 2018-19 financial year to maintain the unspent component of each project budget.

Table 3: Significant unspent project funds carried forward to 2018-19

Ward	Project (Funds)
<b>Anglesea Ward</b>	<ul style="list-style-type: none"> <li>Anglesea Landfill works (\$1.8m)</li> <li>Anglesea Cricket pavilion (\$0.3m)</li> <li>Coogoorah playground renewal (\$0.2m)</li> </ul>
<b>Lorne Ward</b>	<ul style="list-style-type: none"> <li>Stribling Reserve lighting (\$0.4m)</li> <li>Stribling Reserve stadium ventilation (\$0.2m)</li> <li>Stribling Reserve change room design (\$0.1m)</li> </ul>
<b>Torquay Ward</b>	<ul style="list-style-type: none"> <li>Regional Bike Route – Horseshoe Bend Road (\$1.2m)</li> <li>Spring Creek Netball pavilion (\$0.8m)</li> <li>Surf Coast Multi-purpose Indoor Stadium (\$0.5m)</li> </ul>
<b>Winchelsea Ward</b>	<ul style="list-style-type: none"> <li>Forest and Grays Roads upgrade (\$2.1m)</li> <li>Winchelsea Netball pavilion (\$0.7m)</li> <li>Hesse St renewal (\$0.4m)</li> </ul>

### Working Capital

Working capital (current assets/current liabilities) at the end of the financial year was \$38.2m or 357%, which is ahead of our budgeted position of 341%. Working capital is an indicator of an organisation's ability to meet its financial commitments over the coming 12 months.

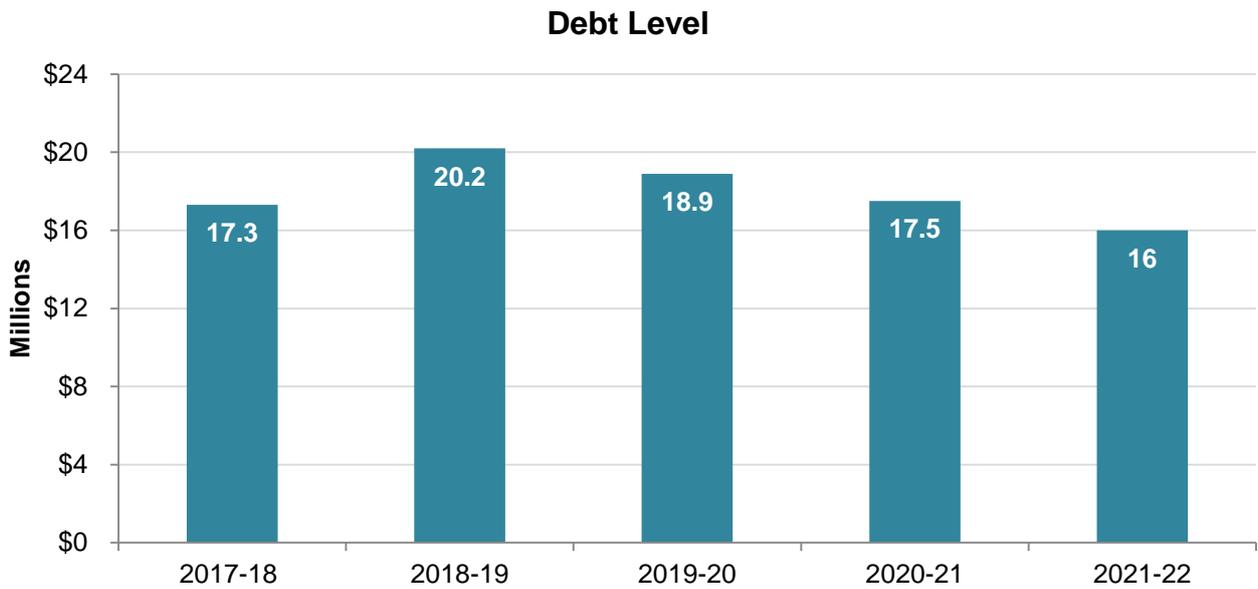
## Borrowings

Borrowings increased in 2017-18 by \$3.0m, as new debt was accessed to fund the delivery of the Kurambee Myaring Community Centre. Council continues to maintain a responsible debt level relative to its rate revenue base.

Council's debt strategy is outlined in the 2018-19 annual budget. It focuses on responsible use of debt levels and compliance with the sound financial management principles outlined in the *Local Government Act 1989*.

New borrowings of \$3.9m have been budgeted in the 2018-19 financial year to fund the construction of the Surf Coast Multipurpose Stadium.

Figure 3: Debt management plan 2017-18 to 2021-22



## Cash Position

Figure 4: Cash position as at 30 June 18

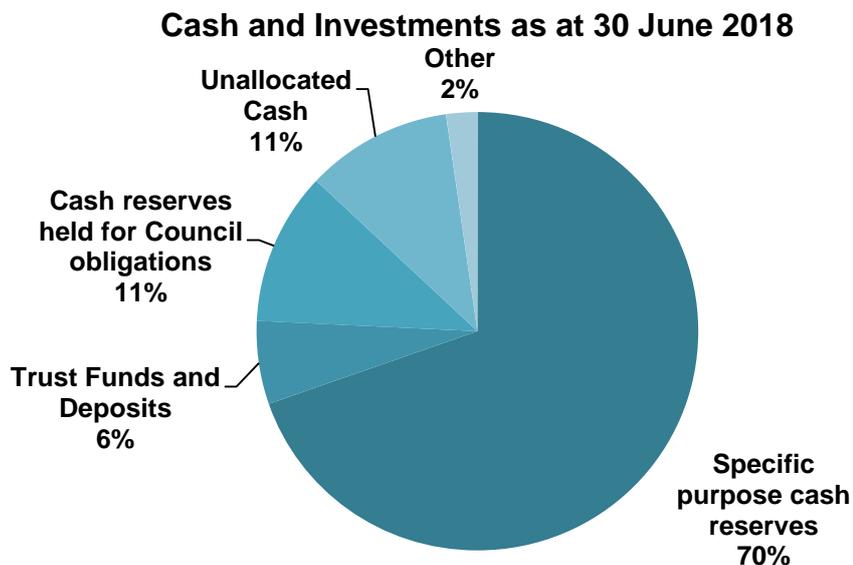


Table 4: Cash position compared to budget

	Budget (\$'000)	Actual (\$'000)
<b>Cash flows from operating activities</b>	13,211	20,328
<b>Cash flows from investing activities</b>	(17,212)	(22,268)
<b>Cash flows from financing activities</b>	1,294	1,295
<b>Net increase/(decrease in cash held)</b>	<b>(2,706)</b>	<b>(645)</b>
<b>Cash and Investments at start of year</b>	23,914	38,794
<b>Net movement for the year</b>	(2,706)	7,995
<b>Cash and investments at end of year</b>	21,208	46,789

Council's cash and investment balance of \$46.8m does not represent discretionary cash. In fact, only \$5.0m is available as unallocated cash. The remainder is held for either statutory or contractual reasons, or has been allocated by Council for specific purposes.

Our allocated reserves cater for items such as:

- Anglesea Landfill, including capital works and site rehabilitation and aftercare to comply with EPA standards after the landfill has reached capacity
- unspent funding for projects that are yet to be completed
- replacement programs for our plant and equipment assets.

#### **What's in store for next year?**

The 2018-19 budget outlines Council's priorities for the next financial year, and is guided by Council's purpose, *to help the shire's community and environment to thrive.*

Council has allocated capital funding of \$24.3m to 74 new projects in 2018-19, including \$10m for the Surf Coast Multi-purpose Indoor Stadium in Torquay, which will be jointly funded by Council, developer contributions, and state and federal governments. Other projects include significant upgrades to sporting and community infrastructure, and continued investment to make our road network safer and more reliable.

We will also be spending over \$2.6m on non-capital projects in 2018-19, including the continued delivery of our Environmental Leadership program, LED streetlight upgrades, stage two of the Lorne Structure Plan, and a trial program for diverting food and garden organic waste from landfills.

## Description of operations

Surf Coast Shire Council is responsible for more than 100 services, from family and children's services, traffic regulation, open space, youth facilities, waste management and community building; to matters concerning business development, planning for appropriate development and ensuring accountability for Council's budget.

This broad range of community services and infrastructure for residents support the wellbeing and prosperity of our community.

Council's vision, strategic objectives and strategies to further improve services and facilities are described in our Council Plan (incorporating the Health and Wellbeing Plan) 2017-21 and the associated budget and are reported upon in this document.

The delivery of services, facilities, support and advocacy to achieve the themes in Council's Council Plan is measured by a set of service performance indicators and measures.

Refer to the section on Our Performance for more information about Council services.

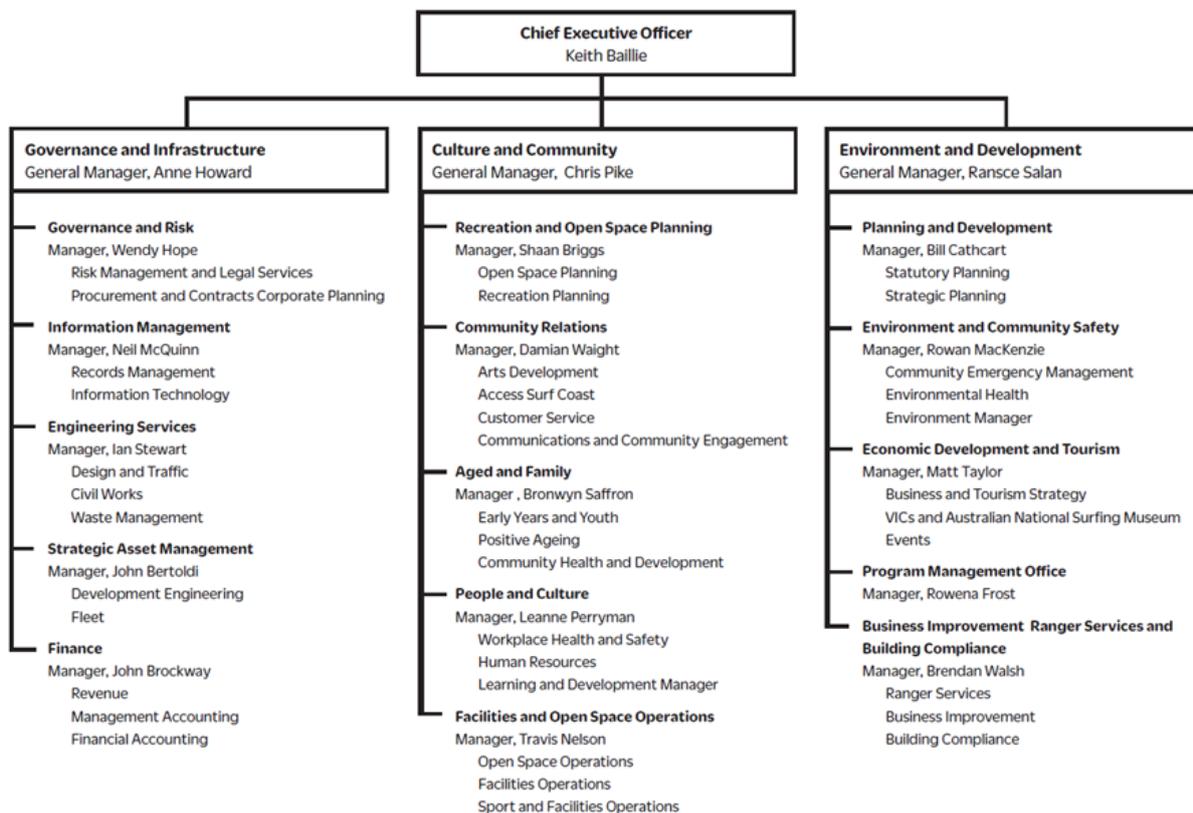
# OUR ORGANISATION

## Organisational structure

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



Surf Coast Shire Organisational Structure (July 2018)



## Executive Management Team

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day to day management of operations in accordance with the strategic directions of the Council Plan. The CEO and three general managers form the Executive Management Team (EMT) and lead the organisation. Details of the CEO and the senior officers reporting directly to the CEO are set out below.

### **Keith Baillie**

#### ***Chief Executive Officer***

*Bachelor of Economics, Master of Business Administration (Local Government), Fellow Australian Institute of Company Directors, Fellow CPA Australia, Fellow Local Government Professionals*

Keith commenced in January 2015 after eight years as CEO with the Shire of Campaspe. Previous roles include Executive Manager Corporate Services at John Sands Australia and various management roles in information technology and project management within the private sector. Keith came to local government via a wide range of community volunteering roles.

### **Anne Howard**

#### ***General Manager Governance and Infrastructure***

*Bachelor of Engineering (Civil), Master of Infrastructure Engineering, Master Business Administration*

Anne started with the Surf Coast Shire in March 2016. This followed 14 years with the Shire of Campaspe where Anne's diverse responsibilities included economic development and tourism, corporate and community planning, strategic planning, asset management and the program management office. Prior to moving to local government Anne's private industry experience includes environmental consulting, project management and delivery of environmental health infrastructure in remote aboriginal communities.

### **Chris Pike**

#### ***General Manager Culture and Community***

*Bachelor of Town Planning, Postgraduate Diploma in Town Planning, Postgraduate Diploma in Business Administration*

Chris was appointed in October 2013. His diverse career spans community sector roles in the United Kingdom and state and local government roles in Australia. Chris previously worked with the City of Port Phillip in various management roles, across community services, economic development and corporate planning functions.

### **Ransce Salan**

#### ***General Manager Environment and Development***

*Bachelor of Applied Science (Environmental Health), Graduate Diploma of Management, Master of Business Administration with majors in Local Government and Marketing, Postgraduate studies in Urban Living, Architecture and Urban Design, member of PIA (Planning Institute of Australia) and has been a Certified Practising Planner, Building Surveyor and Environmental Health Officer throughout his career.*

Ransce joined Surf Coast Shire Council in May 2017. He previously worked with Nillumbik Shire Council as General Manager Environment and Planning, and with Devonport City Council in Tasmania as Director of Planning and Environment. Other local government roles include Group Manager Development and Natural Resources at Eurobodalla Shire in New South Wales, Divisional Manager of Sustainable Development at Eurobodalla and Manager Sustainability at Kogarah Council in Sydney.

## Council staff

The total number of full-time equivalent (FTE) employees increased 3.2 per cent during 2017-18, with Figure 5 showing how our FTE numbers have increased over the past eight years. This growth reflects the formation of a new Digital Transformation team and strengthening our capacity to deliver Council's capital and operational program according to our program management framework.

Figure 5: Total number of FTE employees 2011-2018

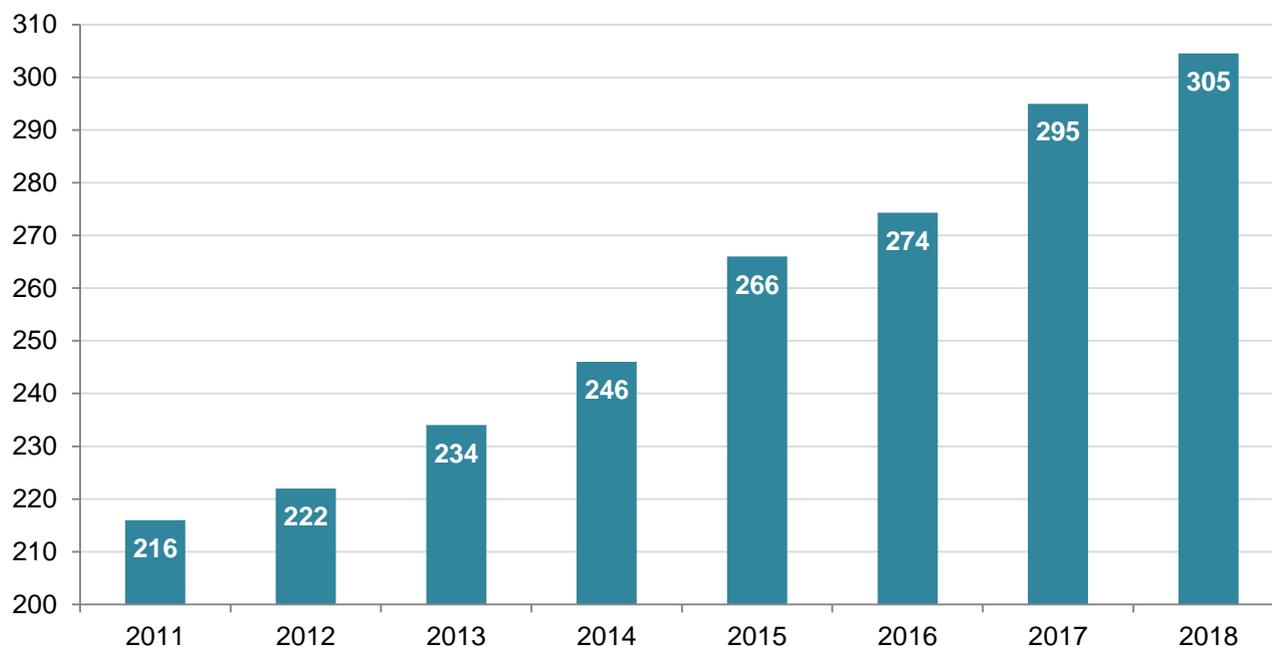


Table 5: FTE numbers by employment type and gender 2015-2018

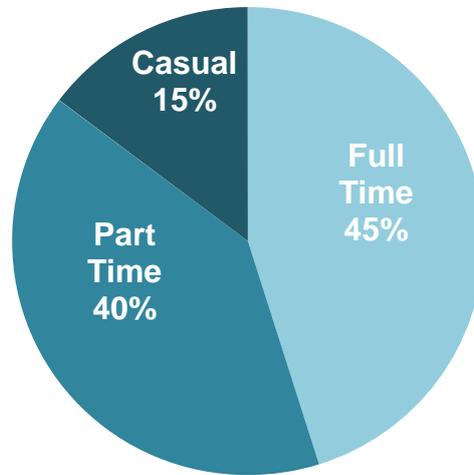
Structure	2015-16	2016-17	2017-18
Permanent full time female	65.00	65.00	65.00
Permanent full time male	119.00	123.00	134.00
Permanent part time female	77.00*	93.24*	88.32*
Permanent part time male	13.31*	13.71*	17.21*
<b>Total</b>	<b>274.31</b>	<b>294.95</b>	<b>304.53</b>
Casual - male	15**	14.00**	9.00**
Casual - female	85**	57**	56**

\*Part-time hours equated to FTE.

\*\*Headcount – not counted towards FTE.

In terms of workforce composition, we employ a high proportion of part-time and casual employees (Figure 6).

**Figure 6: Percentage of employees by employment type 2017-18**



Although women make up 61 per cent of our total workforce, Figure 7 shows 67 per cent of full-time roles filled by men, while women fill 83 per cent of part-time and 86 per cent of casual roles. Through our Workplace Diversity Commitment we aim to provide a supportive and flexible working environment for women and to encourage women to pursue careers within the local government sector. As part of our diversity commitment we have established a gender equity plan across all levels and areas of our organisation that is reviewed and updated twice yearly. Other initiatives include our networking groups, keep in touch programs for employees accessing parental leave and tailored opportunities for further development to accommodate caring and family responsibilities.

**Figure 7: Headcount number of employees by employment type and gender 2017-18**

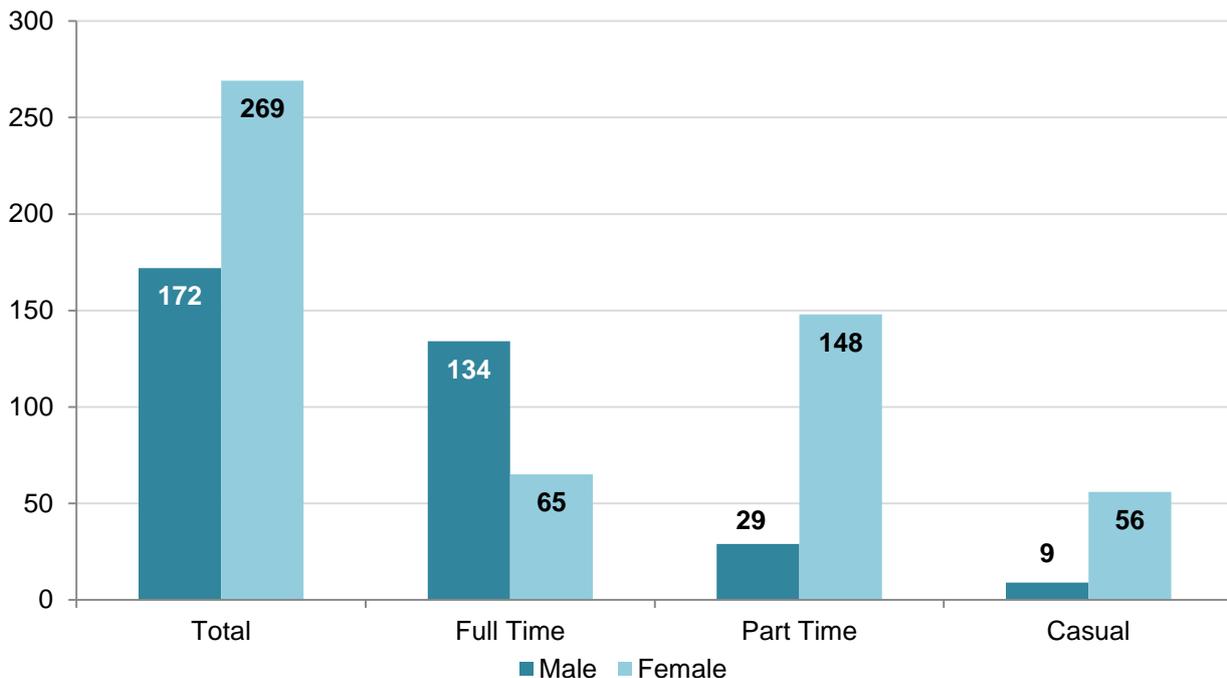


Figure 8: FTE employees by division 2017-18

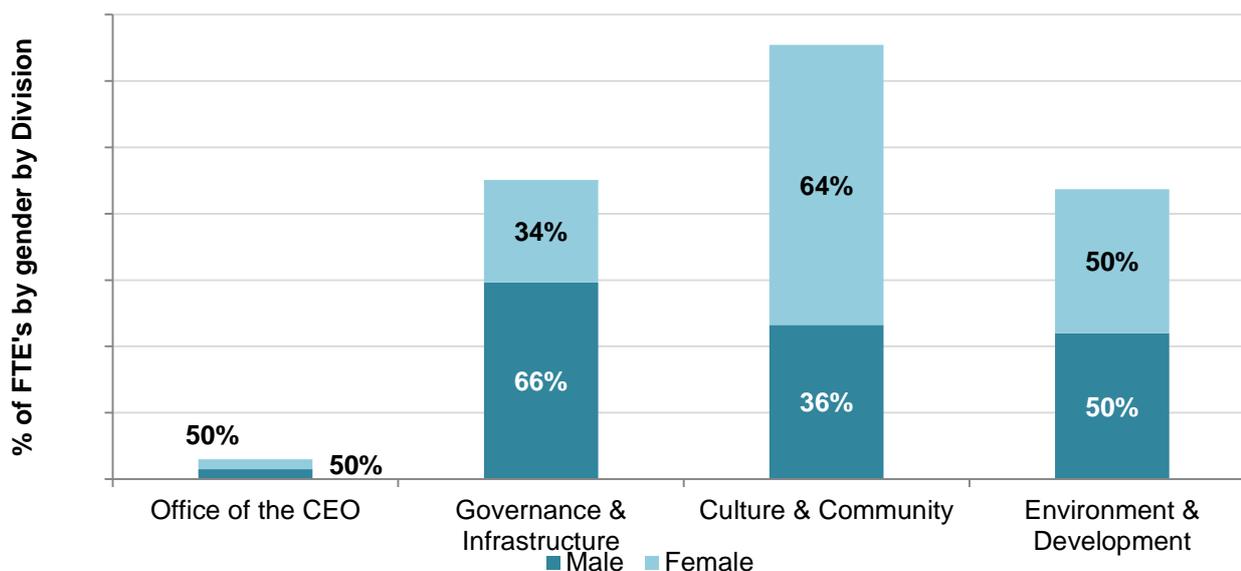


Table 6: Divisional breakdown of FTE employees by employment type and gender 2017-18

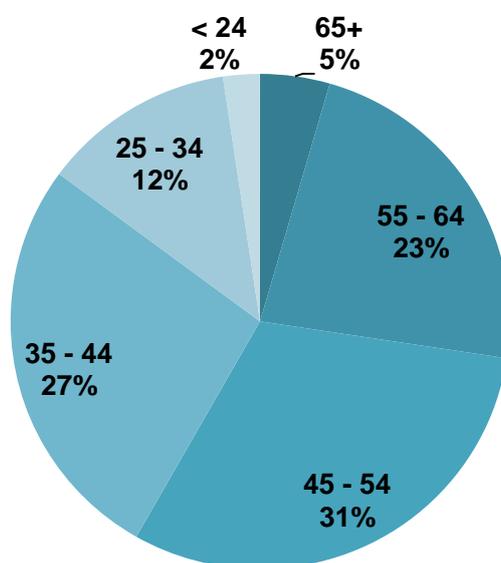
Gender	Office of the CEO	Governance and Infrastructure	Community and Culture	Environment and Development	Total
Permanent full-time male	3.00	56.00	37.00	38.00	134.00
Permanent full-time female	3.00	16.00	22.00	24.00	65.00
Permanent part-time male	0	3.32	8.92	4.97	17.21
Permanent part-time female	0	14.17	55.89	18.27	88.32
Casual male	0	0	0.59	0.99	1.58
Casual female	0	0.69	6.50	1.18	8.37
<b>Total Including casual staff</b>	<b>6.00</b>	<b>90.18</b>	<b>130.90</b>	<b>87.41</b>	<b>314.49</b>

Table 7: Employment bands of FTE by employment type and gender 2017-18

Structure	Band 1	Band 2	Band 3	Band 4	Band 5	Band 6	Band 7	Band 8	All other	Total
Permanent full time - female	0.00	0.00	1.00	15.00	10.00	17.00	10.00	6.00	6.00	65.00
Permanent full time - male	0.00	1.00	33.00	6.00	19.00	26.00	30.00	4.00	15.00	134.00
Permanent part time - female	2.13	9.68	3.08	19.43	11.17	13.68	4.86	0.00	24.30	88.32
Permanent part time - male	1.11	3.54	3.31	2.55	2.00	3.08	0.63	0.00	0.99	17.21
Casual - female	1.99	1.45	1.98	1.91	0.47	0.00	0.00	0.00	0.58	8.37
Casual - male	0.02	0.21	0.38	0.00	0.96	0.00	0.00	0.00	0.01	1.58
<b>Total</b>	<b>5.25</b>	<b>15.88</b>	<b>42.74</b>	<b>44.90</b>	<b>43.60</b>	<b>59.76</b>	<b>45.49</b>	<b>10.00</b>	<b>46.87</b>	<b>314.49</b>

Fifty-nine per cent of our current workforce falls into the age category of 45 years and over (Figure 9), presenting several challenges in terms of workforce planning, career development and succession planning. These are being addressed as part of several strategic workforce planning initiatives.

Figure 9: Employees by age group 2017-18



### Recruitment trends

We processed 81 recruitments in 2017-18, with 30 per cent filled by internal candidates. This indicates ongoing success in succession planning, while developing our people and maintaining a commitment to build the future capability of the organisation with a balanced intake of internal and external talent.

Our 2017-18 voluntary employee turnover rate was 9.1%. In 2017-18 31 employees left employment with Council representing a 2.15% increase on last year. Analysis indicates that these roles are not concentrated in any single areas of Council and exit interviews have not identified any specific issues. There are some new large employers in the region which appear to have contributed to employee movement but this is not a major driver of the change.

In all, we received 1,245 applications for vacancies. On average 16 applications were received per role. This is slightly lower than last years' average of 18. This slight decrease is attributed to an increased number of internally only advertised positions in the previous financial year.

An overview of recruitment trends for the past eight years is included in Table 8.

Table 8: Recruitment trends 2010-18

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
<b>Recruitment processes</b>	N/A	55	70	65	64	70	91	81
<b>Applications received</b>	N/A	906	1,360	1,633	1,201	1,083	1,654	1,245
<b>Employees turnover rate</b>	8.7%	9.3%	11.6%	13.0%	8.6%	6.3%	7.0%	9.1%

## **Workplace culture**

Our People and Culture Strategy Roadmap is focused on helping our people and organisation to thrive, and in turn, support the Organisation Purpose and Direction for our people to help our community and environment to thrive. This is enabled by Our Approach – a series of behavioural commitments that expand on Council's previous set of values.

Throughout 2017-18, we continued to embed Our Purpose, Direction and Approach through alignment with human resources policies and practices and throughout a broad range of learning and development programs.

We continued to explore new and contemporary ways of working to enable our Purpose and Direction and integrated the use of technology as an enabler of greater flexibility. As an outcome of Council's 2016 Enterprise Agreement, flexible working hours were successfully introduced across all areas of Council operations.

## **Employee engagement**

As an outcome of the 2016 Employee Engagement Survey, we pursued a focus on leadership throughout 2017-18, both the experience of our leaders and the experience that staff have with their leaders. We piloted a real-time employee engagement tool which enables teams to take ownership of and act on local engagement challenges.

## **Workplace diversity**

Our proactive duty to ensure compliance with equal opportunity and other workplace-related legislation and to eliminate all forms of discrimination continues to be demonstrated through the implementation of our Workplace Diversity Commitment.

Our Workplace Diversity Commitment is internally focussed, yet builds on the commitment made to our community through Council's *Accessible and Inclusive Surf Coast Shire Strategic Plan (2014-2024)* to build healthy, well-connected communities where everyone can participate.

Gender equity remains a focus of our commitment and a number of programs were facilitated to support and encourage Council's female employees to realise their potential. These programs included:

- 6 week program – Women's Financial Health
- Women's Health week – "Let's Talk"
- "NOW" and #Metoo campaigns
- Quarterly networking opportunities for Mums@Work
- Mother's Day morning tea
- Ms Universal – story of survival
- Beating procrastination
- Women in Local Government.

We partnered with JobAccess to ensure recruitment practices and policies were accessible and equitable for people with a disability. This partnership included delivery of diversity training to our Human Resources and Senior Leadership team. We established relationships with disability employment services to extend the reach of our recruitment advertising to people with disability.

Our annual IDAHOT Day (International Day Against Homophobia, Biphobia and Transphobia) event once again highlighted our community's sexual and gender diversity.

## **Child Safe Organisation**

Council is required to comply with the Child Safe Standards and Reportable Conduct Scheme that have been introduced as part of the Victorian Government's response to the Betrayal of Trust Inquiry. The Child Safe Standards are compulsory minimum standards under the Child Wellbeing and Safety Act 2005 that apply to organisations that provide services to children, such as ours.

The standards were introduced to drive cultural change in organisations so that protecting children from abuse is embedded in the everyday thinking and practice of leaders, staff and volunteers.

Council has taken a leadership position on this legislation by:

- requiring all employees, contractors and volunteers to gain a Working With Children Check (WWCC)
- requiring all employees and volunteers to complete either an online or face to face training module on the Child Safe Standards and the Reportable Conduct Scheme
- creating and leading as part of the Barwon Region Networking Group a program to support small businesses and community groups to find out more about becoming a child safe organisation.

### Consultative Committee outcomes

Our employee Consultative Committee provides a forum for discussion between management, employee and union representatives.

During 2017-18, the committee met quarterly to discuss and work towards resolving various issues. Key outcomes included:

- monitoring employee levels by reviewing and discussing regular reports on recruitment activity, recent departures, new starters, and the use of casual labour
- reviewing proposed changes to employee-related policies and providing feedback
- receiving updates on the actions and outcomes emerging from recent employee surveys, including the Employee Engagement Survey.

### Further study supported

We encourage employees to participate in accredited further education programs, which enhance their respective roles and future career opportunities, while offering added value to the organisation.

During 2017-18, our professional development program supported employees who made applications for higher education studies. This included financial assistance towards study costs and, in some cases, granting an extended career break to focus on further study and granting study leave to attend lectures and exams.

### Employee achievements recognised

Recognising and celebrating our employees' achievements is vital to our workplace culture. In 2017-18, we presented 57 Recognition of Service Awards across all divisions as shown in Table 9. This is the highest number of employees to be recognised to date.

Table 9: Employee Recognition of Service Awards 2017-18

Length of Service (years)						
Division	5	10	15	20	25	30+
Culture and Community	19	9	-	1	1	-
Environment and Development	7	2	2	2	-	-
Governance and Infrastructure	6	2	2	3	1	-
Office of the CEO	-	-	-	-	-	-

### Learning and development

During 2017-18, our Learning and Development team delivered a program of strategic and effective development to build capability based on the principals of experiential learning. We focussed on developing the skills and capabilities to help staff be their best. Evidence of this capability development was:

- 28% of all staff directly participated in opportunities for higher duties, secondments or promotion
- 32% of all appointments were to internal candidates.

As part of our focus on capability in 2017-18, we delivered a number of different programs through online, face to face and experiential learning mediums as shown in Table 10. There were over 3,500 training places offered across these programs.

**Table 10: Overview of training activities 2017-18**

<b>Course</b>	<b>Description</b>
<b><i>Asbestos Licence</i></b>	Targeted employees who may work with asbestos
<b><i>Business Continuity</i></b>	Targeted employees
<b><i>Change Management</i></b>	Targeted employees who are impacted by change
<b><i>CFA Mountain Safety</i></b>	Targeted employees who are involved in emergency management
<b><i>Child Safe Policy</i></b>	All employees who may be involved in working with children
<b><i>Clinical Supervisor</i></b>	Targeted employees
<b><i>Code of Conduct</i></b>	New employees
<b><i>Community Engagement</i></b>	Targeted employees
<b><i>Corporate Induction</i></b>	6½ hour sessions for new employees – held monthly
<b><i>Customer Service</i></b>	Targeted employees
<b><i>Communication skills</i></b>	Frontline employees
<b><i>Communication skills - internal protocols</i></b>	All employees
<b><i>Compliance (online)</i></b>	Targeted employees
<b><i>Construction Standards</i></b>	Targeted employees
<b><i>Customer Service – Managing your own wellbeing</i></b>	Frontline employees
<b><i>Customer Service – Responding to at-risk behaviours</i></b>	Frontline employees
<b><i>Developing Leaders Program</i></b>	Targeted employees in frontline leadership roles
<b><i>Digital and Social Media</i></b>	All employees
<b><i>Disability Awareness</i></b>	Managers and Human Resources employees
<b><i>Emergency Management – Relief Centre (various levels)</i></b>	All employees who may be involved in activating the emergency management relief centre
<b><i>Emerging Leadership Program</i></b>	Nominated employee
<b><i>Emotional Intelligence</i></b>	Targeted employees
<b><i>Facilitation and Innovation</i></b>	Targeted employees
<b><i>Firearms Safety</i></b>	Targeted employees
<b><i>First Aid (CPR, Level I, Level II, Level II refresher)</i></b>	Yearly updates for relevant employees
<b><i>Fraud, Corruption and Privacy</i></b>	All employees
<b><i>Fundamental Supervisory Training Program (performance management, recruitment, workplace culture, health and safety, mental health first aid, finance fundamentals)</i></b>	Six-unit program for those who supervise employees

Course	Description
<b>HALT – Mental Health Awareness</b>	Targeted employees
<b>HSR Training (initial and refresher)</b>	Targeted employees
<b>Individual professional development</b>	All employees who participated in external professional development activities
<b>LSI – Life Styles Inventory for Managers</b>	Senior Leaders
<b>Leadership - the Leadership experience</b>	People leaders
<b>Manual Handling</b>	Targeted employees
<b>Mediation training</b>	Targeted employees
<b>Mental Health</b>	Targeted employees
<b>Productivity and Time Management</b>	All employees who may be involved in purchasing
<b>Risk Management</b>	Targeted employees
<b>Record Management</b>	Targeted employees
<b>The Resilience Project</b>	All employees (Optional)
<b>Project Management</b>	Management team
<b>Snake Awareness</b>	All employees who work outside
<b>Trapeze System training</b>	Targeted employees within planning functions
<b>Understanding Local Government (MAV)</b>	New and other targeted employees

In addition, many individuals participated in informal training and development opportunities relevant to their particular positions.

Program delivery has:

- utilised our Learning Management System (LMS) iLearn to develop and deliver a suite of online compliance training programs relating to various organisational policies and legislative changes, including workplace health and safety, motor vehicle use, Code of Conduct, digital and social media, equal opportunity and workplace behaviours.
- provided opportunities for all employees to participate in an education and awareness program about child safety, as part of our leadership position to become Child Safe Organisation.
- delivered a successful Community Facilitation and Engagement program to a broad range of employees, to assist in community consultation.
- upskilled our frontline employees to provide service to those people who may be experiencing mental health issues.
- supported Workplace Health and Safety priorities particularly relating to mental health. All staff and volunteers were invited to attend a presentation of The Resilience Project to provide techniques and suggestions in building personal resilience and reducing stress.

### Leadership development

Our leadership journey has included quarterly people leader forums with people from all levels of leadership coming together to explore various elements of engagement and develop actions and interventions. Senior management have participated in a 360 degree feedback process with ongoing coaching to provide insight and enhance their leadership styles. Frontline and emerging leaders have participated in highly experiential development programs. These programs included:

- 'Leader as Coach Mk II' coaching program , which resulted in a total of 15 of our leaders being trained as Master Coaches and, subsequently, involved an over 50 employees from a variety of roles in group

coaching. The coaching sessions were delivered over six months and were aimed at enabling people to realise their potential by focusing on how to eliminate or work with barriers.

- an Emerging Leaders Program which focuses on self-leadership skills including strengths, productivity and communication skills. 13 participants from across a variety of roles are participating in this program to prepare them for future leadership opportunities.
- a highly experiential Developing Leaders Program targeting frontline leaders. This is the second such program which builds on the success of the 2016-17 program. This round has 10 participants engaged in an interactive program that encompassing the facets of leading self, leading others and leading the organisation.
- emotional intelligence and character strengths awareness. With the objective of creating awareness and strengthening resilience these programs have included a self-assessment followed by one-on-one debrief and coaching. Group workshops have been facilitated on common topics such as 'Empathy' or 'Self-Awareness'.
- a series of fundamental supervisory training modules within our bi-annual Leading@SurfCoast program, which provides employees in leadership roles with an understanding of our management policies, procedures and practices in relation to employment.

The team also coordinated the delivery of training as shown in Table 10, representing 1,362 employee training places, in the areas of:

- leadership (eg supervisory skills, leading people, developing leaders, leadership styles)
- corporate (eg induction, general organisational information, fundamental skills including facilitation, customer service, mental health, productivity)
- compliance (eg general safety, manual handling, SunSmart, code red, code of conduct, workplace health and safety)
- skills (eg business skills, technical job requirements, IT, equipment and machinery use, internal systems and processes)
- professional development (eg conferences, seminars, expos and special interest groups, clinics, qualification maintenance, industry updates)
- job-specific (individual role-specific training via external providers).

### **Workplace health and safety**

Our focus on health and safety across the organisation during 2017-18 was vital in maintaining our international standard OHSAS 18001.2007 and Australian/New Zealand standard AS 4801.2001 accreditations.



Surf Coast remains one of the few non-metropolitan shires to undertake this accreditation process, indicating our commitment to employee and volunteer health and safety.

The Workplace Health and Safety Committee maintained its proactive focus on addressing various workplace issues, including targeted strategies to prevent manual handling injuries in high risk roles, increasing awareness of safety, identifying strategies to ensure Council remains a psychologically healthy workplace.

In total six lost time injuries were recorded for the year. Effective return-to-work processes remain the priority for supporting injured workers. In all six cases, the worker has returned to work.

Council partnered with IPAR to develop and deliver a program to:

- prevent injuries by reducing exposure to high risk activities and ways of working through risk assessments, task re-design and ways of working that are supported by WHS policies and work instructions

- reduce the frequency of injuries by changing the behaviour of employees in relation to their physical self-care through education and regular practice on both manual handling techniques and muscular-skeletal wellbeing
- minimise the consequence of injuries by improving physical resilience and speed recovery times through proactive treatment programs and ongoing strength training
- support the delivery of the Surf Coast Shire's People and Culture strategy.

This included undertaking individual and team observations to identify key manual handling risks, poor manual handling techniques and identify equipment requiring specific manual handling requirements.

A tailored Strong4Life program was initiated incorporating Council's specific policies, procedures and reporting processes. Individually customised improvement plans were developed to minimise the potential of workplace injury. These plans incorporate goals, timeframes and responsibilities for the worker to build their physical resilience for both at work and at home.

To promote the topic of safety within our culture, Council partnered with Deakin University to establish a positive and engaging campaign aimed at changing the stigma around reporting health and safety issues. Using real life stories and experiences from employees that enticed an emotive reaction and enabled staff to relate to the stories and people. Interactive activities and conversation starters were developed with a variety of topics – from when to wear sunscreen, to listing personal protective equipment and explaining Council's valuable Employee Assistance Program. Personal stories of employees' experiences with health and safety were featured on colourful and creative 'Let's Talk Safety' posters that featured 'Our Safety Family' – made up of characters created in GIF form and featured on posters and the company intranet. Catchy slogans such as 'Use your brain, avoid the strain' and 'Do it the safe way, do it the right way, do it every day' also appeared around the building and on internal communication channels. Safety is a regular agenda item on all team meetings and staff are continuing to suggest ideas for future Let's Talk Safety stories. Hazard reporting has increased and lost time due to injuries has decreased.

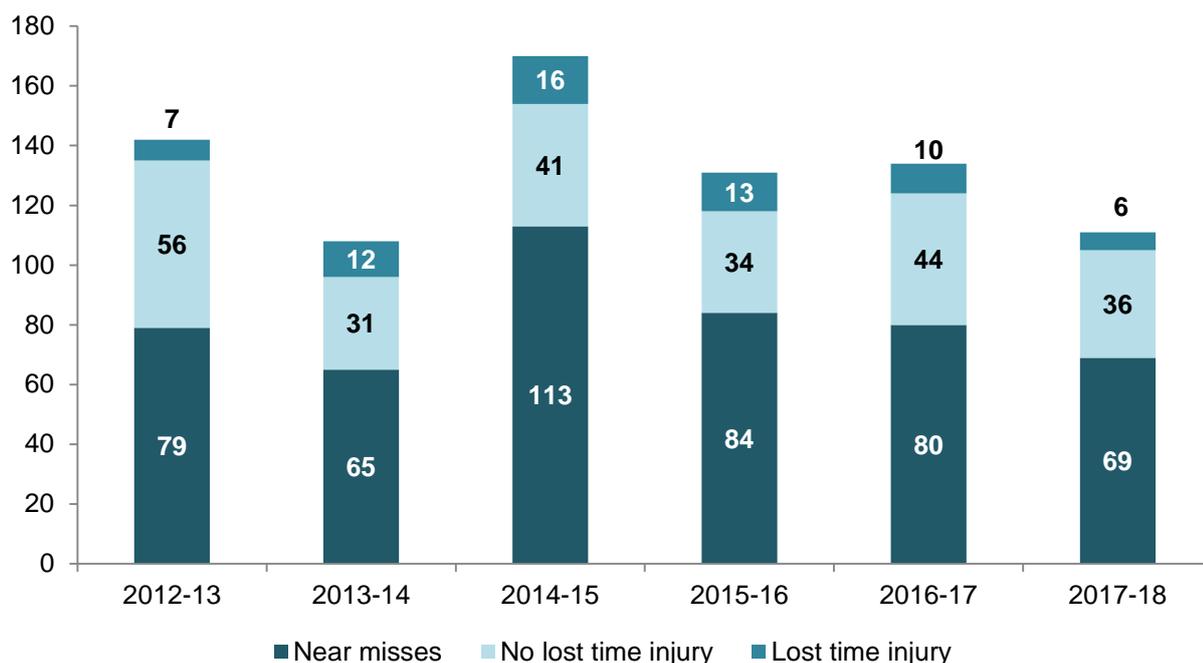
Council was recognised at the 2018 Skin & Cancer Foundation Healthy Skin Awards. Acknowledgement was received of the number and breadth of the different strategies that Surf Coast has in place to help employees stay skin safe. These initiatives include a proactive approach to skin health through our long long policy, extreme heat, provision of PPE and sunscreen, and providing education and information.

With increasing rates of mental health issues within the community Council recognises that our staff are not immune. A holistic psychological wellbeing plan has been established and will continue to be implemented in 2018-19. Initiatives to support the mental wellbeing of our staff included The Resilience Project, Mental Health First Aid training, Mental Health Awareness training, provision of an Employee Assistance Program.

Our Workplace Health and Safety team involved employees in a variety of activities, including a breakfast speaker to address outdoor employees on mental health, and a practical demonstration on snake awareness for employees involved in outdoor activities, including those who work in bush kinder and environmental safety.

In addition to attending regular toolbox meetings, communication via the Shire Wire intranet helped promote health and wellbeing, safety issues and news, WorkSafe updates and other internal initiatives related to workplace safety.

**Figure 10: Incidents reported 2012-18**



While incident reporting rates were lower in 2017-18 as shown in Figure 10, reflecting Council’s success in proactively minimising injuries and promoting safe work practices, a structured program of audits and risk assessments identified a further 49 hazards, with 206 appropriate mitigation actions or broader continuous improvement processes identified.

Our Health and Safety committee met quarterly to review safety practices and outcomes throughout the organisation. Representation on this committee is voluntary, and all Health and Safety representatives demonstrate strong and proactive support of safety with all committee positions fully subscribed.

**Swellness program**

Our successful health and wellbeing program *Swellness* delivered a program to employees across three pillars of healthy bodies, healthy minds and healthy workplaces. This program is aligned with the recommendations of WorkSafe Victoria and aims to improve the productivity and effectiveness of employees by influencing their health and wellbeing. A calendar of events was delivered which included:

- team challenge on healthy lifestyle
- regular communications on holistic health topics
- nutritional education and demonstrations
- physical activities
- health checks through GMHBA
- flu vaccinations
- financial education.

Employees have been consulted in the development of the 2018-19 *Swellness* program, which will be further aligned to the G21 regional best practice Achievement Program.

**Our volunteers**

Volunteers are integral to our organisation and our community. Council is committed to offering meaningful volunteer opportunities and creating an environment where volunteers can thrive. During 2017-18, over 200 people volunteered their time and skills to help Council deliver important services to community members and visitors.

Volunteer numbers for the year included:

- Delivered meals – 43
- Visitor Information Centres – 86
- Australian Surfing Museum – 2
- Café Support Program – 1 (other volunteers as required)
- Youth events – occasional (uncounted)
- Maternal Child Health – 1
- Early Years – 4
- Emergency management – occasional (uncounted)
- Musical Mornings and shopping trips – occasional (uncounted)
- Section 86 committees – 63.

As indicated in Table 11, the economic value of volunteer services provided through our Delivered Meals, Early Years, Café Support Program and Visitor Information Centres/Australian National Surfing Museum, equated to more than \$419,000 in 2017-18.

**Table 11: Economic value of volunteer services 2017-18**

Volunteer service	Total volunteer hours	Estimated economic value*
<b>Visitor Information Centres/ Australian Surfing Museum</b>	11,241	\$392,198
<b>Delivered Meals</b>	347	\$12,106
<b>Early Years</b>	260	\$9,071
<b>Café Support Program</b>	171	\$5,966
<b>Total</b>	12,019	\$419,341

*\*Economic value is calculated according to the formula and hourly rate specified in the G21 Geelong Region Alliance Volunteering Strategy (2012).*

During the past year, Council also hosted eight Surf Coast Secondary College students on work experience placements for a week, during which time we sought to expose them to a wide variety of operational areas and opportunities to explore potential future career options. As a result of Council's partnership with Deakin University, the program was expanded in 2017-18 to incorporate internships.

# Report of operations

For the year ended 30 June 2018

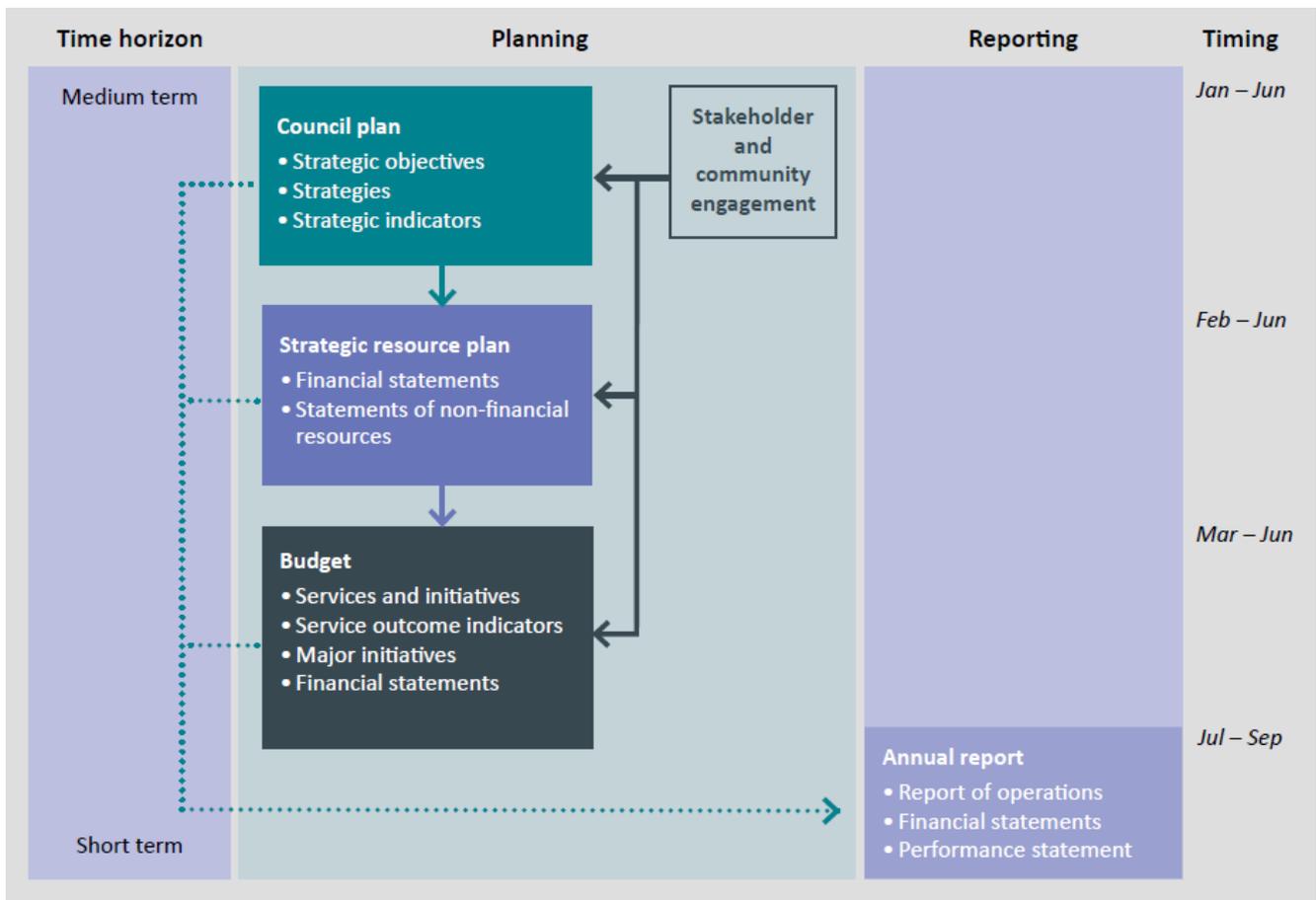
## OUR PERFORMANCE

### Planning and accountability framework

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

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

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



## Council plan

The Council Plan 2017-21 includes themes, strategic objectives, strategies for achieving these for the four year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the five themes as detailed in the Council Plan.

Theme		Council's Commitment	Strategic Objectives
<b>1. Community wellbeing</b>		We will create an inclusive community where everyone can participate and contribute	<ul style="list-style-type: none"> <li>Support people to participate in and contribute to community life</li> <li>Support people to be healthy and active</li> <li>Improve community safety</li> <li>Provide support for people in need</li> </ul>
<b>2. Environmental wellbeing</b>		We will preserve and enhance the natural environment	<ul style="list-style-type: none"> <li>Drive the use of renewable energy</li> <li>Improve the re-use of resources</li> <li>Support local food production</li> <li>Retain and enhance rural land for appropriate and sustainable uses</li> </ul>
<b>3. Balancing growth</b>		We will provide for growth whilst ensuring the intrinsic values and character of the shire are retained	<ul style="list-style-type: none"> <li>Ensure infrastructure is in place to support existing communities and provide for growth</li> <li>Strengthen township boundaries and support unique township character</li> <li>Understand and manage the impact of population and visitation growth in neighbouring municipalities and our own shire</li> </ul>
<b>4. Vibrant economy</b>		We will support innovative, sustainable businesses and activities that create jobs and are valued by the community and visitors	<ul style="list-style-type: none"> <li>Support the creation and retention of jobs in existing and new businesses to meet the needs of a growing community</li> <li>Facilitate high quality events throughout the year</li> <li>Strengthen the vitality of town centres</li> <li>Support key industry sectors such as surfing, tourism, home based, construction and rural businesses</li> </ul>
<b>5. High performing Council</b>		We will deliver valued services to the community	<ul style="list-style-type: none"> <li>Ensure Council is financially sustainable and has the capability to deliver strategic objectives</li> <li>Ensure that Council decision making is balanced and transparent and the community is involved and informed</li> <li>Provide quality customer service that is convenient, efficient, timely and responsive</li> <li>Ensure the community has access to the services they need</li> </ul>

## Performance

Council's performance for the 2017-18 year has been reported against each theme to demonstrate how Council performed in delivering on the first year of the Council Plan 2017-21. Performance has been measured as follows:

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

### Strategic indicators

The Council Plan includes 10 strategic indicators that work across the themes, strategic objectives and strategies of the plan to demonstrate Council's performance in delivery on the plan.

Strategic Indicator		Timing	Actual 30 June 2017	Target 30 June 2018	30 June 2018 end-of-year		
					Result	Comment	
1.	Improvements in overall quality of life and reported on the following cohorts:- People under 25 People over 65 People with disabilities	Annual	Baseline to be developed	To be developed	Baseline to be developed	Development of this indicator has been delayed to 2018-19.	
2.	25% of energy is from renewable sources by 2020	Annual	6%	12%	9%	This result was impacted by the growth experienced within our municipality. Between 2016 and 2017 the shire's total energy consumption grew by approximately 8GWh per annum (6%). This includes 5.5 GWh of non-renewable energy and growth in renewable generation accounting for approximately 2.5GWh.	
3.	An increase in housing in Winchelsea and Moriac	Annual	<u>Lots per year</u> Moriac = 1 Winchelsea = 5	To be developed	<u>Lots per year</u> Moriac = 1 Winchelsea = 28	Winchelsea continued to reflect strong growth in both new lots created this year	

Strategic Indicator		Timing	Actual 30 June 2017	Target 30 June 2018	30 June 2018 end-of-year	
					Result	Comment
			<u>Housing starts</u> Moriac = 1 Winchelsea = 14		<u>Housing starts</u> Moriac = 5 Winchelsea = 31	and housing starts, confirming market demand in Surf Coast's secondary growth area. Moriarc is predicted to increase rapidly next year as a new development stage comes on line.
4.	Maintain satisfaction in planning for population growth in Torquay / Jan Juc	Annual	Annual Community Satisfaction Rating for Population Growth 2017 = 51	51	49	Council has a range of strategic planning initiatives that are aimed at understanding and addressing population growth. It is anticipated that these will assist in addressing community satisfaction.
5.	Increased access to public transport including trains, public buses and community buses.	Annual	Baseline to be developed	To be developed	Baseline to be developed	Council has sought baseline date from Public Transport Victoria (PTV) and V/line. Council is continuing to work with Government departments to deliver a public transport route between Anglesea and Waurm Ponds. This work has progressed with the development of options for the government to consider.

Strategic Indicator		Timing	Actual 30 June 2017	Target 30 June 2018	30 June 2018 end-of-year	
					Result	Comment
6.	Rolling median unemployment rate for the shire does not exceed 3.5%	Twice yearly	Sept. 2017 2.5%	=/<3.5%	2.43%	The Surf Coast Shire unemployment rate as at March 2018 was 2.43%. End of year results are not available yet.
7.	Meet the financial benefits targets in the long term financial plan	Annual	\$453,000	\$550,000	\$557,793	This favourable result comprises recurrent savings from 12 review projects conducted during the year in the Business Improvement, Business Case, and Digital Transformation realms.
8.	Increase in the number of digital transactions with Council including a. self- service transactions (number of on-line forms available)/ b. Completion of forms	Twice yearly	Baseline to be developed	To be developed	38  1,111	38 individual digital forms available on Council's website as at 30 June.  1,111 digital forms completed on Council's website for the quarter 1 April to 30 June 2018.
9.	Increased performance rating for Customer Service in the Annual Community Satisfaction in Local Government Survey	Annual	Annual Community Satisfaction Rating for Overall performance 2017 = 61	>61 (life of plan)	62	Annual Community Satisfaction Rating for Overall Performance increased by 1 point on 2017 results to 62.
10.	80% of planning permit applications are determined within 60 statutory	Twice yearly	PPARS result 71.02%	80%	82%	The 80% target has been exceeded as a result of implementing a

Strategic Indicator	Timing	Actual 30 June 2017	Target 30 June 2018	30 June 2018 end-of-year		
				Result	Comment	
days by the end of the term of the plan					program of customer focused improvement.	

**Legend**

Work in progress	Met or exceeded	Not met

## Community wellbeing



This theme represents an inclusive community where everyone can participate and contribute. As a result, Council is committed to the following strategic objectives:

- support people to participate in and contribute to community life
- support people to be healthy and active
- improve community safety
- provide support for people in need.

### Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget.

Major Initiatives	Progress
Torquay / Jan Juc Social Infrastructure Needs Study  Adopted Budget 2017-18: \$48,000  Actuals 2017-18: \$32,125	Community consultation and Council discussion complete. Draft study to be presented in early 2018-19.

### Service Performance

This section outlines the activities and initiatives for Council services and key strategic activities.

Description of Services Provided	Net Costs (Income)
	<u>Amended Budget</u> Variance \$'000
<b>Communications, Community Engagement and Advocacy</b> This service is responsible for coordinating Council communications, including liaising with media, formulating media releases, preparing publications and delivering digital communication. The unit also provides support to the mayor and councillors in regard to media matters. Council's community engagement and advocacy activity is led and supported by the unit.	1,024 <u>1,045</u> 21
<b>Community Emergency Management</b> This service assists community and Council plan for, respond to and recover from all potential emergencies and their consequences. This includes coordinating arrangements for the utilisation and implementation of Council resources in response to emergencies and arrangements for the provision of assistance to the community during recovery from emergencies. The unit prepares and maintains fire and other emergency management plans integrated with other local, regional and state plans. The unit also delivers fire prevention programs under the CFA Act and community resilience outreach programs with high risk communities.	629 <u>706</u> 77
<b>Community Health and Development</b> This program area aims to support communities to be resilient and empowered through creating inclusive communities where everyone can participate and contribute. The unit is responsible for implementing many Council Plan strategies under the pillar of Community Wellbeing, addressing issues such as: Preventing Violence Against Women, Gender Equity, Community Safety, Community Development, Healthy Eating and Physical Activity, Communities of Place and Interest, Volunteering and Alcohol, Tobacco and Other Drugs.	282 <u>321</u> 39

Description of Services Provided	Net Costs (Income)
	Amended Budget Variance \$'000
<p><b>Early Years and Youth</b></p> <p>This service aims to support families, children and young people to achieve their full potential. This is achieved through the provision of family oriented support services including kindergartens, toy libraries, <u>maternal and child health</u>, youth development programs, family day care, vacation and occasional care programs. The unit also supports playgroups, visiting specialists and the provision of access to facilities and services. Revenue in this area is generated mainly from government grants and user service fees.</p>	<p>1,803</p> <p><u>1,874</u></p> <p>71</p>
<p><b>Facilities and Open Space Operations</b></p> <p>This service maintains and renews a wide range of Council facilities and associated infrastructure (e.g. recreation, early years, public toilets, community halls). It is responsible for managing and programming several sports and multi-purpose community facilities including <u>aquatic facilities</u>, which provide a source of income through user fees. The unit also maintains and develops Council's parks and open space assets (e.g. recreation reserves, playgrounds, skate parks, trees, nature reserves). As a Council support service, \$0.9 million is distributed as corporate overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.</p>	<p>6,189</p> <p><u>6,416</u></p> <p>227</p>
<p><b>Library and Arts Development</b></p> <p>This service provides a varied program of arts and cultural activities. Council develops policies and strategies to facilitate art practice often in partnership with community members. The function is also responsible for the provision of <u>library</u> services and manages a service agreement with the Geelong Regional Library Corporation. Library services are provided at the Torquay branch and across the municipality with a mobile service.</p>	<p>834</p> <p><u>848</u></p> <p>14</p>
<p><b>Open Space Planning</b></p> <p>The open space activities of Council include ensuring that the management of public open space is conducted with a focus on environmental planning. The Open Space Planning unit is responsible for planning the development of public open space and working closely with community groups.</p>	<p>234</p> <p><u>228</u></p> <p>(6)</p>
<p><b>Positive Ageing</b></p> <p>This service provides a range of home and community care and social support services for older people and people with a disability to assist them to remain independent and active participants in the community. Services include assessment, home delivered and community meals, in-home domestic assistance and personal care, home maintenance and modifications, senior citizens, café style support programs, service coordination, respite and community development activities. Revenue in this area is generated mainly from government grants and user service fees.</p>	<p>1,278</p> <p><u>1,350</u></p> <p>72</p>
<p><b>Recreation Planning</b></p> <p>This service plans for the development and management of Council facilities with a primary focus on recreation and multi-purpose facilities. It is responsible for assessing community-led recreation projects and delivering numerous recreation and open space projects and policies. The unit also focuses on community capacity building via community development activities and grants.</p>	<p>808</p> <p><u>807</u></p> <p>(1)</p>

## Service performance indicators

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

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Home and Community Care (HACC)</b>					
<b>Timeliness</b>					
<i>Time taken to commence the HACC service</i>	0.00	21.91	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]					
<b>Service standard</b>					
<i>Compliance with Community Care Common Standards</i>	78.00%	100.00%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100					
<b>Service cost</b>					
<i>Cost of domestic care service</i>	\$0.00	\$69.42	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Cost of the domestic care service / Hours of domestic care service provided]					
<b>Service cost</b>					
<i>Cost of personal care service</i>	\$0.00	\$62.38	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Cost of the personal care service / Hours of personal care service provided]					
<b>Service cost</b>					
<i>Cost of respite care service</i>	0.00	67.68	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Cost of the respite care service / Hours of respite care service provided]					

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Participation</b>					
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	27.00%	26.99%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	13.00%	20.75%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
<b>Libraries</b>					
<b>Utilisation</b>					
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	8.84	8.92	8.94	8.60	Collection use high compared with state average 4.5. Slight decrease 2017-18 due to less visits in period.
<i>Resource standard</i> <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	85.00%	77.92%	76.80%	76.89%	Standard favourable compared with state average 65%. New libraries with new collections increase standard of collection indicator. No new libraries in region in past 5 years.
<i>Service cost</i> <i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$4.31	\$5.27	\$5.36	\$5.84	Service cost less than state average. Slight increase in 2017-18 due to less visits in period.
<i>Participation</i> <i>Active library members</i> [Number of active library members / Municipal population] x100	19.00%	19.88%	19.43%	18.77%	Participation levels in the library service have remained relatively consistent over the last four years; however some resourcing challenges in areas that primarily support and promote children and youth services in the library may have impacted the active membership in this membership cohort.

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Maternal and Child Health (MCH)</b>					
<b>Satisfaction</b>					
<i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	98.00%	101.76%	98.45%	96.78%	Variation is within the threshold. The very small variation is likely due to the child being 2 weeks old before first visit.
<b>Service standard</b>					
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	94.00%	97.06%	99.07%	102.41%	Variation is within the threshold reflects the small increase of families transferring in to the service.
<b>Service cost</b>					
<i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$0.00	\$88.06	\$82.62	\$85.54	Lower figure may in part be due to the banding levels of employees and lower salary cost with the employment of new staff.
<b>Participation</b>					
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	72.00%	74.77%	78.42%	77.40%	The service recorded a small decrease in performance over the last 12 months despite growth in both the number of children participating in the maternal and child health service (+4%) and the number of children enrolled at the end of year (+5%). Over the last 4 years the number of children attending the MCH service at least once in the year has increased by over 5%. Many young families living in the shire commute to adjoining municipalities for work contributing to the transfer of 64 children out of the M&CH service over the last 12 months. Council is exploring ways to provide maternal and child health services to children in long day care facilities to streamline service provision for families.

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>	76.00%	68.00%	81.25%	94.12%	One of the key focus areas in Council's 2017-18 service improvement plan was to increase participation rates for aboriginal children. Work in this area has resulted in a 15.84% increase in participation levels compared to 2016-17 results.
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100					

## Environmental leadership



This theme represents preserving and enhancing the natural environment. As a result, Council is committed to the following strategic objectives:

- drive the use of renewable energy
- improve the re-use of resources
- support local food production
- retain and enhance rural land for appropriate and sustainable uses.

### Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget.

Major Initiatives	Progress
Street Light Upgrade Program (Actual: \$193,123 Adopted Budget: \$228,000)	Progressive street light upgrade from halogen to LED light fittings progressed during the financial year. Remaining budget carried forward into 2018/19 along with the new 2018/19 budget allocation of \$386,000.

### Service Performance

This section outlines the activities and initiatives for Council services and key strategic activities.

Description of Services Provided	Net Costs (Income)
	<u>Amended Budget</u>
	Variance \$'000
<b>Environment</b>	
This service ensures that Council complies with Victorian and Commonwealth Government legislative requirements regarding the environment, including: native vegetation; listed species and ecological communities; pest plants and animals; and statutory planning referrals. A wide range of Council Plan strategies related to pest plant and animal management, sustainability, environmental leadership and climate change are also delivered. The unit is the designated land manager for Council's many nature reserves (including the world famous Bells Beach Surfing Recreation Reserve), 1500km of rural roadsides and also some waterways. The unit provides specialist environmental and sustainability advice internally to Council and externally to community groups, local businesses, agencies and members of the public.	1,253 <u>1,299</u> <b>46</b>
<b>Waste Management</b>	
The Waste Management function involves management of Council's landfill and transfer stations, <u>waste collection</u> including kerbside rubbish collection and street cleaning and maintenance of street litter bins. The Waste Management unit has a strong focus on community education and waste services planning. Revenue in this area is generated mainly from garbage collection fees. The annual variance is	(3,222) <u>(2,813)</u> <b>409</b>

Description of Services Provided	Net Costs (Income)	
	Amended Budget	
	Variance	
	\$'000	
attributed to the waste disposal fees at the Anglesea, Lorne and Winchelsea facilities being favourable to budget due to higher usage.		

### Service performance indicators

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

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Waste Collection</b>					
<b>Satisfaction</b>					
<i>Kerbside bin collection requests</i>	73.80	68.46	88.94	107.46	The number of new service requests has increased from 1,601 in 2016-17 to 1,962 in 2017-18 in keeping with the increase of residential development during this period.
[Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000					
<b>Service standard</b>					
<i>Kerbside collection bins missed</i>	3.35	3.40	4.39	6.30	Cleanaway advised that there had been an increase in instances where CRMs had been raised for missed services when they hadn't actually been past the property yet. i.e. they had been recorded as missed services when in fact they weren't.
[Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000					
<b>Service cost</b>					
<i>Cost of kerbside garbage bin collection service</i>	\$39.90	\$83.65	\$86.36	\$83.54	Long term contracts are in place for the kerbside collection service and the rates reflect the tendered rates.
[Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]					
<b>Service cost</b>					

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<p><i>Cost of kerbside recyclables collection service</i></p> <p>[Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]</p>	\$29.77	\$31.26	\$30.92	\$31.49	Long term contracts are in place for the kerbside collection service and the rates reflect the tendered rates.
<b>Waste diversion</b>					
<p><i>Kerbside collection waste diverted from landfill</i></p> <p>[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100</p>	55.00%	54.26%	54.76%	55.06%	Council has maintained its waste diverted from landfill at a constant level. The rate in 2017-18 was marginally up even though the publicity around the recycling industry was having a negative impact. Council is introducing a food organic and garden organic program in 2018-19 which will have a dramatic impact in the 2019-20 financial year. It is anticipated a minimum of a 20% increase in waste diverted from landfill.

## Balancing growth



This theme represents providing for growth whilst ensuring the intrinsic values and character of the shire are retained. As a result, Council is committed to the following strategic objectives:

- ensure infrastructure is in place to support existing communities and provide for growth
- strengthen township boundaries and support unique township character
- understand and manage the impact of population and visitation growth in neighbouring municipalities and our own shire.

### Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget.

Major Initiatives	Progress
Municipal Strategic Statement Review Adopted Budget 2017-18: \$88,000 Actuals 2017-18: \$0	Scope and budget carried forward into 2018/19 to enable review of planning changes proposed by state government.

### Service Performance

This section outlines the activities and initiatives for Council services and key strategic activities.

Description of Services Provided	Net Costs (Income)
	Amended Budget Variance \$'000
<b>Asset Management</b> This service is responsible for integrated and prioritised capital works planning. This includes development and implementation of asset management plans for planning for the expansion of Council's asset portfolio for the needs of a growing population, as well as planning the renewal management of Council's existing Infrastructure. In addition the function manages and maintains Council's fleet portfolio as well as subdivision design approval and works inspections which generate fee revenue. As a Council support service, \$1.2 million is distributed as corporate overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.	(400) 306 <b>706</b>
<b>Engineering Services</b> This service is responsible for the design of traffic and drainage infrastructure projects. They also manage traffic management, street lighting and bus shelters throughout the shire. Revenue in this area is generated mainly from government grants received and user service fees.	1,465 1,454 <b>(11)</b>
<b>Gherang Gravel Pits</b> Revenue in this service area relates to gravel pit royalties. Expenditure relating to this service relates to Crown royalty and leasing costs, maintenance, management and associated fees.	(283) (273) <b>10</b>

Description of Services Provided	Net Costs (Income)
	<u>Amended Budget</u> Variance \$'000
<b>Planning and Development</b>	
This service is responsible for municipal building surveying and strategic and <b>statutory planning</b> . It includes processing all planning applications, providing advice and assessing development proposals which require a planning permit, and representing Council at the Victorian Civil and Administrative Tribunal where necessary. It is also responsible for monitoring Council's planning scheme, developing land use policy and preparing and processing amendments to the Planning Scheme. Review of policies and strategies relating to urban design issues are also processed under this function. Revenue in this area is generated mainly from government grants and user service fees.	2,266 <u>2,438</u> <b>172</b>

### Service performance indicators

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

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Animal Management</b>					
<b>Timeliness</b>					
<i>Time taken to action animal management requests</i>	0.00	1.00	1.00	1.00	Current practice is to initiate action on animal management requests within 1 day.
[Number of days between receipt and first response action for all animal management requests / Number of animal management requests]					
<b>Service standard</b>					
<i>Animals reclaimed</i>	87.00%	85.48%	91.07%	90.85%	129 animals were reclaimed by owners during 2017-18, a slight decrease on 2016-17 results.
[Number of animals reclaimed / Number of animals collected] x100					
<b>Service cost</b>					
<i>Cost of animal management service</i>	\$57.18	\$55.96	\$57.03	\$42.93	Council has prioritised the improvement of its animal management service in recent years, resulting in a significant reduction in customer action requests and a corresponding reduction in direct costs.
[Direct cost of the animal management service / Number of registered animals]					

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Health and safety</b>					
<i>Animal management prosecutions</i>	3.00	0.00	0.00	0.00	There were no animal management prosecutions initiated during 2017-18. Council has adopted a new Domestic Animal Management Plan in 2017-18 and will continue to focus on education.
<b>Statutory Planning</b>					
<b>Timeliness</b>					
<i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	76.00	90.00	48.00	48.00	Continued implementation of the Planning Customer Service Program since 2014 -15 has improved the level of service with 48 days achieved for consecutive years.
<b>Service standard</b>					
<i>Planning applications decided within required time frames</i> [(Number of regular planning application decisions made within 60 days) + (Number of VicSmart planning application decisions made within 10 days) / Number of planning application decisions made] x100	65.00%	56.02%	71.02%	78.73%	Improved result due to a program of reforms and lower volumes
<b>Service cost</b>					
<i>Cost of statutory planning service</i> [Direct cost of the statutory planning service / Number of planning applications received]	\$1,747	\$1,471	\$1,141	\$1,480	A difference in the number of applications received resulted in a higher per application cost.
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	75.00%	76.47%	80.95%	50.00%	The 50 % relates to eight matters of out of 16 that were appealed to VCAT. Of the Council decisions not upheld, two were successfully resolved through mediation and one decision was largely upheld.

## Vibrant economy



This theme represents supporting innovative, sustainable businesses and activities that create jobs and are valued by the community and visitors. As a result, Council is committed to the following strategic objectives:

- support the creation and retention of jobs in existing and new businesses to meet the needs of a growing community
- facilitate high quality events throughout the year
- strengthen the vitality of town centres
- support key industry sectors such as surfing, tourism, home-based construction, and rural businesses.

### Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget.

Major Initiatives	Progress
<p>Great Ocean Road Gateway. Renamed Great Ocean Road Experience during 2017-18.</p> <p>Adopted Budget 2017-18: \$85,000</p> <p>Actuals 2017-18: \$85,840</p>	<p>In August 2017, Council consolidated the Surfing Museum Concept Design and Great Ocean Road Gateway project budgets as the combined scope will result in more effective delivery. The project was renamed as the 'Great Ocean Road Experience'. The work completed as part of the project has been presented to a Council Briefing.</p>

### Service Performance

This section outlines the activities and initiatives for Council services and key strategic activities

Description of Services Provided	Net Costs (Income)
	<u>Amended Budget</u> Variance \$'000
<p><b>Civil Works</b></p> <p>This service is responsible for the construction, maintenance and day-to-day operation of Council's sealed and unsealed <u>road</u> network, ensuring that it can support day-to-day activities including businesses moving customers, supplies and products across the shire. The Civil Works team also maintains drains and footpaths and other civil infrastructure. In undertaking these responsibilities, the unit is also required to source and manage contracting services to assist with the completion of works, regularly review the standard and cost of materials, and to keep up to date with improved work practices.</p>	<p>4,255</p> <p><u>4,166</u></p> <p><b>(89)</b></p>
<p><b>Development Compliance and Local Laws</b></p> <p>These diverse services support the economy through overseeing issue and compliance with Building development controls and planning enforcement, permits for footpath trading, local law enforcement and Victorian Government agencies enforcement activities,. This service provides staff at school crossings to ensure that all pedestrians are able to cross the road safely. It also provides <u>animal management</u> services including a cat trapping program, a dog and cat collection service, a lost and found notification service, a pound service, a registration and administration service, an after-hours service and an emergency service. Revenue in this area is generated mainly from the issuance of infringement notices.</p>	<p>1,165</p> <p><u>974</u></p> <p><b>(191)</b></p>

Description of Services Provided	Net Costs (Income)	
	Amended Budget	Variance
	\$'000	
<b>Economic Development and Tourism</b>		
The Economic Development and Tourism service is responsible for business engagement and support, grants administration, tourism marketing, visitor centres, event facilitation and the Australia National Surfing Museum. It includes supporting existing business, attracting new business, providing economic data, grants administration, developing business profiles and contributing to local trader groups. Tourism development functions include promoting the conference market, product development and marketing and funding Great Ocean Road Regional Tourism. The service also facilitates a range of small to internationally recognised events via our event liaison team and provides an event grants funding program. Four visitor centres and the Australian National Surfing Museum service and distribute information to visitors. Revenue in this area is generated mainly from Museum and Visitor Information Centre sales.	2,475	
	<u>2,546</u>	71
<b>Environmental Health</b>		
This service provides public and environmental health protection services to the community and ensures Council complies with its legislative duties. Services include: <b>food safety</b> – registration and monitoring compliance of food, accommodation, caravan parks and health (hairdressers, tattooist, beauty etc.) businesses; Inspection and issuing permits for wastewater treatment systems and septic tanks; Investigations of public health complaints such as nuisances, food safety, pest control, noise, emissions, odour, pollution, asbestos, water quality; Customer Services/Expert Advice on public and environmental health matters; Public health emergency response; and Childhood and School Immunisation Services. Revenue is generated mainly from health registration fees.	657	
	<u>674</u>	17

### Service performance indicators

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

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Aquatic Facilities</b>					
<b>Satisfaction</b>					
User satisfaction with aquatic facilities (optional) [User satisfaction with how Council has performed on provision of aquatic facilities]	0.00	0.00	0.00	0.00	A customer satisfaction survey was not conducted during 2017-18.

Service Performance Indicators <i>Service/ indicator/ measure</i>	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Service standard</b>					
<i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1.00	0.00	1.00	1.00	Health inspections of Council operated aquatic facilities are required to be conducted once every calendar year. The last health inspection of the Winchelsea Pool was conducted on 28 December 2017.
<b>Health and Safety</b>					
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	0.00	0.00	0.00	There were no reportable incidents during 2017-18.
<b>Service cost</b>					
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$0.00	\$0.00	\$0.00	\$0.00	Council does not operate an indoor aquatic facility.
<b>Service cost</b>					
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$15.09	\$8.40	\$8.13	\$6.89	A 16% increase in visitation resulted in a lower unit cost per visit during 2017-18.
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i>	0.27	0.24	0.23	0.26	Council operates an outdoor pool at Winchelsea on a seasonal basis. Utilisation is influenced by fluctuations in weather conditions. Utilisation is generally consistent over the four year period.
<b>Food Safety</b>					
<b>Timeliness</b>					
<i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	0.00	1.55	2.07	1.63	Council received 24 food related complaints for 2017-18 and followed up on 75% of these within 1 day. Overall performance for the year was an improvement on the previous year's results.

Service Performance Indicators <i>Service/ indicator/ measure</i>	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Service standard</b>					
<i>Food safety assessments</i>	105.00%	104.09 %	107.04%	98.62%	The number of businesses fluctuates throughout the year. Council remains committed to ensuring all food premises receive an annual food safety assessment.
[Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100					
<b>Service cost</b>					
<i>Cost of food safety service</i>	\$743.14	\$521.55	\$510.29	\$440.41	An increase in number of food premises counted (+143) has outweighed increases of food safety service costs (+\$15,531)
[Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]					
<b>Health and safety</b>					
<i>Critical and major non-compliance outcome notifications</i>	100.00%	98.39%	99.37%	98.84%	The decrease in 2017-18 results reflects a number of food premises that closed before the follow-up inspection could be completed.
[Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100					
<b>Roads</b>					
<b>Satisfaction of use</b>					
<i>Sealed local road requests</i>	22.63	17.68	39.51	40.03	Customer requests continue to increase as traffic volumes increase. Current levels of requests have remained steady over the last two years.
[Number of sealed local road requests / Kilometres of sealed local roads ] x100					

Service Performance Indicators <i>Service/ indicator/ measure</i>	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Condition</b>					
<i>Sealed local roads maintained to condition standards</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100	100.00 %	99.65%	100.00%	100.00%	Council has continued its high condition standard at above 99%. The current trend is consistent with the past years.
<b>Service cost</b>					
<i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$27.06	\$59.75	\$29.78	\$69.39	The 2017-18 program consisted of a number of smaller or complex reconstruction jobs contributing to an increase in the square meter rate for the works.
<b>Service cost</b>					
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$8.23	\$8.84	\$6.38	\$6.95	Council awards its annual sealing program each year and the costs are based on the approved rates. Council will consider longer term contracts to try and minimise cost movements.
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	65.00	61.00	61.00	59.00	Satisfaction varies greatly across the municipality with Torquay, Lorne and Anglesea communities rating approx. 20 points higher than the average of similar Councils, but Winchelsea rating lower than the average. Council established a new Road Management Plan at the start of the 2017-18 year and data shows strong compliance against the plan.

## High performing Council



This theme represents delivering valued services to the community. As a result, Council is committed to the following strategic objectives:

- ensure Council is financially sustainable and has the capability to deliver strategic objectives
- ensure that Council decision-making is balanced and transparent and the community is involved and informed
- provide quality customer service that is convenient, efficient, timely and responsive
- ensure the community has access to the services they need

This section outlines the activities and initiatives for Council services and key strategic activities.

### Major Initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2017-18 budget.

Major Initiatives	Progress
<p>Digital Transformation</p> <p>Adopted Budget 2017-18: \$2,000,000</p> <p>Actuals 2017-18: \$580,901</p>	<p>Council is committed to a strategic and constructive response to rate-capping and the restrictions this places on Council's revenue. Central to this response is reforming the way Council delivers services through innovative use of technology and contemporary work practices. As a result, Council will be easy to access and to deal with, convenient, efficient and responsive into the future. The Digital Transformation program will respond to customer's expectations as well as provide important financial benefits into the future.</p> <p>During 2017-18, key progress has seen a number of software upgrades to core systems including planning, finance and information management. The program will be delivered over a number of years and will continue into 2018-19.</p>

### Service Performance

This section outlines the activities and initiatives for Council services and key strategic activities

Description of Services Provided	Net Costs (Income)
	<u>Amended Budget</u> Variance \$'000
<p><b>Business Improvement</b></p> <p>This service leads Council's efforts to identify and implement business improvement opportunities in order to deliver financial, service and other benefits. In particular, realising financial gains is important to ensure Council can deliver and maintain the services and new infrastructure required by our growing community.</p>	<p>380</p> <p><u>380</u></p> <p>-</p>
<p><b>Corporate Planning</b></p> <p>This service coordinates the development of organisational policy, strategy and systems, and provides support in the areas of corporate planning, community satisfaction data, performance measurement and reporting. As a Council support service, \$0.2 million is distributed as corporate overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.</p>	<p>252</p> <p><u>291</u></p> <p><b>39</b></p>

Description of Services Provided	Net Costs (Income)
	<u>Amended Budget</u> Variance \$'000
<b>Customer Service</b>	
This service is responsible for coordinating Council's front of house customer services activities, including attending to customer phone and face to face enquiries. This service includes the recurrent customer experience function that was introduced in the 2017-18 budget which focuses on supporting and enhancing customer service across the organisation.	651 <u>764</u> <b>113</b>
<b>Councillors, Council Support and Executive Services</b>	
This area provides support for the nine elected representatives of Council as well as the four members of the Executive Management Team and includes costs of \$909k that relate to Council administration and meeting support, a portion of <u>governance</u> , legal support, risk management and other corporate overheads. This area also includes actuals of \$122k of Council legal costs and \$25k for strategic partnerships.	3,009 <u>2,966</u> <b>(43)</b>
<b>Financial Management</b>	
This service provides financial services to both internal and external customers of the organisation. The unit is responsible for ensuring that Council complies with its statutory obligations in regard to financial planning and reporting as well as provision of accounting services and management of Council funds. Duties include managing creditors, payroll and financial reporting. The Financial Management unit plays an integral part in Council's long term financial planning processes, the formulation of Council's annual budget, and the regular reporting of Council's financial performance. This function also includes management of raising and collection of Council's primary revenue source, rates and charges. Revenue in this area is generated mainly from debt collection recoupments and receipt of the Financial Assistance Grant. As a Council support service, \$1.4 million is distributed as a corporate overhead to primary services within Council and therefore is not included in the recurrent operations of this service. The early receipt of half the 2018-19 Grants Commission (\$2.1 million) in 2017-18 contributed to the annual variance.	(3,876) <u>(1,519)</u> <b>2,357</b>
<b>Governance</b>	
This service provides statutory and corporate support to the organisation in the development and review of organisational policies and procedures, Council meeting administration, ensuring compliance with legislative requirements, managing Freedom of Information and privacy requests, management of procurement and contracts, Council property administration, maintenance of public registers, Council election services and management of delegations and authorisations. As a Council support service, \$0.6 million is distributed as corporate overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.	10 <u>62</u> <b>52</b>
<b>Information Services</b>	
This service includes two main sections, Information Technology (incl. Geospatial Information systems) and Records Management. The Information Technology area supports the organisations requirements for computer services (incl. provision, support, maintenance, licencing and infrastructure), communications (fixed, mobile and data) and geospatial mapping facilities for Council and external uses. The Records Management area manages document compliance (incl. creating, capturing, classifying and archival maintenance), and processing of incoming and outgoing correspondence. The Information Services unit has the responsibility to support the organisation with a cost effective and efficient technology service which seeks to improve the performance of the organisation. As a Council support service, \$2.4 million is distributed as corporate	115 <u>124</u> <b>9</b>

<b>Description of Services Provided</b>	<b>Net Costs (Income)</b> <b><u>Amended Budget</u></b> <b>Variance</b> <b>\$'000</b>
overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.	
<b>People and Culture</b>	
This service is responsible for supporting the organisation with strategic and operational human resources management and includes learning and development and occupational health and safety. The activities of the unit include developing and implementing strategies, policies and procedures that promote high level human resources and industrial relations services. The unit also supports the organisation in attracting new staff, retaining existing staff and the ongoing development of the skills within Council's work force. As a Council support service, \$1.3 million is distributed as corporate overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.	65 <u>14</u> <b>(51)</b>
<b>Program Management Office</b>	
This service provides leadership, analysis and support for Council's program of projects. This includes a standardised and integrated approach to project management across the organisation to ensure the successful delivery of Council's annual program. It has accountability for the successful management of all program management processes, systems and functions, including the Project Delivery Framework, Project Delivery Process and Program Status Reporting for all capital and operational projects. The \$0.9 million net cost includes \$0.7 million of corporate overheads that have been attributed to the Program Management Office primarily due to the higher volume of financial transactions.	861 <u>912</u> <b>51</b>
<b>Project Management Team</b>	
Provides project management services to Council to enable delivery of the Capital Works Program and many Operational Projects in accordance with defined scope, financial and quality standards. Project management costs are included in project budgets enabling resources to be scaled up and down with the changing size of the program. All direct project costs are cost recovered, the \$0.3 million net cost reflects corporate overheads not cost recovered.	277 <u>272</u> <b>(5)</b>
<b>Risk Management and Legal Services</b>	
This service involves developing and monitoring Council's risk management system, including provision of support to the organisation in relation to managing risk, insurance policies and business continuity. As a Council support service, \$0.4 million is distributed as corporate overhead to the primary services within Council and therefore is not included in the recurrent operations of this service.	212 <u>269</u> <b>57</b>

## Service performance indicators

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

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Governance</b>					
<b>Transparency</b>					
<i>Council decisions made at meetings closed to the public</i>	6.00%	13.90%	14.73%	20.07%	Council remains committed to open and transparent decision making with 38% of confidential resolutions subsequently released to the public. Only 12.41% of Council resolutions remain confidential and these relate mainly to contract, development or personnel/privacy related matters.
[Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of councillors] x100					
<b>Consultation and engagement</b>					
<i>Satisfaction with community consultation and engagement</i>	60.00	54.00	59.00	57.00	Variance may be the result of Council undertaking only a small number of significant projects that have included deliberative community engagement.
[Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]					
<b>Attendance</b>					
<i>Councillor attendance at Council meetings</i>	88.00%	83.95%	81.48%	85.32%	In 2017-18 the councillor attendance rate at ordinary Council meetings was 90.74% and 94% at special Council meetings an increase of 6.48% and 8.33% respectively on 2016-17 results. In addition Council held 4 additional Hearing of Submissions Committee meetings where just under 77% of councillors were in attendance.
[The sum of the number of councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) × (Number of councillors elected at the last Council general election)] x100					
<b>Service cost</b>					
<i>Cost of governance</i>	\$42,184	\$44,127	\$44,888	\$42,876	Cost of governance has remained steady and within the expected range over the four-year period. 2017-18 decrease is not material.
[Direct cost of the governance service / Number of councillors elected at the last Council general election]					

Service Performance Indicators Service/ indicator/ measure	Results				Material Variations and Comments
	2015	2016	2017	2018	
<b>Satisfaction</b>					
Satisfaction with Council decisions [Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community]	58.00	50.00	53.00	52.00	Minor variation over recent years. The most recent survey indicates an improvement in satisfaction with younger people and non-residents, but no material changes with other groups.

# Report of Operations

For the year ended 30 June 2017

## GOVERNANCE, MANAGEMENT AND OTHER INFORMATION

### Governance

#### Council's role

Surf Coast Shire Council is constituted under the Act to provide leadership for the good governance of the municipal district and the local community.

Together the councillors, as 'Council', form Surf Coast Shire's governing body. This is a public statutory body constituted under the *Local Government Act 1989*. As such, Council is recognised as a single entity and councillors only have authority to make decisions as Council members at formally constituted Council meetings.

As a statutory body, Surf Coast Shire Council is one of 79 Victorian councils deriving its role, powers and functions primarily from the *Local Government Act 1989*.

Council has a number of roles including:

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

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

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

#### Attendance at meetings of Council and councillor briefing sessions

Table 12: Council meeting attendance 1 July 2017 to 30 June 2018

Councillors	Cr David Bell	Cr Libby Coker	Cr Clive Goldsworthy	Cr Rose Hodge	Cr Carol McGregor	Cr Brian McKitterick #1	Cr Margot Smith	Cr Heather Wellington	Cr Martin Duke
<b>Ordinary meetings (12)</b>	12	11	10	11	11	9	11	12	11
<b>Special meetings (4)</b>	4	4	4	4	4	3	3	4	4

#1 At the Ordinary Meeting of Council held on 24 April 2018, Council resolved to grant Cr McKitterick a leave of absence from Council for the period of 1 June 2018 to 1 December 2018 inclusive.

**Table 13: Councillor briefing session attendance 1 July 2017 to 30 June 2018**

Councillors	Cr David Bell	Cr Libby Coker	Cr Clive Goldsworthy	Cr Rose Hodge	Cr Carol McGregor	Cr Brian McKitterick #1	Cr Margot Smith	Cr Heather Wellington	Cr Martin Duke
<b>Councillor Briefings (59)</b>	48	41	48	55	58	35	56	19	55

#1 At the Ordinary Meeting of Council held on 24 April 2018, Council resolved to grant Cr McKitterick a leave of absence from Council for the period of 1 June 2018 to 1 December 2018 inclusive.

### Committees of Council

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

- councillors
- Council staff
- other persons
- any combination of the above.

The below is a list of committees established by Council that operated in 2017-18.

#### Advisory Committees

- All Abilities Advisory Committee
- Audit and Risk Committee
- Bells Beach Committee
- Chief Executive Officer Performance Review Committee
- Municipal Emergency Management Planning Committee

#### Section 86 Committees

- Anderson Roadknight Reserve Committee of Management
- Anglesea Bike Park Committee of Management
- Connewarre Reserve and Hall Committee on Management
- Deans Marsh Community Hall and Memorial Reserve Committee of Management
- Eastern Reserve Committee of Management
- Globe Theatre Committee of Management
- Hearing of Submissions Committee
- Modewarre Hall and Reserve Committee of Management
- Planning Committee (Revoked by Council 27 February 2018)
- Stribling Reserve Committee of Management

**Table 14: Hearing of Submissions meeting attendance 1 July 2017 to 30 June 2018**

Councillors	Cr David Bell	Cr Libby Coker	Cr Clive Goldsworthy	Cr Rose Hodge	Cr Carol McGregor	Cr Brian McKitterick #1	Cr Margot Smith	Cr Heather Wellington	Cr Martin Duke
<b>Hearing of Submissions meetings (12)</b>	10	7	5	12	12	7	12	6	12

#1 At the Ordinary Meeting of Council held on 24 April 2018, Council resolved to grant Cr McKitterick a leave of absence from Council for the period of 1 June 2018 to 1 December 2018 inclusive.

## Council representation on committees and peak bodies

Councillors are assigned to represent Council on formal committees, community groups, external working parties and peak bodies. They also participate in a range of community activities and regularly engage with the community, which helps to inform Council decisions and actions.

Councillor assignments for 2017-18 were as shown in Table 15.

Table 15: Councillor assignments 2017-18

Committee/peak body	2017 Delegates	2018 Delegates
<b>Municipal Association of Victoria (MAV)</b>	Cr Coker	Cr Coker
<b>Victorian Local Governance Association (VLGA)</b>	Cr Duke	Cr Duke
<b>Australian Local Government Association (ALGA)</b>	Cr McKitterick	Cr Bell (Mayor)
<b>Geelong Regional Library Corporation (GRLC)</b>	Cr Smith Cr Coker (Sub)	Cr Smith Cr Coker (Sub)
<b>Geelong Heritage Centre Collection Advisory Committee</b>	Cr Smith	Cr Smith
<b>Barwon South West Waste and Resource Recovery Group</b>	Cr Bell	Cr Bell
<b>Great Ocean Road Regional Tourism Inc. (GORRT)</b>	CEO	CEO
<b>G21 Geelong Region Alliance Ltd - Board of Directors</b>	Cr McKitterick (Mayor)	Cr Bell (Mayor)
<b>Audit and Risk Committee</b>	Cr Goldsworthy Cr Smith	Cr Goldsworthy Cr McGregor
<b>Chief Executive Officer Employment Matters Committee</b>	All councillors	All councillors
<b>Municipal Emergency Management Planning Committee</b>	Cr Duke Cr Coker (Sub)	Cr Duke Cr Coker (Sub)
<b>All Abilities Advisory Committee</b>	Cr Wellington	Cr Wellington Cr Hodge (Sub)
<b>Tourism Reference Group</b>	Cr Goldsworthy	Group not formed.
<b>Hearing of Submissions Committee</b>	All councillors	All councillors
<b>Bells Beach Committee</b>	Cr Bell Cr Duke	Cr Bell Cr Duke
<b>Lorne Community Impact Advisory Committee (CIAC)</b>	Cr Goldsworthy	Cr Goldsworthy
<b>Anglesea Community Impact Advisory (CIAC)</b>	Cr Coker Cr Smith (Sub)	Cr Coker Cr Smith (Sub)
<b>Torquay Community Impact Advisory Committee (CIAC)</b>	Cr Bell Cr Duke (Sub)	Cr Duke Cr McKitterick (Sub)
<b>Community Chef</b>	Cr Smith	Appointment not required by Council.

Organisation/Committee	2017 Delegates	2018 Delegates
<b>Hinterland Community Impact Advisory Committee (CIAC)</b>	Cr McGregor Cr Wellington (Sub)	Cr McGregor Cr Wellington (Sub)
<b>25% by 2020 Renewable Energy Task Force</b>	Cr Smith Cr Bell Cr Coker	Cr Duke Cr Smith Cr McGregor
<b>Rural and Peri-Urban Advisory Committee (COGG)</b>	Group not formed.	Cr McGregor Cr Wellington (Sub)
<b><u>G21 Pillars</u></b>		
<b>G21 Economic Development Pillar</b>	Cr McGregor	Cr McGregor
<b>G21 Transport Pillar</b>	Cr Duke	Cr Duke
<b>G21 Arts and Culture Pillar</b>	Cr Smith	Cr Smith
<b>G21 Planning and Services Pillar</b>	Cr Bell	Cr Bell
<b>G21 Health and Wellbeing Pillar</b>	Cr Smith	Manager Aged and Family
<b>G21 Education and Training Pillar</b>	Cr Coker Cr Hodge (Sub)	Cr Coker Cr Hodge (Sub)
<b>G21 Environment Pillar</b>	Cr McGregor	Cr Hodge
<b>G21 Sport and Recreation Pillar</b>	Cr Hodge	Cr Hodge

### Code of conduct

The Act requires councils to develop and approve a Councillor Code of Conduct within 12 months after each general election. On 24 January 2017, Council adopted a revised Councillor Code of Conduct which is designed to:

- assist councillors to maintain the highest standards of conduct and behaviour as well as provide a means to deal with problems they may encounter
- attract the highest level of confidence from Council's stakeholders
- assist the mayor and councillors to discharge the responsibilities of their public office appropriately
- provide an avenue of complaint about Councillor behaviour.

In addition to setting out the Councillor Conduct Principles, the Code also outlines:

- Other conduct definitions under the Act, such as those relating to misuse of position, improper direction, breach of confidentiality and conflict of interest.
- Roles and relationships.
- Dispute resolution procedures.

### Conflict of interest

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

A conflict of interest occurs when a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it.

Council has a comprehensive procedure in place to accommodate the disclosure of conflicts of interest. Declaration of a conflict of interest is a standard agenda item for all Council and Committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflict of interests. During 2017-18, thirty-six conflicts of interest were declared by councillors and Council staff at Councillor Briefings, Council and Hearing of Submissions meetings.

### **Councillor allowances**

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

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

Councils are required to review allowance levels by 30 June in the year following a general election and the allowance level determined remains in effect for the full term of the Council.

Allowance levels are subject to annual automatic adjustments that are announced in the Victorian Government Gazette by the Minister for Local Government. A council can only undertake a further review of its allowance level during its term if:

- the limits set by the Government for any of the categories are changed;
- a council's category status was changed after an annual assessment found extraordinary movements in its population and revenue figures; or
- a council makes a successful submission to a Local Government Panel to have its category changed on the basis of an exceptional circumstances case.

### **Councillor expenses**

In accordance with Section 75 of the Act, Council is required to reimburse a councillor for expenses incurred while performing their duties as a councillor. Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for councillors. The policy provides guidance for the reimbursements of expenses and the provision of resources, facilities and other support to the mayor and councillors to enable them to discharge their duties.

During the reporting period Council continued with quarterly reporting of councillor expenses at ordinary Council meetings and has developed a page on its website to view this information.

Council's Annual Report also includes details of expenses paid by Council, including reimbursement of expenses for each councillor and member of a Council committee.

The details of the allowances and expenses including reimbursement of expenses for each councillor paid by the Council for the 2017-18 year are set out in Table 16.

**Table 16: Councillor Payment Summary between 1 July 2017 to 30 June 2018**

Councillor	Allowances	Expenses Reimbursed			Items Provided			Contributions By Councillor	Total	
		Parking	Phone	Travel	Company Directors Education & Membership	Motor Vehicle	Mobile Phone			Internet
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
<b>Cr Brian McKiterick</b> * #1	47,462	-	-	46	-	3,266	1,733	150	(390)	52,267
<b>Cr Carol McGregor</b>	27,395	-	-	8,445	-	-	1,454	344		37,638
<b>Cr Clive Goldsworthy</b>	27,395	-	-	6,775	-	-	2,085	305		36,560
<b>Cr David Bell**</b>	64,698	-	-	-	909	5,904	491	556		72,558
<b>Cr Heather Wellington</b>	27,395	-	-	-	-	-	385	296		28,076
<b>Cr Libby Coker</b>	27,395	-	-	-	523	-	1,185	379		29,481
<b>Cr Margot Smith</b>	27,395	-	-	8,208	-	-	709	369		36,681
<b>Cr Martin Duke</b>	27,395	-	-	716	-	-	724	219		29,053
<b>Cr Rose Hodge</b>	27,395	-	-	-	-	-	1,386	313	(520)	28,573
<b>Total</b>	<b>303,923</b>	<b>-</b>	<b>-</b>	<b>24,190</b>	<b>1,432</b>	<b>9,170</b>	<b>10,152</b>	<b>2,930</b>	<b>(910)</b>	<b>350,887</b>

**Notes:**

\* Mayor Cr Brian McKiterick (01/07/2017 – 8/11/2017)

\*\* Mayor Cr David Bell (8/11/2017- 30/06/2018)

#1 At the Ordinary Meeting of Council held on 24 April 2018, Council resolved to grant Cr McKiterick a leave of absence from Council for the period from 1 June 2018 to 1 December 2018 inclusive.

## Management

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

### Audit and risk committee

As a formally appointed advisory committee, the Audit and Risk Committee reports to Council and provides appropriate advice and recommendations relevant to its Charter. This enables Council to:

1. Display well-informed, efficient and effective decision-making.
2. Promote and monitor an ethical culture, and comply with any relevant code of conduct.
3. Implement a sound system of risk oversight and management.
4. Implement an effective and efficient internal control system.
5. Protect Council's assets.
6. Protect against litigation and claims.
7. Protect against fraud.
8. Comply with applicable legislation, regulations, standards and policies.
9. Demonstrate quality internal and external reporting.
10. Display effective communications between Council and the internal and external auditors, and provide timely responses to matters arising from audits.

The Committee considers and promotes multiple complex and strategically important corporate matters on a quarterly basis.

Key areas discussed by the Committee over the course of this year included compliance and controls, risk management (including a framework in which to measure and track mitigation), digital transformation strategy, internal audit reports, policy reviews, and financial, management and performance reporting.

A full list of agenda items for the year is included below:

September 2017	February 2018
<ul style="list-style-type: none"> <li>• Outstanding Issues and Actions Report</li> <li>• Chief Executive Officer's Update</li> <li>• Business Improvement Program - Status Report</li> <li>• Digital Transformation Update</li> <li>• Workplace Health and Safety Report - Quarter 4 2016 - 2017</li> <li>• Enterprise Risk Management Report</li> <li>• Internal Auditor Status Report (Grant Thornton)</li> <li>• External Auditor Update (Victorian Auditor General's Office)</li> <li>• Strategic Internal Audit Plan 2018 - 2020</li> <li>• Oversight Agencies Performance Audit Report May - August 2017</li> <li>• Monthly Finance Report - July 2017</li> <li>• Annual Financial Statements 2016 - 2017</li> <li>• Performance Statement 2016 - 2017</li> <li>• Adoption of Council Plan (incorporating the Health and Wellbeing Plan and Strategic Resource Plan) 2017 - 2021</li> <li>• Fraud and Corruption Strategies</li> <li>• Audit and Risk Committee Annual Report 2016 - 2017</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding Issues and Actions Report</li> <li>• Chief Executive Officer's Update</li> <li>• Business Improvement Program - Status Update</li> <li>• Quarterly Program Status Report</li> <li>• Digital Transformation Update</li> <li>• Workplace Health and Safety Report</li> <li>• Enterprise Risk Management Report</li> <li>• Fraud and Corruption Strategies</li> <li>• Internal Auditor Status Report (Grant Thornton)</li> <li>• External Auditor Update (Victorian Auditor General's Office)</li> <li>• Oversight Agencies Performance Audit Report</li> <li>• Quarterly Finance Report - December 2017</li> <li>• Update on Local Government Bill 2018 Exposure Draft</li> <li>• Digital and Social Media Policy</li> <li>• Procurement Policy</li> <li>• Recycling Industry Update</li> <li>• Internal Audit Tender</li> <li>• Next Meeting and Proposed Agenda Outline</li> </ul>

<ul style="list-style-type: none"> <li>• Self-Assessment of Audit and Risk Committee Performance</li> <li>• Next Meeting and Proposed Agenda Outline</li> </ul>	
<b>November 2017</b>	<b>May 2018</b>
<ul style="list-style-type: none"> <li>• Outstanding Issues and Actions Report</li> <li>• Chief Executive Officer's Update</li> <li>• Business Improvement Program - Status Update</li> <li>• Digital Transformation Update</li> <li>• Workplace Health and Safety Report</li> <li>• Enterprise Risk Management Report</li> <li>• Internal Auditor Status Report (Grant Thornton)</li> <li>• External Auditor Update (Victorian Auditor General's Office)</li> <li>• Oversight Agencies Performance Audit Report May - August 2017</li> <li>• Quarterly Finance Report - September 2017</li> <li>• Sale or Exchange of Council Land Policy SCS-013</li> <li>• Tree Risk Management Plan</li> <li>• Results of the 2017 Committee Self-Assessment Survey</li> <li>• Review of Audit and Risk Committee Charter</li> <li>• Audit and Risk Committee Membership</li> <li>• Tender for Provision of Internal Audit Services</li> <li>• 2018 Meeting Dates and Proposed Agenda Outline Next Meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding Issues and Actions Report</li> <li>• Chief Executive Officer's Update</li> <li>• Business Improvement Program Status Report</li> <li>• Quarterly Program Status Report</li> <li>• Digital Transformation Update</li> <li>• Child Safe Standards Obligations</li> <li>• Enterprise Risk Management Report</li> <li>• Workplace Health and Safety Report</li> <li>• Internal Auditor Status Report (Outgoing Auditor Grant Thornton)</li> <li>• Appointment of Internal Auditor</li> <li>• Internal Auditor Status Report (Incoming Auditor)</li> <li>• External Auditor Update (Victorian Auditor General's Office)</li> <li>• Oversight Agencies Performance Audit Report</li> <li>• Quarterly Finance Report</li> <li>• 2017-18 Model Accounts</li> <li>• Investment Policy Review</li> <li>• Compliance with Legislation, Policy and Procedures</li> <li>• Gifts and Hospitality Register and Councillor Entitlements, Education and Other Expenses Report</li> <li>• Road Management Plan - Compliance Report</li> <li>• Committee Work Plan 2018-2019</li> <li>• Next Meeting and Proposed Agenda Outline</li> </ul>

## Internal audit

Council's internal audit function provides independent and objective assurance that appropriate processes and controls are in place across Council. A risk based three-year Strategic Internal Audit Plan (SIAP) is revised annually to ensure the audit resources remain focused on the appropriate areas. The review process considers Council's risk framework, the Council Plan, the impact of any change on operations, systems or the business environment, prior audit coverage, outcomes and management input. The SIAP is reviewed and approved by the Audit and Risk Committee annually.

Council's newly appointed internal auditors, Oakton Services, attend each Audit and Risk Committee meeting to report on the status of the SIAP and to provide an update on the implementation of audit recommendations and findings of completed reviews. All audit issues identified are risk rated. Recommendations are assigned to the responsible officer and progress is tracked through an Outstanding Issues and Actions report that is provided to the Audit Committee at each meeting. Quality assurance is measured through satisfaction surveys for each review and the annual Audit Committee self-assessment.

The SIAP for 2017-18 was completed with the following reviews being conducted:

- Investment Management
- Human Resources
- Rates
- Internal Controls
- Fraud Strategies
- Follow Up Audit for the previous financial year.

## **External audit**

Council is externally audited by the Victorian Auditor-General's Office. For the 2017-18 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative. The external auditors provide written and verbal updates to the Audit and Risk Committee relating to the annual audit plan, audit reports and other matters of note. The external audit management letter and responses are also provided to the Audit and Risk Committee.

## **Risk management**

Council has adopted a Risk Management Framework and Policy in line with current best practice to manage business enterprise risks and current AS/NZS 31000 guidelines. The Risk Management Framework and Policy address items such as:

- risk management culture and branding
- communication and training
- best practice in risk management
- responsibilities of and to internal and external stakeholders
- risk registers and risk management software development
- the Council planning cycle, budget cycle and annual audit cycle
- a performance measurement system to determine the effectiveness of the framework.

## **Managing risk**

The management of risk is an integral part of the organisation's strategic management and planning. Our approach to risk is supported by a robust framework, risk register and associated processes based on the international standard for risk management, AS/NZS ISO 31000:2009.

Key achievements during 2017-18 included:

- Key compliance training modules were developed and delivered across Council including Fraud and Corruption, Privacy and Data Protection Awareness and Protected Disclosures.
- Strategic and operational risks are reviewed annually with emerging risks identified and included in the risk register.
- A business continuity plan exercise is conducted annually to check that arrangements outlined will support the continued provision of essential services and operational activities if an interruption event occurs. This year the exercise focused on a scenario where Council lost access to critical IT systems in which the trigger for the loss was a global cyber-attack that affected third party applications.

## Governance and management checklist

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

Governance and Management Items	Assessment	
1. <b>Community engagement policy</b> (Policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy Date of operation of current policy: 26 September 2017	<input checked="" type="checkbox"/>
2. <b>Community engagement guidelines</b> (Guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current guidelines: 20 October 2010	<input checked="" type="checkbox"/>
3. <b>Strategic Resource Plan</b> (Plan under Section 126 of the <i>Local Government Act 1989</i> outlining the financial and non-financial resources required for at least the next four financial years)	Adopted in accordance with Section 126 of the Act Date of adoption: 26 June 2018	<input checked="" type="checkbox"/>
4. <b>Annual budget</b> (Plan under Section 130 of the <i>Local Government Act 1989</i> setting out the services to be provided and initiatives to be undertaken over the next 12 months, and the funding and other resources required)	Adopted in accordance with Section 130 of the Act Date of adoption: 26 June 2018	<input checked="" type="checkbox"/>
5. <b>Asset management plans</b> (Plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans Dates of operation of current plans: Roads - 29 April 2010 Drainage - 10 July 2006 Parks - 23 May 2006 Fleet - 6 July 2006 Building - 2 February 2006 Waste - 22 October 2012	<input checked="" type="checkbox"/>
6. <b>Rating strategy</b> (Strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of operation of current strategy: 19 April 2016	<input checked="" type="checkbox"/>
7. <b>Risk policy</b> (Policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of operation of current policy: 23 August 2016	<input checked="" type="checkbox"/>
8. <b>Fraud policy</b> (Policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of operation of current policy: 23 August 2016	<input checked="" type="checkbox"/>
9. <b>Municipal emergency management plan</b> (Plan under Section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with Section 20 of the Act Date of preparation: 24 January 2017	<input checked="" type="checkbox"/>

<p>10. <b>Procurement policy</b> (policy under Section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)</p>	<p>Prepared and approved in accordance with Section 186A of the Act Date of approval: 27 March 2018</p>	<p><input checked="" type="checkbox"/></p>
<p>11. <b>Business continuity plan</b> (Plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)</p>	<p>Plan Date of operation of current plan: 13 July 2017</p>	<p><input checked="" type="checkbox"/></p>
<p>12. <b>Disaster recovery plan</b> (Plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)</p>	<p>Plan Date of operation of current plan: 16 April 2015</p>	<p><input checked="" type="checkbox"/></p>
<p>13. <b>Risk management framework</b> (Framework outlining Council's approach to managing risks to Council's operations)</p>	<p>Framework Date of operation of current framework: 31 May 2017</p>	<p><input checked="" type="checkbox"/></p>
<p>14. <b>Audit and Risk Committee</b> (Advisory committee of Council under Section 139 of the <i>Local Government Act 1989</i> whose role is to oversee the integrity of Council's financial reporting, processes to manage risks to Council's operations and for compliance with applicable legal, ethical and regulatory requirements)</p>	<p>Established in accordance with Section 139 of the Act Date of establishment: 12 December 2017</p>	<p><input checked="" type="checkbox"/></p>
<p>15. <b>Internal audit</b> (Independent accounting professionals engaged by Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)</p>	<p>Engaged Date of engagement of current provider: 1 April 2018</p>	<p><input checked="" type="checkbox"/></p>
<p>16. <b>Performance reporting framework</b> (A set of indicators measuring financial and non-financial performance, including the performance indicators referred to in Section 131 of the <i>Local Government Act 1989</i>)</p>	<p>Framework Date of operation of current framework: 1 July 2014</p>	<p><input checked="" type="checkbox"/></p>
<p>17. <b>Council Plan reporting</b> (Report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)</p>	<p>Report Reporting dates: 27 February 2018</p>	<p><input checked="" type="checkbox"/></p>
<p>18. <b>Financial reporting</b> (Quarterly statements to Council under Section 138 of the <i>Local Government Act 1989</i> comparing budgeted revenue and expenditure with actual revenue and expenditure)</p>	<p>Statements presented to Council in accordance with Section 138(1) of the Act Statement presentation dates: 12 September 2017 24 October 2017 23 January 2018 24 April 2018</p>	<p><input checked="" type="checkbox"/></p>

<p>19. <b>Risk reporting</b> (Six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring, and risk minimisation strategies)</p>	<p>Reports Report dates: 7 September 2017 20 February 2018</p>	<p><input checked="" type="checkbox"/></p>
<p>20. <b>Performance reporting</b> (Six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in Section 131 of the <i>Local Government Act 1989</i>)</p>	<p>Reports Report dates: 24 October 2017 27 February 2018</p>	<p><input checked="" type="checkbox"/></p>
<p>21. <b>Annual report</b> (Annual report to the community, under Sections 131, 132 and 133 of the <i>Local Government Act 1989</i>, containing a report of operations and audited financial and performance statements)</p>	<p>Considered at a meeting of Council in accordance with Section 134 of the Act Date of consideration: 24 October 2017</p>	<p><input checked="" type="checkbox"/></p>
<p>22. <b>Councillor Code of Conduct</b> (Code under Section 76C of the <i>Local Government Act 1989</i> setting out the conduct principles and the dispute resolution processes to be followed by councillors)</p>	<p>Reviewed in accordance with Section 76C of the Act Date reviewed: 24 January 2017</p>	<p><input checked="" type="checkbox"/></p>
<p>23. <b>Delegations</b> (A document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)</p>	<p>Reviewed in accordance with Section 98(6) of the Act Date of review: Instruments of Delegation Adopted by Council:</p> <ul style="list-style-type: none"> <li>• S5 Council to CEO 23/05/2017</li> <li>• S6 Council to staff 27/02/2018</li> <li>• C4 Council to Hearing of Submissions Committee 26/04/2017</li> <li>• C4 Council to Special Committees 26/09/2017</li> <li>• C4 Council to Deans Marsh Community Hall and Memorial Reserve Committee of Management 24/07/2018</li> </ul> <p>Instruments of Delegation reviewed and signed by the CEO:</p> <ul style="list-style-type: none"> <li>• S7 CEO to staff 21/06/2018</li> <li>• S7a CEO to staff – Children's Services 15/03/2018</li> <li>• S7b CEO to staff - Disability Services 15/03/2018</li> <li>• S12 Municipal Building Surveyor 21/07/2017</li> <li>• S13 CEO to staff 20/02/2018</li> <li>• S13a CEO to staff - Disability Services 15/03/2018</li> <li>• S13b CEO to staff - Disability Services 15/03/2018</li> <li>• S14 CEO to staff - VicSmart Applications 20/02/2018</li> </ul>	<p><input checked="" type="checkbox"/></p>

<p>24. <b>Meeting procedures</b> (A local law governing the conduct of meetings of Council and special committees)</p>	<p>Meeting procedures local law made in accordance with Section 91(1) of the Act</p> <p>Date local law made: 22 May 2018</p>	<p><input checked="" type="checkbox"/></p>
<p>I certify that this information presents fairly the status of Council's governance and management arrangements.</p>		
<p></p> <p><b>Keith Baillie</b> Chief Executive Officer Dated: 13 September 2018</p>	<p></p> <p><b>Cr David Bell</b> Mayor Dated: 13 September 2018</p>	

Performance statement



## Performance Statement

For the year ended 30 June 2018

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### Description of municipality

Surf Coast Shire is located in south-western Victoria, 120km from Melbourne, 21km south of Geelong and covers 1,560 square kilometres.

Its proximity to the Princes Highway and Geelong Ring Road provides convenient road access to enhance the shire's appeal as a lifestyle, holiday, tourist and business destination.

Residents enjoy a high-quality lifestyle combining coastal, bushland and rural elements across nine distinct townships: Aireys Inlet, Anglesea, Deans Marsh, Fairhaven, Jan Juc, Lorne, Moriac, Torquay and Winchelsea.

Surf Coast Shire has been recognised as one of Victoria's fastest growing municipalities for more than a decade. The combination of lifestyle and proximity to Melbourne has seen the permanent population grow from 20,872 in 2001 to an estimated 31,324 in 2017.

Surf Coast Shire's economy continues to experience strong growth with the top employment sectors including tourism, the surfing industry, accommodation and food services, construction and retail trade. The Surf Coast Shire unemployment rate as at March 2018 was 2.43%. End of year results are not available yet.

With its rich agricultural and aesthetic attributes, the hinterland is increasingly contributing to the shire's economic development, particularly via local food and niche tourism opportunities.

The demands on Council to deliver essential infrastructure and community services will continue to increase in line with the needs of Surf Coast Shire's rapidly growing, changing community.

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## Sustainable Capacity Indicators

For the year ended 30 June 2018

<i>Indicator/measure</i>	Results				Material Variations
	2015	2016	2017	2018	
<b>Population</b>					
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,985.11	\$2,124.43	\$2,164.33	\$2,253.61	Council expenses per head of municipal population have increased by an average of 6% per annum over the last four years. Council expenses encompass employee wages, materials and services, depreciation, borrowing costs, and other expenses. Employee costs have increased over the last four years due to increases included in Council's enterprise bargaining agreement and growth in Council services. Materials and services expenditure has increased over the past four years due to a higher value of projects being delivered by Council and expanded services to service a growing population (including kindergartens and sporting infrastructure). Depreciation has increased in the last four years due to new assets being commissioned and the revaluation of existing assets.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$9,905.90	\$12,078.85	\$12,763.54	\$17,768.52	The value of Council's infrastructure has increased significantly in the last 4 years. In addition to Council's annual capital works program, the recognition of road related assets (including road formation) and revaluation of other assets in 2018 reflect in the increasing asset values.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	25.80	26.05	29.08	29.66	The estimated residential population of Surf Coast Shire grew by 2.5% per annum on average over the last four years, increasing from 28,481 in 2015 to 31,324 in 2018. The length of local roads remains relatively unchanged.

<i>Indicator/measure</i>	<b>Results</b>				<b>Material Variations</b>
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	
<b>Own-source revenue</b>					
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,721.18	\$1,866.14	\$1,821.58	\$1,928.11	The average growth in own-source revenue for the last four years is 6% per annum. Council continues to comply with the Victorian Government's Fair Go Rates system, which limits rate revenue increases on existing properties to a rate set by the minister, usually CPI. Other growth in own-source revenue is mainly related to supplementary rates on new properties, increases in user charges and statutory fees and fines.
<b>Recurrent grants</b>					
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$333.35	\$263.85	\$391.69	\$321.48	The Commonwealth Government grant payments often vary from expected timing, which result in the grants fluctuating significantly year to year. Over a four year period, recurrent grants have increased on average by 1.5% per year.
<b>Disadvantage</b>					
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	10.00	10.00	10.00	10.00	Overall the Surf Coast Shire municipality continues to experience a high level of advantage when compared to other areas, albeit there are some smaller parts of the municipality that face socio-economic disadvantage.

#### **Definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

"population" means the resident population estimated by council

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

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

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

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

## Service Performance Indicators

For the year ended 30 June 2018

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Aquatic facilities</b>					
<b>Utilisation</b>					
<i>Utilisation of aquatic facilities</i>	0.27	0.24	0.23	0.26	Council operates an outdoor pool at Winchelsea on a seasonal basis. Utilisation is influenced by fluctuations in weather conditions. Utilisation is generally consistent over the four year period.
[Number of visits to aquatic facilities / Municipal population]					
<b>Animal management</b>					
<b>Health and safety</b>					
<i>Animal management prosecutions</i>	3.00	0.00	0.00	0.00	There were no animal management prosecutions initiated during 2017-18. Council has adopted a new Domestic Animal Management Plan in 2017-18 and will continue to focus on education.
[Number of successful animal management prosecutions]					
<b>Food safety</b>					
<b>Health and safety</b>					
<i>Critical and major non-compliance notifications</i>	100.00%	98.39%	99.37%	98.84%	The decrease in 2017-18 results reflects a number of food premises that closed before the follow-up inspection could be completed.
[Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100					
<b>Governance</b>					
<b>Satisfaction</b>					
<i>Satisfaction with council decisions</i>	58.00	50.00	53.00	52.00	Minor variation over recent years. The most recent survey indicates an improvement in satisfaction with younger people and non-residents, but no material changes with other groups.
[Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]					
<b>Home and community care</b>					
<b>Participation</b>					
<i>Participation in HACC service</i>	27.00%	26.99%	Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of people that received a HACC service / Municipal target population for HACC services] x100					

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Participation</b>					
<i>Participation in HACC service by CALD people</i>			Reporting Ceased 1 July 2016	Reporting Ceased 1 July 2016	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs
[Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100					
<b>Libraries</b>					
<b>Participation</b>					
<i>Active library members</i>	19.00%	19.88%	19.43%	18.77%	Participation levels in the library service have remained relatively consistent over the last four years; however some resourcing challenges in areas that primarily support and promote children and youth services in the library may have impacted the active membership in this membership cohort.
[Number of active library members / Municipal population] x100					
<b>Maternal and child health</b>					
<b>Participation</b>					
<i>Participation in the MCH service</i>	72.00%	74.77%	78.42%	77.40%	The service recorded a small decrease in performance over the last 12 months despite growth in both the number of children participating in the maternal and child health service (+4%) and the number of children enrolled at the end of year (+5%). Over the last 4 years the number of children attending the MCH service at least once in the year has increased by over 5%.  Many young families living in the shire commute to adjoining municipalities for work contributing to the transfer of 64 children out of the M&CH service at year end over the last 12 months. Council is exploring ways to provide maternal and child health services to children in long day care facilities to streamline service provision for families.
[Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100					
<b>Participation</b>					
<i>Participation in the MCH service by Aboriginal children</i>	76.00%	68.00%	81.25%	94.12%	One of the key focus areas in Council's 2017-18 service improvement plan was to increase participation rates for aboriginal children. Work in this area has resulted in a 15.84% increase in participation levels compared to 2016-17 results.
[Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100					

Service/indicator/measure	Results				Material Variations
	2015	2016	2017	2018	
<b>Roads</b>					
<b>Satisfaction</b>					
<i>Satisfaction with sealed local roads</i>	65.00	61.00	61.00	59.00	Satisfaction varies greatly across the municipality with Torquay, Lorne and Anglesea communities rating approx. 20 points higher than the average of similar Councils, but Winchelsea rating lower than the average. Council established a new Road Management Plan at the start of the 2017-18 year and data shows strong compliance against the plan.
[Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]					
<b>Statutory Planning</b>					
<b>Decision making</b>					
<i>Council planning decisions upheld at VCAT</i>	75.00%	76.47%	80.95%	50.00%	The 50 % relates to eight matters of out of 16 that were appealed to VCAT. Of the Council decisions not upheld, two were successfully resolved through mediation and one decision was largely upheld.
[Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100					
<b>Waste Collection</b>					
<b>Waste diversion</b>					
<i>Kerbside collection waste diverted from landfill</i>	55.00%	54.26%	54.76%	55.06%	Council has maintained its waste diverted from landfill at a constant level. The rate in 2017-18 was marginally up even though the publicity around the recycling industry was having a negative impact. Council is introducing a food organic and garden organic program in 2018-19 which will have a dramatic impact in the 2019-20 financial year. It is anticipated a minimum of a 20% increase in waste diverted from landfill.
[Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100					

### **Definitions**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

## Financial Performance Indicators

For the year ended 30 June 2018

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Efficiency</b>									
<b>Revenue level</b>									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$2,012.67	\$2,104.52	\$2,150.50	\$2,181.09	\$2,296.58	\$2,376.51	\$2,438.47	\$2,501.42	No comment provided as there is no material variation.
<b>Expenditure level</b>									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,741.90	\$2,878.00	\$3,096.18	\$3,243.52	\$3,265.36	\$3,214.75	\$3,228.83	\$3,319.92	No comment provided as there is no material variation.
<b>Workforce turnover</b>									
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.56%	6.26%	6.98%	9.13%	7.00%	7.00%	7.00%	7.00%	In 2017-18, 31 employees left Council representing an increase of 2.15% on the prior year. These roles are spread across the organisation and an analysis of exit interviews has not identified any specific issues. There are some new large employers in the region which appear to have contributed to employee movement but this is not a major driver of the change.

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2018	2019	2020	2021	
<b>Liquidity</b> <b>Working capital</b> <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	262.40%	252.55%	269.83%	357.70%	282.07%	259.78%	265.57%	302.20%	Increased cash held at the end of 2018 (\$8.6m) was mainly attributable to cash held in reserve to fund higher carried forward capital works of \$4.0m (for incomplete projects), and an increase in Council's waste cash reserve in anticipation of future capital requirements.
<b>Unrestricted cash</b> <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	-66.02%	-63.44%	-82.94%	-136.88%	23.67%	58.98%	80.62%	120.55%	At the end of the financial year, Council had \$45m in "Other Financial Assets", which is not included in this calculation. These funds represent Council's term deposits with an original maturity of over 90 days. This represents a \$9m increase in Council's cash reserves in the 2018-19 financial year, mainly due to higher balances in Council's carried forward capital works and waste reserves.
<b>Obligations</b> <b>Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	63.17%	52.39%	43.71%	37.25%	59.27%	57.55%	56.39%	52.16%	Depreciation has increased by 30% over four years, much of which relates to assets that are new, gifted or reconstructed and therefore, the overall condition of the asset base is good. Council's renewal program is condition driven and unrelated to depreciation. Officers are working on formalising an asset renewal funding strategy.

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2018	2019	2020	2021	
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i>  [Interest bearing loans and borrowings / Rate revenue] x100	37.71%	34.10%	31.34%	34.78%	38.95%	34.88%	30.91%	27.08%	\$3m borrowed in 2017-18 (per budget) to complete the Kurrambee Myaring Community Centre
<b>Loans and borrowings</b> <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.99%	3.74%	3.58%	3.44%	4.06%	4.84%	4.62%	4.41%	No comment provided as there is no material variation.
<b>Indebtedness</b> <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	59.94%	51.22%	46.72%	45.00%	49.57%	45.52%	39.97%	36.16%	No comment provided as there is no material variation.

Dimension/ indicator/ measure	Results				Forecasts				Material Variations
	2015	2016	2017	2018	2018	2019	2020	2021	
<b>Operating position</b> <b>Adjusted underlying result</b> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	6.17%	3.59%	6.70%	1.36%	-6.78%	0.47%	1.12%	0.55%	Council's adjusted underlying revenue increased by \$1.2m from 2016-17 due mainly to increased rates. Underlying expenditure increased by \$4.9m, mainly due to higher depreciation on assets \$1.6m and higher employee costs \$1.1m.
<b>Stability</b> <b>Rates concentration</b> <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	71.06%	73.29%	67.48%	69.12%	75.49%	73.33%	73.78%	74.32%	No comment provided as there is no material variation.
<b>Rates effort</b> <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.33%	0.34%	0.33%	0.34%	0.30%	0.30%	0.31%	0.32%	No comment provided as there is no material variation.

**Definitions**

"adjusted underlying revenue" means total income other than:

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

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

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

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

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

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

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

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

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

"population" means the resident population estimated by council

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

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

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

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

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

## Other Information

For the year ended 30 June 2018

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### 1. Basis of preparation

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

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

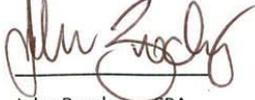
The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 26 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.

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## Certification of the Performance Statement

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



John Brockway CPA

**Principal Accounting Officer**

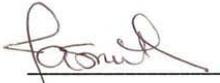
**Dated:** 11 September 2018

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

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

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

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



Cr Margot Smith

**Councillor**

**Dated:** 11 September 2018



Cr Clive Goldsworthy

**Councillor**

**Dated:** 11 September 2018



Keith Baillie

**Chief Executive Officer**

**Dated:** 11 September 2018

## Independent Auditor's Report

### To the Councillors of Surf Coast Shire Council

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

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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.

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MELBOURNE  
13 September 2018

  
Tim Loughnan  
as delegate for the Auditor-General of Victoria

## Statutory information

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

### Documents available for public inspection

Following is a summary of the documents available for public inspection, in accordance with Section 12 of the *Local Government (General) Regulations 2015* and Section 222 of the *Local Government Act 1989*. Inspection of these documents can be arranged by contacting the Governance Team Leader on (03) 5261 0600.

A Council must make available for public inspection documents containing the following prescribed matters:

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

More information, is available at the [Documents Available for Public Inspection Page](http://www.surfcoast.vic.gov.au) on Councils website at: [www.surfcoast.vic.gov.au](http://www.surfcoast.vic.gov.au)

### Publications

In addition to the statutory documents that Council must make available for public inspection, Council also publishes a range of other documents on the website including budgets, reports, strategies, plans and policies. These are available to view or download from the website and can be made available in hardcopy on request. Fees may be applicable for inspecting and making copies of certain documents.

More information, is available at the [Reports, Plans and Documents Page](http://www.surfcoast.vic.gov.au) on Councils website at: [www.surfcoast.vic.gov.au](http://www.surfcoast.vic.gov.au)

Council also regularly invites community input into the development of various plans and strategies. These opportunities are advertised on the website and in local newspapers.

## Best Value Principles

In accordance with Section 208B(f) of the *Local Government Act 1989*, the organisation must report, at least once every year, on what has been done to realise best value principles.

Our regular business planning and performance processes encompass best value principles and continuous improvement. Council's efforts in business improvement and service efficiency are led by the Business Improvement department, which during 2017-18 has consolidated and built on our best value approach.

## Continuous improvement and Best Value Principles

We continue to pursue improvement as a core part of how we go about our business on a day-to-day basis and in our operational and strategic planning.

While continuous improvement in local government is mandated in the Best Value Principles contained in the Victorian Local Government Act 1989, we also recognise it as fundamental to improving community outcomes.

We work hard at creating a workplace culture where employees are constantly thinking about how things can be done better and are encouraged to suggest opportunities for improvement.

Although continuous improvement is a collective organisational responsibility, the Business Improvement department has led Council's efforts in this area.

Developed to prepare for future revenue challenges, such as rate capping, the Business Improvement team aims to deliver organisation-wide service efficiencies by setting and pursuing targeted benefits, which will contribute to our long-term financial plan.

With a strong focus on financial gains, including reducing costs and increasing non-rate revenue, the Business Improvement program is underpinned by the principles shown in Table 17.

The Council Plan 2017-21 commits the organisation to an ongoing service review program to support continuous improvement in delivering the highest quality, best value services that the community needs.

**Table 17: Business Improvement program guiding principles**

Principle	Intention
Governance	Clarifies approval and delivery mechanisms, reporting arrangements and key outcomes.
Community	Highlights how we will communicate with our community.
Value	Focuses on creating value through the program's delivery, including how business improvement opportunities are identified and prioritised.
Collaboration	Focuses on working with partners, staff and other providers.
Transparency	Highlights transparent governance processes and open communication in developing and delivering the program, and reporting our progress.

In 2017-18, the team achieved \$557,793 in recurrent operational savings through the completion of the endorsed Business Improvement program and identified Business Case projects.

This program, endorsed annually by Council, will continue to strive to deliver organisational efficiencies that Council can depend on to ensure long-term financial sustainability

## **Carers recognition**

The *Carers Recognition Act 2012* was developed to formally recognise, promote and value the role of carers. It provides a legislative framework and principles to support organisations in better understanding and responding to their responsibilities in relation to employees and clients in care relationships.

In recognising our responsibilities under the Act, we have implemented a range of measures to ensure:

- employees, clients and others in care relationships have an awareness and understanding of care relationship principles; and
- services and care plans are developed and delivered to reflect these principles.

During 2017-18, these measures included:

- promoting and implementing the CHSP (Commonwealth Home Support Program) and continuing to advocate for carers to be involved in the care planning process;
- increasing participation in the Café-Style Support program focused on supporting carers and isolated individuals;
- promoting respite care services, both broadly in newsletters and individually through assessment visits, to increase access and knowledge of support for those in caring roles;
- promoting the role of carers and the diversity of care relationships via newsletters and brochures;
- ensuring carers' rights are recognised and incorporated into the core principles guiding our service provision and coordination;
- recognising carers as an important group for consultation and engagement in the development of our positive ageing strategy;
- increasing employees' understanding of care relationships and carers' rights through information provision and professional development including CCW (Community Care Worker) training in the Wellness and Reablement approach;
- embedding processes into our Rural RAS (Regional Assessment Service) assessment practice, to encourage carers to participate in the development of care plans and services, which meet their needs as well as the needs of those they care for;
- working collaboratively with carers of our NDIS clients to include them in the individual's service delivery and care plans.

## **Child Safe Standards**

Child Safe Standards are intended to improve the way organisations prevent and respond to child abuse, by embedding the protection of children into everyday thinking and practice.

As a Category 1 organisation, Council undertook significant work in this area during 2017-18. The key focus over this period has been to:

- Reviewed and updated the Child Safe Organisation Management Policy
- Developed a Working with Children Check and Criminal History Check Policy
- Development of a reporting process and fact sheet
- Rolled out training (either online or face to face) for all staff and volunteers
- Updated procedures and documents where external organisations or individuals provide a service on behalf of Council or in a Council facility or receive a Council grant to ensure third parties are aware of Council's commitment to child safety.
- Updated recruitment processes to ensure child safety is at the forefront of recruiting officers minds
- Presented regular updates on child safety to the Leadership group and business units.

## Disability Act 2006

The *Victorian Disability Act 2006* aims to reaffirm and strengthen the rights and responsibilities of people with disability, which includes recognising the role that government and community support plays in achieving this.

Under the Act, local councils and other public sector bodies are required to develop their own disability action plans, which set out how they will:

- remove barriers faced by people with disability in accessing goods, services and facilities;
- remove barriers faced by people with disability in obtaining and maintaining employment;
- promote the inclusion and participation in the community of people with disability; and
- achieve changes in attitudes and practices, which discriminate against people with disability.

Surf Coast Shire Council is committed to access and inclusion for all people and to build healthy, well connected communities where everyone can participate. These outcomes are reflected in our Council Plan: 2017-20 and throughout our Accessible and Inclusive Surf Coast Shire: Strategic Plan 2014-24.

A major focus for 2017-18 has been to apply the principles and practice of Universal Design into Council projects at the outset. As a result, all new and existing community buildings, parks, recreation facilities and playgrounds can be designed to meet the needs of all people, all abilities across all age groups.

The past year marked a number of achievements including:

- Received \$200,000 from the Victorian Government (Department Health and Human Service) to construct two adult Changing Places in Anglesea and Winchelsea for people with high support needs.
- Applied Universal Design principles in planning new developments such as the Kurrambee Myaring Community Centre, Bellbrae Community Hall and Tennis Courts and the Lions Playground in Anglesea
- Delivered professional development for staff to increase delivery of Universal Design principles through Council facilities and services.
- Designed and upgraded Moriac Pre-school outdoor play space to meet the needs of children who use a wheelchair.
- Supported a new employment service to run a forum in Torquay to increase opportunities for people with a disability. The employment service has commenced operations at the Kurrambee Myaring Community Centre.
- Promoted and supported the establishment of three new community (disability) services in Surf Coast Shire that provide opportunities for people to participate in meaningful community activities and gain local work experience.
- Upgraded toilet facilities across Community Houses, Men's Sheds and Senior Citizens Centres to meet current access standards
- Conducted inclusive schools awareness program across five schools, where 1300 students attended as part of International Day of People with a Disability. Schools provided positive feedback relating to attitude change
- Updated the terms of reference and recruited new members to Council's All Abilities Advisory Committee to continue the important advice the committee provides to Council.
- Partnered with Women with Disabilities Victoria to host an advocacy forum for women with a disability in Torquay
- Council's website was redeveloped in 2017-18 and all web page templates on the new platform are WCAG 2.0 AA compliant. Work continues to improve the accessibility of downloadable documents on the web.

## **Domestic Animals Act 1984**

According to the *Domestic Animals Act 1994*, Council is required to prepare a Domestic Animal Management Plan (DAMP) at four yearly intervals and evaluate its implementation in the annual report.

In 2017-18 Council continued to maintain a high standard of animal management according to legislative requirements and worked to deliver the objectives of the 2013 – 2017 plan by:

- ensuring Animal Management Officers (AMOs) were appropriately trained in all aspects of responsible animal management;
- encouraging responsible dog and cat ownership and registration of domestic animals
- reducing public and environmental nuisance caused by dogs and cats resulting in a reduction in animal management requests
- promoting the effective management of dogs and cats through community engagement activities and the identification of dangerous or menacing dogs and restricted breeds, and
- minimising the risk of attacks by dogs on people and animals through increased reporting.

Council adopted the current Domestic Animal Management Plan 2017–21 in April 2017 following an extensive community engagement process.

Developed according to the requirements and responsibilities of the Domestic Animals Act 1994 (Section 68A), Surf Coast Shire Council Community Amenity Local Law No. 1 of 2011 and other relevant policies, it outlines a range of domestic animal management strategies, actions and recommendations. These aim to balance animal management and community interests, while providing scope to accommodate new requirements. The need to address animal safety and wellbeing during a disaster is covered by the plan's *Disaster Planning for Pets within Surf Coast Shire* section.

Important issues identified during the consultation period and identified in the plan include:

- dog behaviour
- threats to wildlife and stock
- dog litter
- responsible pet ownership
- enforcement
- population growth of permanent domestic animals in the shire
- holiday home owners travelling with pets
- proximity of Geelong's Armstrong Creek growth area.

The 2017-21 plan explains how people, dogs and cats in the Surf Coast Shire can live together in safety and harmony, and outlines how Council will:

- promote responsible pet ownership
- respond to its obligations under the Domestic Animal Act, and
- protect the community and environment.

## **Equal Opportunity Act 2010**

In keeping with our legislative requirements under the *Equal Opportunity Act 2010*, we have an Equal Employment Opportunity Program in place to eliminate discrimination and promote equal opportunity in relation to employment matters.

The program focuses on ensuring fair, equitable and non-discriminatory consideration is given to all job applicants and employees regardless of race, colour, sex, marital status, parenthood, physical and mental impairment, age, religious or political affiliation, gender identity and sexual orientation. This includes providing a workplace free from bullying and harassment.

Information about the program's outcomes during 2017-18 is addressed in this section under 'Workplace Diversity' in *Council Staff*.

### **Food Act Ministerial directions**

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

### **Freedom of information**

In accordance with section 7(4AA)(a) and 7(4AA)(b) of the Freedom of Information Act 1982 (the Act), Council is required to publish certain statements in its Annual Report or separately, such as on its website, concerning its functions and information available.

Council provides the following summary of the application and operation of the Freedom of Information Act 1982.

#### **The objectives of the Act are to:**

- extend as far as possible the right of the community to access information, noting that access may be limited by exemptions, e.g. to protect essential public interests and private and business affairs;
- ensure public bodies publish information concerning the documents they hold;
- provide an opportunity for people to request that inaccurate, incomplete, out-of-date or misleading information in their personal records be amended;
- provide an opportunity for people to appeal against a decision not to give access to the information or not to amend a personal record.

Access to documents may be obtained as detailed in section 17 of the Act as follows, by application, which should:

- be in writing;
- identify as clearly as possible the document being requested;
- be accompanied by the appropriate application fee, although the fee may be waived under certain circumstances.

The application fee is currently \$28.90. Access charges may also apply once documents have been processed and a decision on access is made (eg photocopying and search and retrieval charges).

More information, including an application form, is available on the [Freedom of Information Page](#) on Councils website at: <https://www.surfcoast.vic.gov.au>

Principal Officer: Keith Baillie, CEO

**Table 18: Freedom of information requests and outcomes 2017-18**

Requests received	2014-15	2015-16	2016-17	2017-18
Personal requests	6	14	4	0
Non-personal requests	4	2	5	19
<b>Total requests</b>	<b>10</b>	<b>16</b>	<b>9</b>	<b>19</b>
Requests transferred from another agency	0	0	0	0
<b>Request outcomes</b>				
Access granted in full	3	0	2	3
Access granted in part	1	9	5	8
Access denied in full	1	0	0	2
<b>Other</b>				
Withdrawn	3	0	1	0
Not proceeded with	0	1	0	3
Act does not apply	0	2	0	0
Not processed	0	0	0	2
No documents	0	0	1	1
Outside the Act	0	3	0	0
Not yet finalised	2	1	0	0
<b>Outcomes of requests outstanding from previous reporting period</b>				
All requests outstanding	0	0	0	0

### Privacy and Data Protection Act 2014

Under the *Privacy and Data Protection Act 2014*, Council is required to comply with the privacy principles relating to the collection, management and use of an individual's personal information. We achieve this through the implementation of our privacy policy and related procedures, coordinated by the Privacy Officer. Information about the privacy policy is published on the website and is also available upon request.

During 2017-18, Council received 71 requests relating to information privacy matters. These concerned information provided in relation to the collection, use and disclosure of an individual's personal information, as outlined in the Act, for:

- land ownership information requests, or
- rates and property ownership information requests from government agencies.

**Table 19: Information privacy requests and outcomes 2017-18**

Requests received	2014-15	2015-16	2016-17	2017-18
Requests for property owner details under the <i>Fences Act 1968</i>	199	297	236	226
Requests for property owner details – building protection work	12	40	13	76
Personal requests	33	21	33	40
Non-personal requests	7	19	13	31
<b>Total information privacy requests</b>	<b>40</b>	<b>40</b>	<b>46</b>	<b>71</b>
Requests transferred from another agency	0	0	0	0

### Protected Disclosure Act 2012

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

In accordance with Section 69 of the Act, the organisation must include information in the Annual Report about how to access procedures established under Part 9 of the Act, and about the number and types of protected disclosures investigated during the financial year.

Procedures on how to make a disclosure are publicly available on Council's website at:  
[www.surfcoast.vic.gov.au](http://www.surfcoast.vic.gov.au)

During 2017-18:

- no disclosure was made to officers appointed to receive disclosures
- no disclosure was referred to the Independent Broad-based Anti-corruption Commission (IBAC)
- no disclosed matter was referred by the Ombudsman to Council
- no disclosed matter was referred to the Ombudsman for investigation
- no investigation was taken over by the Ombudsman from Council
- no requests were made to the Ombudsman to investigate disclosed matters under the Protected Disclosure Act 2012
- there were no disclosed matters that Council declined to investigate
- there were no disclosed matters that were substantiated on investigation and no action/s required to be taken on completion of an investigation.

### **Road Management Act Ministerial direction**

In accordance with section 22 of the *Road Management Act 2004*, a Council must publish a copy or summary of any Ministerial direction in its annual report. No 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*, a council that is a collecting or development agency must prepare and give a report to the Minister for Planning on infrastructure and development contributions including levies and works in kind. The report must be published in a council's annual report. For the 2017-18 year Council had no Infrastructure Contributions Plans. The following information about development contributions is disclosed.

Annexure

### MINISTERIAL REPORTING REQUIREMENTS

Table 1 - Total DCP levies received in 2017-18

DCP name and year approved	Levies received in 2017-18 financial year (\$)
Torquay/Jan Juc DCP, approved 2011	2,288,193
Briody Drive West Upgrade DCP, approved 2012	-
<b>Total</b>	<b>2,288,193</b>

Table 2 - DCP land, works, services or facilities accepted as works-in-kind in 2017-18

DCP name and year approved	Project Description	Item Purpose	Project Value
NIL - no DCP land, works, services or facilities accepted as works-in-kind in 2017-18			
<b>Total</b>			<b>-</b>

Table 3 - Total DCP contributions received and expended to date (for DCPs approved after 1 June 2016)

DCP name and year approved	Total Levies Expended (\$)	Total Works-in-Kind Accepted (\$)	Total DCP Contributions received (levies and
NIL - No DCP's approved after 1 June 2016			
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 4 - Land, works, services or facilities delivered in 2017-18 from DCP levies Collected

DCP name and year approved	Project Description	DCP funds expended (\$)	Works-in-Kind Accepted (\$)	Council's Contribution	Other Contributions	Total Project Expenditure	Percentage of Item
Torquay/Jan Juc DCP, approved 2011	Construct an Early Learning Centre in Torquay North (CY01b)			3,421,083		3,421,083	99%
Torquay/Jan Juc DCP, approved 2011	Construct a 3 court stadium in the Torquay North CCP (CY03)	28,509		-		28,509	0%
Torquay/Jan Juc DCP, approved 2011	Civic precinct active recreation facilities (OR02)			187,722		187,722	87%
Torquay/Jan Juc DCP, approved 2011	Upgrade Grass Tree Park (OR05)			65,956		65,956	92%
Torquay/Jan Juc DCP, approved 2011	Upgrade Deep Creek linear reserve (OR06)			24,234		24,234	11%
Torquay/Jan Juc DCP, approved 2011	Upgrade Bells Beach recreation reserve (OR10)			108,317		108,317	23%
Torquay/Jan Juc DCP, approved 2011	Construct pathways through the Torquay North open space network (PC02)			34,634		34,634	18%
Torquay/Jan Juc DCP, approved 2011	Construct regional bike route (1) through Torquay (PC03)			100,865		100,865	84%
Torquay/Jan Juc DCP, approved 2011	Construct regional bike route (2) through Torquay (PC04)			228		228	100%
Torquay/Jan Juc DCP, approved 2011	Surf Coast Highway / Beach Rd intersection upgrade (RD04)	1,053,024		-		1,053,024	90%
Torquay/Jan Juc DCP, approved 2011	Horseshoe Bend / South Beach Road intersection upgrade (RD14)			584,325		584,325	96%

# FINANCIAL PERFORMANCE REPORT

## Financial statements

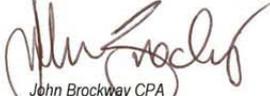
Surf Coast Shire  
ANNUAL FINANCIAL REPORT  
*For the Year Ended 30 June 2018*

**Surf Coast Shire  
Financial Report  
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### Certification of the Financial Statements

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



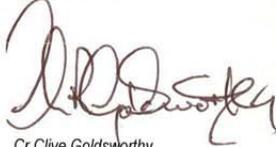
John Brockway CPA  
Principal Accounting Officer

Date : 11 September 2018  
Torquay

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

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

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



Cr Clive Goldsworthy  
Councillor

Date : 11 September 2018  
Torquay



Cr Margot Smith  
Councillor

Date : 11 September 2018  
Torquay



Keith Baillie  
Chief Executive Officer

Date : 11 September 2018  
Torquay

## Independent Auditor's Report

### To the Councillors of Surf Coast Shire Council

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

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

MELBOURNE  
13 September 2018



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

**Comprehensive Income Statement  
For the Year Ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and charges	2.1	49,778	47,847
Statutory fees and fines	2.2	2,107	1,706
User fees	2.3	6,697	6,226
Grants - operating	2.4	8,753	9,921
Grants - capital	2.4	6,439	3,236
Contributions - monetary	2.5	4,682	3,532
Contributions - non monetary	2.5	18,426	10,718
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	2.6	(240)	295
Other income	2.7	1,814	1,874
<b>Total income</b>		<u>98,456</u>	<u>85,355</u>
<b>Expenses</b>			
Employee costs	3.1	(28,930)	(27,815)
Materials and services	3.2	(23,965)	(24,740)
Depreciation	3.3	(12,729)	(10,994)
Bad and doubtful debts	3.4	(103)	(146)
Borrowing costs	3.5	(1,035)	(1,077)
Share of net loss of associates and joint ventures	5.3	-	(80)
Other expenses	3.6	(3,830)	(3,531)
<b>Total expenses</b>		<u>(70,592)</u>	<u>(68,383)</u>
<b>Surplus/(deficit) for the year</b>		<u>27,864</u>	<u>16,972</u>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	8.1	33,411	44,851
<b>Total comprehensive result</b>		<u>61,275</u>	<u>61,823</u>

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

**Balance Sheet**  
**As at 30 June 2018**

	Note	2018 \$'000	As Reported 2017 \$'000	*Adjusted 2017 \$'000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	4.1	1,769	2,414	2,414
Trade and other receivables	4.1	4,536	3,843	3,843
Other financial assets	4.1	45,020	36,380	36,380
Inventories	4.2	252	270	270
Non-current assets classified as held for sale	5.1	883	-	-
Other assets	4.2	630	562	562
<b>Total current assets</b>		<b>53,090</b>	<b>43,469</b>	<b>43,469</b>
<b>Non-current assets</b>				
Trade and other receivables	4.1	110	68	68
Investments in Geelong Regional Library Corporation	5.3	457	457	457
Property, infrastructure, plant and equipment	5.2	759,663	516,322	658,554
<b>Total non-current assets</b>		<b>760,230</b>	<b>516,847</b>	<b>659,079</b>
<b>Total assets</b>		<b>813,320</b>	<b>560,316</b>	<b>702,548</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	4.3	5,209	6,619	6,619
Trust funds and deposits	4.3	2,864	2,651	2,651
Provisions	4.6	5,539	6,028	6,028
Interest-bearing liabilities	4.4	977	675	675
Other Liabilities	4.5	253	137	137
<b>Total current liabilities</b>		<b>14,842</b>	<b>16,110</b>	<b>16,110</b>
<b>Non-current liabilities</b>				
Provisions	4.6	10,894	11,648	11,648
Interest-bearing liabilities	4.4	16,285	14,262	14,262
<b>Total non-current liabilities</b>		<b>27,179</b>	<b>25,910</b>	<b>25,910</b>
<b>Total liabilities</b>		<b>42,021</b>	<b>42,020</b>	<b>42,020</b>
<b>Net assets</b>		<b>771,299</b>	<b>518,296</b>	<b>660,528</b>
<b>Equity</b>				
Accumulated surplus		413,826	204,291	346,523
Reserves	8.1	357,473	314,005	314,005
<b>Total Equity</b>		<b>771,299</b>	<b>518,296</b>	<b>660,528</b>

\* Council brought to account Road formation assets that were previously unrecognised

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**

	Note	Accumulated		Revaluation	Other
		Total	Surplus	Reserve	Reserves
2018		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		660,528	346,523	281,200	32,805
Adjustment to opening accumulated surplus : take up of Land under roads assets at Fair Value *		49,496	49,496	-	-
Surplus/(deficit) for the year		27,864	27,864	-	-
Net asset revaluation increment/(decrement)		33,411	-	33,411	-
Transfers to other reserves		-	(41,021)	-	41,021
Transfers from other reserves		-	30,964	-	(30,964)
<b>Balance at end of the financial year</b>		<b>771,299</b>	<b>413,826</b>	<b>314,611</b>	<b>42,862</b>

	Note	Accumulated		Revaluation	Other
		Total	Surplus	Reserve	Reserves
2017		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		452,356	187,235	236,349	28,772
Adjustment to opening accumulated surplus : Recognition of previously unrecognised Land assets		4,117	4,117	-	-
Adjustment to opening accumulated surplus : Recognition of previously unrecognised Road formation assets *		142,232	142,232	-	-
Surplus/(deficit) for the year		16,972	16,972	-	-
Net asset revaluation increment/(decrement)		44,851	-	44,851	-
Transfers to other reserves		-	(32,511)	-	32,511
Transfers from other reserves		-	28,478	-	(28,478)
<b>Balance at end of the financial year</b>		<b>660,528</b>	<b>346,523</b>	<b>281,200</b>	<b>32,805</b>

\* As these Assets relate to existing assets not previously recognised, corrections were made to the balance of accumulated surplus for the year ended 30 June 2018.

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**

	Note	2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		49,871	47,733
Statutory fees and fines		2,069	1,700
User fees		6,945	6,538
Grants - operating		7,961	10,269
Grants - capital		6,704	3,375
Contributions - monetary		4,682	3,532
Interest received		1,806	1,800
Trust funds and deposits taken		8,320	6,534
Net GST refund		3,386	2,063
Employee costs		(28,731)	(27,357)
Materials and services		(31,861)	(29,131)
Trust funds and deposits repaid		(8,107)	(5,555)
<b>Net cash provided by/(used in) operating activities</b>		<b>23,045</b>	<b>21,501</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment		(16,625)	(13,275)
Proceeds from sale of property, infrastructure, plant and equipment		280	696
Payments for investments		(67,740)	(72,880)
Proceeds from sale of investments		59,100	61,100
<b>Net cash provided by/(used in) investing activities</b>		<b>(24,985)</b>	<b>(24,359)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(1,030)	(1,078)
Proceeds from borrowings		3,000	-
Repayment of borrowings		(675)	(627)
<b>Net cash provided by/(used in) financing activities</b>		<b>1,295</b>	<b>(1,705)</b>
Net increase (decrease) in cash and cash equivalents		(645)	(4,563)
Cash and cash equivalents at the beginning of the financial year		2,414	6,977
<b>Cash and cash equivalents at the end of the financial year</b>		<b>1,769</b>	<b>2,414</b>
Financing arrangements	4.7		
Restrictions on cash assets	4.1		

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

**Statement of Capital Works  
For the Year Ended 30 June 2018**

	Note	2018 \$'000	2017 \$'000
<b>Property</b>			
Land		-	5
<b>Total land</b>		<u>-</u>	<u>5</u>
Buildings		4,711	3,193
<b>Total buildings</b>		<u>4,711</u>	<u>3,193</u>
<b>Total property</b>		<u>4,711</u>	<u>3,198</u>
<b>Plant and equipment</b>			
Plant, machinery and equipment		879	1,111
Fixtures, fittings and furniture		219	37
Computers and telecommunications		402	245
<b>Total plant and equipment</b>		<u>1,500</u>	<u>1,393</u>
<b>Infrastructure</b>			
Roads		7,653	4,169
Bridges		350	14
Footpaths and cycleways		601	477
Drainage and sewerage		215	647
Recreational, leisure and community facilities		178	1,736
Waste management		698	-
Parks, open space and streetscapes		599	1,359
Off street car parks		119	94
<b>Total infrastructure</b>		<u>10,413</u>	<u>8,496</u>
<b>Total capital works expenditure</b>		<u>16,624</u>	<u>13,087</u>
<b>Represented by:</b>			
New asset expenditure		6,162	6,420
Asset renewal expenditure		4,742	4,806
Asset expansion expenditure		72	496
Asset upgrade expenditure		5,648	1,365
<b>Total capital works expenditure</b>		<u>16,624</u>	<u>13,087</u>

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

## OVERVIEW

### Introduction

The Surf Coast Shire was established by an Order of the Governor in Council on 09 March 1994 and is a body corporate. The Council's main office is located at 1 Merrijig Drive, Torquay.

### Statement of compliance

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

### Significant accounting policies

#### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of employee provisions (refer to Note 4.6)
- the determination of landfill provisions (refer to Note 4.6)

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.

**Note 1 Performance against budget**

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 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 27th 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. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

**1.1 Income and expenditure**

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
<b>Income</b>				
Rates and charges	49,353	49,778	425	1
Statutory fees and fines	1,890	2,107	217	2
User fees	6,168	6,697	529	3
Grants - operating	5,832	8,753	2,921	4
Grants - capital	2,378	6,439	4,061	5
Contributions - monetary	3,554	4,682	1,128	6
Contributions - non monetary	12,580	18,426	5,846	7
Net gain/(loss) on disposal of property, infrastructure	1	(240)	(241)	8
Other income	883	1,814	931	9
<b>Total income</b>	<b>82,639</b>	<b>98,456</b>	<b>15,817</b>	
<b>Expenses</b>				
Employee costs	29,394	28,930	464	10
Materials and services	24,917	23,965	952	11
Bad and doubtful debts	80	103	(23)	
Depreciation	11,597	12,729	(1,132)	12
Borrowing costs	1,031	1,035	(4)	
Other expenses	1,669	3,830	(2,161)	13
<b>Total expenses</b>	<b>68,688</b>	<b>70,592</b>	<b>(1,904)</b>	
<b>Surplus/(deficit) for the year</b>	<b>13,951</b>	<b>27,864</b>	<b>13,913</b>	

(i) Explanation of material variations

Variance	Item	Explanation	Explanation
1	Rates and charges	Interest on property debts budgeted in other income \$146k, Higher revenue from special charge schemes due to 2016/17 schemes being completed in 2017/18 \$124k, Supplementary rates and garbage charges higher than budgeted \$155k.	
2	Statutory fees and fines	Higher planning fees based on higher numbers of applications \$255k, higher volume subdivision and plan checking fees \$213k, and higher other statutory fees and fines \$19k, offset by lower infringement revenue due to greater levels of compliance (\$270k).	
3	User fees	Higher waste service fees (including gate fees) \$612k, offset by lower kindergarten fees due to lower enrolments and greater number of concession placements (\$61k), and net other user fees (\$22k).	
4	Grants - operating	Variance includes Grants Commission pre-payment of 2018-19 allocation \$2,144k, higher 2017-18 Grants Commission allocation \$302k, Higher Aged Care grants based on service volume \$297k, and higher other grants \$178k.	
5	Grants - capital	Additional Grant funds received, made up of Cape Otway Road Widening \$1,100k, Roads to Recovery \$700k, Local roads to market program \$607k, Blackgate Road \$523k, Anglesea Bowls Club \$500k, Changing Places program \$200k, Bells Beach Recreation Reserve \$115k, and other capital grants \$316k.	
6	Contributions - monetary	Higher Open Space contributions \$597k, higher project contributions (19 individual projects) \$303k, higher developer and other monetary contributions \$228k.	
7	Contributions - non monetary	Higher contributions from developers due to increased development \$5,846k.	
8	Net loss on disposal of property, infrastructure, plant and equipment	Higher losses from sale of land and buildings (\$350k), partially offset by higher gains on sale of plant and equipment \$110k.	
9	Other Income	Higher other income due to Landfill Rehabilitation Provision adjustment \$797k, higher interest earned on investments \$287k, interest on property rates budgeted as other income now reflected in rates and charges (\$153k).	
10	Employee costs	Lower recurrent employee costs \$806k, made up mainly of vacancies \$490k, lower employee costs for Aged & family services due to use of contractors \$258k, Lower Workcover premium \$179k, and other recurrent variances (\$121k), partially offset by higher expensed capital works (\$500k) - budgeted in materials and services, and lower employee costs on projects \$158k.	
11	Materials and services	Higher than budgeted recurrent costs (\$503k), due to greater use of contractors (\$217k) - offset by higher grants and lower employee costs, higher legal costs (\$350k), Higher EPA landfill levies (\$111k) - offset by increased gate fee revenue, higher facility maintenance costs (\$89k), offset by lower other recurrent materials and services \$264k. Recurrent costs offset by lower than budgeted expensed capital works \$817k (mostly offset in employee costs), and lower than budgeted expenditure on operational projects \$638k, mainly due to incomplete projects carried forward to 2018/19, including Public Safety Infrastructure \$200k, Environmental Leadership Program \$169k, and Municipal Strategic Statement Review \$88k.	
12	Depreciation	Higher depreciation on Buildings due to higher opening asset balances from 2016/17 revaluation (\$768k), higher depreciation on heavy plant (\$342k) and fleet vehicles (\$115k) due to depreciation budgeted using reducing balance method not straight line method, and higher depreciation on other asset classes (\$134k), offset by lower depreciation on footpaths due to 2016/17 revaluation \$227k.	
13	Other expenses	Higher asset write offs (\$2,304k) mainly due to asset upgrade and renewal projects, partially offset by savings in lease and rental costs \$98k and lower other costs \$45k.	

Note 1 Performance against budget (cont'd)

1.2 Capital works

	Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000	Ref
<b>Property</b>				
Land	1	-	(1)	
<b>Total Land</b>	<b>1</b>	<b>-</b>	<b>(1)</b>	
Buildings	5,280	4,711	(569)	1
<b>Total Buildings</b>	<b>5,280</b>	<b>4,711</b>	<b>(569)</b>	
<b>Total Property</b>	<b>5,281</b>	<b>4,711</b>	<b>(570)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	1,600	879	(721)	2
Fixtures, fittings and furniture	5	219	214	3
Computers and telecommunications	998	402	(596)	4
<b>Total Plant and Equipment</b>	<b>2,603</b>	<b>1,500</b>	<b>(1,103)</b>	
<b>Infrastructure</b>				
Roads	7,604	7,653	49	
Bridges	40	350	310	5
Footpaths and cycleways	271	601	330	6
Drainage and sewerage	353	215	(138)	7
Recreational, leisure and community facilities	774	178	(596)	8
Waste management	-	698	698	9
Parks, open space and streetscapes	1,215	599	(616)	10
Off street car parks	-	119	119	11
<b>Total Infrastructure</b>	<b>10,257</b>	<b>10,413</b>	<b>156</b>	
<b>Total Capital Works Expenditure</b>	<b>18,141</b>	<b>16,624</b>	<b>(1,517)</b>	
<b>Represented by:</b>				
New asset expenditure	6,224	6,162	(62)	
Asset renewal expenditure	5,751	4,742	(1,009)	
Asset expansion expenditure	-	72	72	
Asset upgrade expenditure	6,166	5,648	(518)	
<b>Total Capital Works Expenditure</b>	<b>18,141</b>	<b>16,624</b>	<b>(1,517)</b>	

(f) Explanation of material variations

Variance Ref	Item & Explanation
1	<p><b>Buildings</b></p> <p>Lower Spend on the Kurrambee Myaring Community Centre was due to a lower carry forward from 2016/17 (\$1.2m). Other variances to budget relate to incomplete projects being carried forward into 2018/19 including the Spring Creek Netball Facility (\$372k). This was partially offset by higher capital spend on the Anglesea Bowls Club Upgrade \$1.0m following the receipt of additional grant funding during 2017/18.</p>
2	<p><b>Plant, machinery and equipment</b></p> <p>The Heavy Plant Replacement program spend was lower than budget \$707k, mainly due to decisions to delay purchasing two major pieces of heavy plant until 2018/19.</p>
3	<p><b>Fixtures, fittings and furniture</b></p> <p>Following the completion of the Kurrambee Myaring Community Centre, a number of fixture, fittings and furniture items were capitalised during 2017/18 which were originally budgeted under Buildings.</p>
4	<p><b>Computers and telecommunications</b></p> <p>Council continues to strategically implement the Digital Transformation program. Incomplete projects were carried forward into 2018/19 (\$288k). During 2017/18 there were also a number of Digital Transformation projects that were expensed which included: Digital Transformation Concept Development (\$161k), General Ledger Restructure (\$86k), Customer View (\$29k), Trapeze Software (\$12k), Core Systems (\$10k) and Authority Upgrade (\$9k).</p>
5	<p><b>Bridges</b></p> <p><b>Significant flooding events in September 2017 led to unbudgeted capital expenditure on bridges.</b> The following projects are included in works in progress: Stoney Creek Bridge Restoration \$302k, Gnarwarre Road Culvert Renewal \$20k and Cape Otway Road Bridge Strengthening \$17k.</p>
6	<p><b>Footpaths and cycleways</b></p> <p>A number of footpath and cycleway projects were originally budgeted under other infrastructure categories and included: Various Roads projects throughout the Surf Coast Shire \$273k and a number of Parks and Open Space projects \$57k.</p>
7	<p><b>Drainage and sewerage</b></p> <p>Gnarwarre Rd culvert project carried forward into 2018/19 (\$89k), expensed capital works relating to the Drainage Renewal program (\$52k).</p>
8	<p><b>Recreational, leisure and community facilities</b></p> <p>Lower carry forward project funds from 2016/17 compared to the adopted budget, including Playground Renewal program (\$170k), Tennis Court Renewal program (\$120k) and other projects (\$123k) due to these projects being completed in 2016/17. Expensed capital works was also higher than budget (\$183k).</p>
9	<p><b>Waste management</b></p> <p>No budget was assigned in the 2017/18 budget for waste management specifically as waste expenditure is typically expensed. Works in progress at the 30 June 2018 included: Part A Stage 3D Liner Construction \$436k, Part B Stage 3C Bund Wall/Sideliner Extension \$182k, Anglesea Landfill Stage 3D Liner \$46k and Anglesea Landfill Extend Cell Side Wall Liner Stage C \$34k.</p>
10	<p><b>Parks, open space and streetscapes</b></p> <p>Expensed capital works (\$155k), the Anglesea Transfer Station Upgrade Stage 2 (\$140k) did not progress due to tender responses above budget, and projects carried forward into 2018/19 including the Anglesea Transfer Station Tarponatic System (\$102k), Winchelsea Entrance Sculptures (\$54k), Painkalac Project (\$35k), Deferred Landscaping (\$35k), Grass Tree Park (\$16k), Stribbling Reserve Stair Renewal (\$13k), Fencing Renewal Program (\$8k), Torquay Deep Creek Master Plan (\$4k) and other projects (\$54k).</p>
11	<p><b>Off street car parks</b></p> <p>No budget was assigned in the 2017/18 budget for offset car parks specifically, with the budget incorporated into the scope of roads projects. During 2017/18, offstreet car park capital expenditure included: Kurrambee Myaring Community Centre car park \$66k, Connewarre Reserve car park \$23k, Grass Tree Park car park \$21k and Freshwater Creek Hall and Recreation Reserve car park \$9k.</p>

<b>Note 2 Funding for the delivery of our services</b>	<b>2018</b>	<b>2017</b>
<b>2.1 Rates and charges</b>	<b>\$'000</b>	<b>\$'000</b>

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 total market value of the land and buildings and other improvements.

The valuation base used to calculate general rates for 2017/18 was \$14,430 million (2016/17 \$14,093 million).

General Rates	38,010	36,679
Municipal charge	4,344	4,175
Waste management charge	6,745	6,355
Special rates and charges	145	187
Supplementary rates and rate adjustments	388	326
Interest on rates and charges	146	125
<b>Total rates and charges</b>	<b>49,778</b>	<b>47,847</b>

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

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

## 2.2 Statutory fees and fines

Infringements and costs	572	730
Town planning fees	752	494
Land information certificates	46	41
Subdivision fees	631	331
Other statutory fees and fines	106	110
<b>Total statutory fees and fines</b>	<b>2,107</b>	<b>1,706</b>

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

## 2.3 User fees

Aged and health services	515	490
Leisure centre and recreation	905	914
Child care/children's programs	725	747
Registration and other permits	613	584
Building services	152	81
Waste management services	2,731	2,366
Royalties	359	424
Gravel pits	93	112
Lease rentals	57	68
Other fees and charges	547	440
<b>Total user fees</b>	<b>6,697</b>	<b>6,226</b>

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

2.4 Funding from other levels of government	2018	2017
Grants were received in respect of the following :	\$'000	\$'000
<b>Summary of grants</b>		
Commonwealth funded grants	8,336	8,422
State funded grants	6,856	4,735
<b>Total grants received</b>	<b>15,192</b>	<b>13,157</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grants	4,362	5,617
Family day care	56	45
Home and community care	739	415
Other	108	58
<b>Recurrent - State Government</b>		
Home and community care	1,245	1,212
School crossing supervisors	64	42
Maternal and child health	256	249
Recreation	-	-
Community safety	240	240
Kindergartens	1,338	1,514
Environmental planning	65	23
Youth Services	103	102
Other	100	121
<b>Total recurrent operating grants</b>	<b>8,676</b>	<b>9,638</b>
<b>Non-recurrent - State Government</b>		
Community safety	-	138
Environmental planning	97	40
Recreation	5	-
Other	(25)	105
<b>Total non-recurrent operating grants</b>	<b>77</b>	<b>283</b>
<b>Total operating grants</b>	<b>8,753</b>	<b>9,921</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	1,394	2,287
<b>Total recurrent capital grants</b>	<b>1,394</b>	<b>2,287</b>
<b>Non-recurrent - Commonwealth Government</b>		
Recreation	500	-
Roads	1,100	-
Other	77	-
<b>Non-recurrent - State Government</b>		
Buildings	235	273
Roads	2,840	336
Recreation	178	305
Environmental planning	115	15
Other	-	20
<b>Total non-recurrent capital grants</b>	<b>5,045</b>	<b>949</b>
<b>Total capital grants</b>	<b>6,439</b>	<b>3,236</b>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
Balance at start of year	959	1,951
Received during the financial year and remained unspent at balance date	995	790
Received in prior years and spent during the financial year	(796)	(1,782)
<b>Balance at year end</b>	<b>1,158</b>	<b>959</b>

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.

	2018	2017
	\$'000	\$'000
<b>2.5 Contributions</b>		
Monetary	4,682	3,532
Non-monetary	18,426	10,718
<b>Total contributions</b>	<b>23,108</b>	<b>14,250</b>

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

Land	378	1,210
Buildings	-	333
Roads	9,149	5,832
Other infrastructure	8,899	3,343
<b>Total non-monetary contributions</b>	<b>18,426</b>	<b>10,718</b>

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

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

Proceeds of sale	278	696
Written down value of assets disposed	(518)	(401)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(240)</b>	<b>295</b>

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

#### 2.7 Other income

Interest	1,017	1,021
Future landfill rehabilitation adjustment	797	853
<b>Total other income</b>	<b>1,814</b>	<b>1,874</b>

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 Employee costs

Wages and salaries	24,489	23,598
WorkCover	508	480
Casual staff	863	710
Superannuation	2,314	2,261
Fringe benefits tax	195	244
Other	561	522
<b>Total employee costs</b>	<b>28,930</b>	<b>27,815</b>

#### (b) Superannuation

Council made contributions to the following funds:

##### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	51	56
	<b>51</b>	<b>56</b>

Employer contributions payable at reporting date.

##### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,468	1,412
Employer contributions - other funds	829	735
	<b>2,297</b>	<b>2,147</b>

Employer contributions payable at reporting date.

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

#### 3.2 Materials and services

Contract payments	6,657	8,381
General maintenance	261	203
Utilities	1,216	1,230
Office administration	824	774
Information technology	1,026	906
Insurance	627	567
Consultants	1,762	2,084
Fuel	633	617
Grants, Contributions & Sponsorship	1,198	2,166
Materials	1,728	1,400
Sub-contractors	5,305	3,780
Royalties	1,257	1,192
Other	1,471	1,440
<b>Total materials and services</b>	<b>23,965</b>	<b>24,740</b>

	2018	2017
	\$'000	\$'000
<b>3.3 Depreciation</b>		
Property	2,851	2,102
Plant and equipment	1,594	1,095
Infrastructure	8,284	7,797
<b>Total depreciation</b>	<b>12,729</b>	<b>10,994</b>

Refer to note 5.2 for a more detailed breakdown of depreciation charges and accounting policy.

<b>3.4 Bad and doubtful debts</b>		
Infringement debtors	102	136
Rates debtors	1	8
Other debtors	-	2
<b>Total bad and doubtful debts</b>	<b>103</b>	<b>146</b>

**Movement in provisions for doubtful debts**

Balance at the beginning of the year	79	96
New Provisions recognised/(used) during the year	(4)	(17)
<b>Balance at end of year</b>	<b>75</b>	<b>79</b>

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

**3.5 Borrowing costs**

Interest - Borrowings	1,035	1,077
<b>Total borrowing costs</b>	<b>1,035</b>	<b>1,077</b>

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

**3.6 Other expenses**

Auditors' remuneration - VAGO - audit of the financial statements, performance statement	45	43
Auditors' remuneration - Internal	64	79
Councillors' allowances	304	281
Operating lease rentals	700	718
Assets written-off / impaired	2,717	2,410
<b>Total other expenses</b>	<b>3,830</b>	<b>3,531</b>

**Note 4 Our financial position**

**4.1 Financial assets**

**(a) Cash and cash equivalents**

Cash on hand	5	5
Cash at bank	1,764	2,409
<b>Total cash and cash equivalents</b>	<b>1,769</b>	<b>2,414</b>

**(b) Other financial assets**

Term deposits - current	45,020	36,380
<b>Total other financial assets</b>	<b>45,020</b>	<b>36,380</b>
<b>Total financial assets</b>	<b>45,020</b>	<b>36,380</b>

<b>Total cash and cash equivalents and financial assets</b>	<b>46,789</b>	<b>38,794</b>
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Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 4.3)	2,864	2,651
Total restricted funds	2,864	2,651
Total unrestricted cash and cash equivalents and financial assets	<b>43,925</b>	<b>36,143</b>

**Intended allocations**

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

- Council Allocated reserves as per Note 8.1 (b) excluding Accumulated Unallocated Cash	37,844	27,745
Total funds subject to intended allocations	<b>37,844</b>	<b>27,745</b>

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

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

	2018	2017
	\$'000	\$'000
<b>(c) Trade and other receivables</b>		
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	1,364	1,457
Special rate assessment	9	34
Infringement debtors	457	423
Provision for doubtful debts - infringements	(75)	(79)
<i>Non statutory receivables</i>		
Net GST receivable	506	874
Other debtors	2,275	1,134
<b>Total current trade and other receivables</b>	<u>4,536</u>	<u>3,843</u>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special rate scheme	110	68
Total non-current trade and other receivables	<u>110</u>	<u>68</u>
<b>Total trade and other receivables</b>	<u>4,646</u>	<u>3,911</u>

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

**(i) Ageing of Receivables**

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

Current (not yet due)	2,056	683
Past due by up to 30 days	99	155
Past due between 31 and 180 days	120	296
<b>Total trade &amp; other receivables</b>	<u>2,275</u>	<u>1,134</u>

4.2 Non-financial assets	2018	2017
(a) Inventories	\$'000	\$'000
Inventories held for distribution	188	214
Inventories held for sale	64	56
<b>Total inventories</b>	<b>252</b>	<b>270</b>

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

**(b) Other assets**

Prepayments	276	201
Accrued income	354	361
<b>Total other assets</b>	<b>630</b>	<b>562</b>

**4.3 Payables**

**(a) Trade and other payables**

Trade payables	3,966	5,505
Accrued expenses	1,243	1,114
<b>Total trade and other payables</b>	<b>5,209</b>	<b>6,619</b>

**(b) Trust funds and deposits**

Refundable deposits	2,869	1,703
Fire services levy	-	946
Other refundable deposits	2	2
<b>Total trust funds and deposits</b>	<b>2,864</b>	<b>2,651</b>

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

*Purpose and nature of items*

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

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

4.4 Interest-bearing liabilities	2018	2017
	\$'000	\$'000
<b>Current</b>		
Borrowings - secured *	969	667
Borrowings - unsecured	8	8
	<u>977</u>	<u>675</u>
<b>Non-current</b>		
Borrowings - secured *	16,267	14,235
Borrowings - unsecured	18	27
	<u>16,285</u>	<u>14,262</u>
<b>Total</b>	<u>17,262</u>	<u>14,937</u>

\* Borrowings are secured by Council's general rates.

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

Not later than one year	977	675
Later than one year and not later than five years	7,960	6,915
Later than five years	8,325	7,347
	<u>17,262</u>	<u>14,937</u>

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

#### 4.5 Other Liabilities

Home Care packages	253	137
	<u>253</u>	<u>137</u>

#### 4.6 Provisions

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
<b>2018</b>			
Balance at beginning of the financial year	6,167	11,509	17,676
Additional provisions/(reduction in provisions)	2,613	(721)	1,892
Amounts used	(2,430)	(570)	(3,000)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(58)	(77)	(135)
Balance at the end of the financial year	<u>6,292</u>	<u>10,141</u>	<u>16,433</u>
<b>2017</b>			
Balance at beginning of the financial year	5,844	14,175	20,019
Additional provisions/(reduction in provisions)	2,599	(265)	2,334
Amounts used	(2,261)	(1,814)	(4,075)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(15)	(587)	(602)
Balance at the end of the financial year	<u>6,167</u>	<u>11,509</u>	<u>17,676</u>

	2018 \$'000	2017 \$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	1,628	1,608
Long service leave	633	617
	<b>2,261</b>	<b>2,225</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	304	350
Long service leave	2,974	2,785
	<b>3,278</b>	<b>3,135</b>
Total current employee provisions	<b>5,539</b>	<b>5,360</b>
<b>Non-current</b>		
Long service leave	753	807
Total non-current employee provisions	<b>753</b>	<b>807</b>
Aggregate carrying amount of employee provisions:		
Current	5,539	5,360
Non-current	753	807
Total aggregate carrying amount of employee provisions	<b>6,292</b>	<b>6,167</b>

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

*Wages and salaries and annual leave*

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

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

*Long service leave*

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

Key assumptions:

- discount rate	2.112%	1.699%
- inflation rate	2%	2%
- settlement period	5.16 years	4.94 years

**(b) Landfill restoration**

Current	-	668
Non-current	10,141	10,841
	<b>10,141</b>	<b>11,509</b>

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

Key assumptions:

- discount rate	2.581%	1.20%
- inflation rate	2.164%	4.000%
- final settlement year (estimated completion of Site aftercare)	2057	2057

**4.7 Financing arrangements**

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

Bank overdraft	2,300	2,300
Credit card facilities	100	100
Other facilities	17,262	14,937
Total facilities	<b>19,662</b>	<b>17,337</b>
Used facilities	(17,289)	(14,957)
Unused facilities	<b>2,373</b>	<b>2,380</b>

#### 4.8 Commitments

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

2018	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not		
	\$'000	later than 2	later than 5	\$'000	\$'000
		years	years	\$'000	
<b>Operating</b>					
Garbage collection	3,583	2,517	1,526	1,913	9,539
Consultancies	50	-	-	-	50
Other	130	-	-	-	130
<b>Total</b>	<b>3,763</b>	<b>2,517</b>	<b>1,526</b>	<b>1,913</b>	<b>9,719</b>
<b>Capital</b>					
Construction	1,542	-	-	-	1,542
Other	892	-	-	-	892
<b>Total</b>	<b>2,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,434</b>

2017	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not		
	\$'000	later than 2	later than 5	\$'000	\$'000
		years	years	\$'000	
<b>Operating</b>					
Garbage collection	3,095	3,071	2,724	-	8,890
Cleaning contracts for council buildings	512	-	-	-	512
Other	356	111	101	-	568
<b>Total</b>	<b>3,963</b>	<b>3,182</b>	<b>2,825</b>	<b>-</b>	<b>9,970</b>
<b>Capital</b>					
Construction	4,036	-	-	-	4,036
<b>Total</b>	<b>4,036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,036</b>

	2018	2017
	\$'000	\$'000
<b>Operating lease commitments</b>		

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

Not later than one year	577	680
Later than one year and not later than five years	713	655
Later than five years	201	266
	<b>1,491</b>	<b>1,601</b>

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

#### Note 5 Assets we manage

##### 5.1 Non current assets classified as held for sale

Cost of acquisition	883	-
<b>Total non current assets classified as held for sale</b>	<b>883</b>	<b>-</b>

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

5.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017								Recognition of previously unrecognised Land under roads assets	At Fair Value 30 June 2018
	\$'000	Additions \$'000	Contributions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Write-off \$'000	Transfers \$'000	\$'000	\$'000
Property	203,889	4,439	378	26,199	(2,851)	(956)	-	1,931	49,497	282,526
Plant and equipment	6,027	1,200	-	-	(1,594)	(252)	-	37	-	5,418
Infrastructure	442,255	8,614	18,048	7,213	(8,284)	(2,026)	-	3,020	-	468,840
Work in progress	6,383	2,371	-	-	-	-	(4)	(5,871)	-	2,879
	<b>658,554</b>	<b>16,624</b>	<b>18,426</b>	<b>33,412</b>	<b>(12,729)</b>	<b>(3,234)</b>	<b>(4)</b>	<b>(883)</b>	<b>49,497</b>	<b>759,663</b>

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	2,856	273	-	(2,819)	310
Plant and equipment	116	299	-	(37)	378
Infrastructure	3,411	1,799	(4)	(3,015)	2,191
Total	<b>6,383</b>	<b>2,371</b>	<b>(4)</b>	<b>(5,871)</b>	<b>2,879</b>

Asset recognition thresholds and depreciation periods

		Depreciation	Threshold Limit
		Period	\$'000
Heritage Buildings		100 - 150 years	5
Buildings - Complex	Structure	100 years	5
	Roof	50 years	5
	Fit Out	25 years	5
	Services	20 years	5
Buildings - Simple		40 years	5
Plant, machinery and equipment		2 - 15 years	1
Fixtures, fittings and furniture		3 - 10 years	1
Computers and telecommunications		3 - 10 years	1
Sealed Road Pavements	High Traffic	90 years	5
	Low Traffic	100 years	5
	Concrete	40 years	5
Unsealed Road Pavements		16 years	5
	High Traffic	20 - 25 years	5
Seals	Low Traffic	15 - 18 years	5
	Spray Seal	25 - 30 years	5
Road Kerb and Channel	Asphalt	70 years	5
		25 - 80 years	5
Bridges and Major Culverts	Timber Bridges	40 years	5
	Other Bridges	80 - 140 years	5
Footpaths and Cycleways	Concrete	65 years	5
	Asphalt	30 years	5
	Brick	50 years	5
	Gravel	20 years	5
		80 - 150 years	5
Drainage and Sewerage	Drainage	80 - 150 years	5
	Sewerage	80 years	5
	Septic Tanks	30 years	5
Recreation, leisure and community facilities		10 - 40 years	5
Parks, Open Spaces and streetscapes		10 - 50 years	5
		100 years	5
Off Street car parks	Sealed Pavement		5
	Unsealed Pavement	20 years	5
	Sealed Pavement		5
	Sealed Pavement	15 - 30 years	5

(a) Property

	Land - specialised	Land - non specialised	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	121,763	5,973	127,736	82,805	11,801	94,606	2,856	225,198
Accumulated depreciation at 1 July 2017	-	-	-	(15,853)	(2,600)	(18,453)	-	(18,453)
	121,763	5,973	127,736	66,952	9,201	76,153	2,856	206,745
Take up of Land under roads assets	49,497	-	49,497	-	-	-	-	49,497
	171,260	5,973	177,233	66,952	9,201	76,153	2,856	256,242
<b>Movements in fair value</b>								
Additions	-	-	-	4,357	82	4,439	273	4,712
Contributions	-	378	378	-	-	-	-	378
Revaluation	25,709	490	26,199	-	-	-	-	26,199
Disposal	(51)	(46)	(97)	(341)	(957)	(1,298)	-	(1,395)
Write-off	-	-	-	-	-	-	-	-
Transfers	-	(631)	(631)	2,172	(13)	2,159	(2,819)	(1,291)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
	25,658	191	25,849	6,188	(888)	5,300	(2,546)	28,603
<b>Movements in accumulated depreciation</b>								
Depreciation	-	-	-	(2,561)	(290)	(2,851)	-	(2,851)
Accumulated depreciation of disposals	-	-	-	431	8	439	-	439
Revaluation	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	390	13	403	-	403
	-	-	-	(1,740)	(269)	(2,009)	-	(2,009)
At fair value 30 June 2018	196,918	6,164	203,082	88,993	10,913	99,906	310	303,298
Accumulated depreciation at 30 June 2018	-	-	-	(17,593)	(2,869)	(20,462)	-	(20,462)
	196,918	6,164	203,082	71,400	8,044	79,444	310	282,836

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017	7,596	1,257	3,176	116	12,145
Accumulated depreciation at 1 July 2017	(2,894)	(643)	(2,465)	-	(6,002)
	4,702	614	711	116	6,143
<b>Movements in fair value</b>					
Additions	802	218	180	299	1,499
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(605)	-	(235)	-	(840)
Write-off	-	-	-	-	-
Transfers	-	-	37	(37)	-
Impairment losses recognised in operating result	-	-	-	-	-
	197	218	(18)	262	659
<b>Movements in accumulated depreciation</b>					
Depreciation	(1,216)	(125)	(253)	-	(1,594)
Accumulated depreciation of disposals	386	-	202	-	588
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(830)	(125)	(51)	-	(1,006)
At fair value 30 June 2018	7,793	1,475	3,158	378	12,804
Accumulated depreciation at 30 June 2018	(3,724)	(768)	(2,516)	-	(7,008)
	4,069	707	642	378	5,796

Notes to the Financial Report  
For the Year Ended 30 June 2018

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage and sewerage	Recreational, leisure and community	Parks open spaces and streetscapes	Off street car parks	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2017*	379,680	5,024	27,011	69,479	19,470	15,003	10,959	3,411	530,037
Accumulated depreciation at 1 July 2017	(38,691)	(1,664)	(7,552)	(21,656)	(8,049)	(5,847)	(913)	-	(64,372)
	340,989	3,360	19,459	47,823	11,421	9,156	10,046	3,411	445,665
<b>Movements in fair value</b>									
Additions	7,260	-	359	215	173	488	119	1,799	10,413
Contributions	9,149	-	2,201	5,754	31	563	350	-	18,048
Revaluation	-	-	488	-	4,997	(596)	-	-	4,889
Disposal	(2,191)	-	(156)	(122)	(109)	(321)	(84)	(4)	(2,987)
Write-off	-	-	-	-	-	-	-	-	-
Transfers	1,370	-	113	421	155	417	544	(3,015)	5
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
	15,588	-	3,005	6,268	5,247	551	929	(1,220)	30,368
<b>Movements in accumulated depreciation</b>									
Depreciation	(4,597)	(66)	(476)	(904)	(1,216)	(895)	(130)	-	(6,284)
Revaluation	-	-	318	-	511	1,495	-	-	2,324
Accumulated depreciation of disposals	607	-	50	40	65	172	24	-	958
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
	(3,990)	(66)	(108)	(864)	(640)	772	(106)	-	(5,002)
At fair value 30 June 2018	395,268	5,024	30,016	75,747	24,717	15,554	11,888	2,191	560,405
Accumulated depreciation at 30 June 2018	(42,681)	(1,730)	(7,660)	(22,520)	(8,689)	(5,075)	(1,019)	-	(69,374)
	352,587	3,294	22,356	53,227	16,028	10,479	10,869	2,191	471,031

\* Recognition of previously unrecognised Road formation assets of \$142,231

*Acquisition*

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

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

*Land under roads*

Land under roads is brought to account at fair value.

*Depreciation*

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

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

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

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

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

*Repairs and maintenance*

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

**Valuation of land and buildings**

Valuation of land were undertaken by a qualified independent valuer, Opteon as at 31 December 2016. The valuation of land 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. Valuation of Building assets has been determined in accordance with a valuation undertaken by independent valuer, Assectic and Torquay Building Service as at 31 March 2017.

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

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	6,164	-	31/12/2016
Specialised land	-	-	196,918	31/12/2016
Buildings	-	8,044	71,400	31/03/2017
<b>Total</b>	-	<b>14,208</b>	<b>268,318</b>	

*Valuation of infrastructure*

Valuation of Road and Bridge assets has been determined in accordance with a valuation undertaken by independent valuer, Pavement Management Services and the Strategic Asset Manager, Mr John Bertoldi B E (Civil) as at 30 June 2017. Valuation of Footpath assets has been determined in accordance with a valuation undertaken by Infrastructure Management Group as at 30 June 2018. Valuation of Recreation and Parks and Open Space has been determined in accordance with a valuation undertaken by the Strategic Asset Manager, Mr John Bertoldi B E (Civil) as at 30 June 2018. Valuation of Drainage has been determined in accordance with a valuation undertaken by the Strategic Asset Manager, Mr John Bertoldi B E (Civil) as at 30 June 2016.

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	352,587	30/06/2017
Bridges	-	-	3,294	30/06/2017
Footpaths and cycleways	-	-	22,356	30/06/2018
Drainage and sewerage	-	-	53,227	30/06/2016
Recreational, leisure and community facilities	-	-	16,028	30/06/2018
Parks, open space and streetscapes	-	-	10,479	30/06/2018
Off street car parks	-	-	10,869	30/06/2017
Total	-	-	468,840	

*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 \$0.34 and \$2,966 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 \$110 to \$1,667 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 0 years to 150 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
<b>Reconciliation of specialised land</b>		
Land under roads	53,046	3,600
Parks and reserves	126,578	104,279
Public use	8,850	7,176
Waste	291	266
Car Parks	8,153	6,442
<b>Total specialised land</b>	<b>196,918</b>	<b>121,763</b>

<b>5.3 Investments in associates, joint arrangements and subsidiaries</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Investments in associates</b>		
Investments in associates accounted for by the equity method are:		
- Geelong Regional Library Corporation	457	457
<b>Geelong Regional Library Corporation</b>		
<i>Background</i>		
The Geelong Regional Library Corporation (GRLC) was formed under the provisions of sections 196 and 197 of the Local Government Act, 1989 on 4 March 1997 to provide library services within the local government areas of: Borough of Queenscliff, City of Greater Geelong, Golden Plains Shire and Surf Coast Shire. Council holds 3.85% (2017, 3.85%) of equity in the corporation. Council has one director on the Board of seven. Council has the ability to influence rather than control its operations.		
<b>Fair value of Council's investment in Geelong Regional Library Corporation</b>	<b>457</b>	<b>457</b>
<b>Council's share of accumulated surplus(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	457	537
Reported surplus(deficit) for year	-	(80)
Council's share of accumulated surplus(deficit) at end of year	<b>457</b>	<b>457</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	457	537
Share of surplus(deficit) for year	-	(80)
Carrying value of investment at end of year	<b>457</b>	<b>457</b>

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full. The following special committees are not included in this financial report as their aggregate income is immaterial and they prepare their own financial reports separately:

- Deans Marsh Public Hall and Memorial Park Committee of Management
- Stribling Reserve Committee of Management
- Anderson Roadknight Reserve Committee of Management
- Eastern Reserve Committee of Management
- Modewarre Memorial Hall and Reserve Committee of Management
- Connemara Reserve Committee of Management
- Globe Theatre Committee of Management
- Anglesea Bike Park

	2018	2017
	No.	No.
<b>Note 6 People and relationships</b>		
<b>6.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
<i>Parent entity</i>		
Surf Coast Shire is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in associates are detailed in Note 5.3.		
<b>(b) Key Management Personnel</b>		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
<b>Councillors</b>		
Councillor David Bell - Mayor (08/11/2017 to current)		
Councillor Brian McKitterick - Mayor (01/07/2017 to 08/11/2017)		
Councillor Rose Hodge		
Councillor Margot Smith		
Councillor Clive Goldsworthy		
Councillor Heather Wellington		
Councillor Carol McGregor		
Councillor Libby Coker		
Councillor Martin Duke		
<b>Total Number of Councillors</b>	9	10
<b>Chief Executive Officer and other Key Management Personnel</b>		
Keith Baillie		
Anne Howard		
Chris Pike		
Ransce Salan		
<b>Total Number of Other Key Management Personnel</b>	4	6
<b>Total Key Management Personnel</b>	<u>13</u>	<u>16</u>
<b>(c) Remuneration of Key Management Personnel</b>		
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,161	1,097
Post-employment benefits	81	77
Long-term benefits	20	19
Termination benefits	-	-
<b>Total</b>	<u>1,262</u>	<u>1,193</u>
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
\$1 - \$9,999	-	1
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	7	6
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	1	1
\$70,000 - \$79,999	-	1
\$110,000 - \$119,999	-	1
\$200,000 - \$209,999	1	2
\$210,000 - \$219,999	1	-
\$220,000 - \$229,999	1	-
\$280,000 - \$289,999	-	1
\$290,000 - \$299,999	1	-
	<u>13</u>	<u>16</u>



**Note 7 Managing uncertainties**

**7.1 Contingent assets and liabilities**

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

**(a) Contingent assets**

**Operating lease receivables**

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

	2018 \$'000	2017 \$'000
Not later than one year	64	63
Later than one year and not later than five years	176	173
Later than five years	356	289
	<u>596</u>	<u>525</u>

**(b) Contingent liabilities**

**Superannuation**

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

*Future superannuation contributions*

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2018. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2019 are \$46,762.92.

**Landfill**

Council operates a landfill at Anglesea. Council will have to carry out site rehabilitation works in the future. At balance date Council provided a Bank Guarantee to State of Victoria - Environment Protection Authority. The guarantee provides financial assurance up to \$545,000 for remedial action as defined in section 3.1 EPA Publication 777 Determination of financial assurance for Landfills, September 2001.

**(c) Guarantees for loans to other entities**

Council has provided contract performance guarantees. The details and extent of Council exposure at the reporting date are as follows:

	2018 \$'000	2017 \$'000
Contract Performance:		
Department of Minerals and Energy	20	20
Department of Energy and Resources	50	50
	<u>70</u>	<u>70</u>

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

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

**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.

*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

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

#### (b) Market risk

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

##### *Interest rate risk*

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

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

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

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

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

#### (c) Credit risk

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

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

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when Council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 7.1(f).

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

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

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

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 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 +0.25% and - 0.25% in market interest rates (AUD) from year-end rates of 1.50%.

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.

*Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuation is performed either by experienced council officers or independent experts.

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

*Impairment of assets*

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

**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

8.1 Reserves	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
<b>2018</b>			
<b>Property</b>			
Land	76,574	26,199	102,773
Buildings	35,776	-	35,776
	<u>112,350</u>	<u>26,199</u>	<u>138,549</u>
<b>Infrastructure</b>			
Furniture and equipment	32	-	32
Roads	134,970	-	134,970
Bridges	2,667	-	2,667
Footpaths and cycleways	9,182	806	9,988
Drainage and sewerage	15,678	-	15,678
Recreational, leisure and community facilit	2,364	5,507	7,871
Parks, open space and streetscapes	1,472	899	2,371
Offstreet car parks	2,360	-	2,360
Library	125	-	125
	<u>168,850</u>	<u>7,212</u>	<u>176,062</u>
<b>Total asset revaluation reserves</b>	<b><u>281,200</u></b>	<b><u>33,411</u></b>	<b><u>314,611</u></b>
<b>2017</b>			
<b>Property</b>			
Land	61,819	14,755	76,574
Buildings	12,004	23,772	35,776
	<u>73,823</u>	<u>38,527</u>	<u>112,350</u>
<b>Infrastructure</b>			
Furniture and equipment	32	-	32
Roads	128,720	6,250	134,970
Bridges	2,137	530	2,667
Footpaths and cycleways	9,182	-	9,182
Drainage and sewerage	15,678	-	15,678
Recreational, leisure and community facilit	2,364	-	2,364
Parks, open space and streetscapes	1,472	-	1,472
Offstreet car parks	2,816	(456)	2,360
Library	125	-	125
	<u>162,526</u>	<u>6,324</u>	<u>168,850</u>
<b>Total asset revaluation reserves</b>	<b><u>236,349</u></b>	<b><u>44,851</u></b>	<b><u>281,200</u></b>

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

Notes to the Financial Report  
For the Year Ended 30 June 2018

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>(b) Other reserves</b>				
<b>2018</b>				
<b>Allocated</b>				
Plant replacement	1,080	764	(1,478)	366
Open space	936	717	(103)	1,550
Main drainage	210	-	-	210
Home Care Packages	137	116	-	253
Developer contributions	2,141	2,406	(1,296)	3,251
Airey's Inlet aged care units	300	3	-	303
Waste	4,322	4,873	(2,794)	6,401
Gravel Pits	1,660	283	-	1,943
Defined benefits superannuation	724	250	-	974
Carried forward capital works	8,741	12,798	(8,741)	12,798
Carried forward new initiatives	1,562	1,350	(1,562)	1,350
Adopted strategy implementation	4,349	4,164	(2,677)	5,836
Asset renewal	411	6,381	(5,807)	985
Developer Contributions Council Allocation	1,172	2,361	(2,063)	1,470
Winchelsea Infrastructure Plan	-	154	-	154
Accumulated unallocated cash	5,060	4,401	(4,443)	5,018
<i>Sub-total Allocated Reserves</i>	<i>32,805</i>	<i>41,021</i>	<i>(30,964)</i>	<i>42,862</i>
<b>Total Other reserves</b>	<b>32,805</b>	<b>41,021</b>	<b>(30,964)</b>	<b>42,862</b>
<b>2017</b>				
<b>Allocated</b>				
Plant replacement	949	1,215	(1,084)	1,080
Open space	817	152	(33)	936
Main drainage	216	9	(15)	210
Home Care Packages	85	52	-	137
Developer contributions	4,247	719	(2,825)	2,141
Airey's Inlet aged care units	343	2	(45)	300
Waste	6,196	3,402	(5,276)	4,322
Gravel Pits	1,748	404	(492)	1,660
Defined benefits superannuation	474	250	-	724
Carried forward capital works	5,582	8,741	(5,582)	8,741
Carried forward new initiatives	770	1,592	(800)	1,562
Adopted strategy implementation	2,404	3,797	(1,852)	4,349
Asset renewal	357	6,583	(6,529)	411
Developer Contributions Council Allocation	920	2,117	(1,865)	1,172
Accumulated unallocated cash	3,664	3,476	(2,080)	5,060
<i>Sub-total Allocated Reserves</i>	<i>28,772</i>	<i>32,511</i>	<i>(28,478)</i>	<i>32,805</i>
<b>Total Other reserves</b>	<b>28,772</b>	<b>32,511</b>	<b>(28,478)</b>	<b>32,805</b>

**(b) Other reserves (cont)**

Councils allocated reserves contain funds that have been resolved by Council to be used in a particular manner or an obligation by either an Act or contractual agreement that limits the use of the funds.

The purpose of the Plant replacement reserve is to establish a fund whereby Council's heavy plant can be replaced at the end of their useful lives. The changeover cost of small vehicles is also funded from this reserve.

The purpose of the Open Space reserve is to provide improved recreational facilities for the Surf Coast Shire, both of an active and passive nature. Council has an obligation to hold these funds under the Subdivision Act 1988

The purpose of the Main drainage reserve is to hold developer contributions for main drainage works at a later point than the initial development. They are tied to works within the catchment area from which funds were derived. Council has an obligation to hold these funds under the Planning and Environment Act 1987

The purpose of the Airey's Inlet units reserve is as the funding source for the maintenance of social housing for disadvantaged low income earners. Four social housing units currently exist in Aireys Inlet. Council has an obligation to hold these funds under the Housing Act 1983

The purpose of the Developer contributions reserve is to hold funds contributed by developers for specific works associated with subdivisions. Funds are contributed for infrastructure (footpaths, fencing, streetscapes etc) where it is deemed that these works should occur at a later point than the initial development. Funds are also held in this account for the Torquay/Jan Juc DCP. Funds collected are specifically identified for projects via s173 agreement or the Developer Contribution Plan

The purpose of the Waste reserve is to ensure that the full cost of the waste function is met by the waste charges (garbage charge and fee income from landfill) and that surpluses and deficits on an annual basis can be covered without any adverse impact on the balance of Council's budget.

The purpose of the Gravel pits reserve is to provide funding for road improvements for Council roads.

The purpose of the Defined benefits reserve is to reserve funds for future Defined Benefits Superannuation funding calls arising from shortfalls in the Local Government Defined Superannuation Benefits Fund

The purpose of the Carried forward capital works reserve is to act as a mechanism to carry over funding for capital works that are still in progress at year end.

The purpose of the Carry forward new initiatives reserve is to act as a mechanism to carry over funding for new initiatives that are still in progress at year end.

The purpose of the Adopted strategy reserve is to provide funding for projects in line with approved strategies adopted by Council and is funded from operations or grants received.

The purpose of the Asset renewal reserve is to provide funding based on the Asset Renewal Funding Strategy.

The purpose of the Developer contributions Council allocation reserve is to provide Council allocated funding based on the Torquay/Jan Juc Developer Plan

The purpose of the Home care packages reserve is to meet Council's obligation under new Commonwealth legislation to carry any unspent individual client funds into future periods.

The purpose of the Accumulated unallocated cash reserve is to separately identify Council's Unallocated Cash.

The purpose of the Developer contributions Council allocation reserve is to provide Council allocated funding based on the Winchelsea Infrastructure needs.

	2018	2017
	\$'000	\$'000
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	27,864	16,972
Depreciation	12,729	10,994
Profit/(loss) on disposal of property, infrastructure, plant and equipment	240	2,115
Assets Written off	2,717	-
Finance costs	1,035	1,077
Contributions - Non-monetary assets	(18,426)	(10,718)
Share of net profits/(losses) of Geelong Regional Library Corporation	-	80
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(735)	(1,208)
(Increase)/Decrease in prepayments	(75)	25
(Increase)/decrease in accrued income	7	67
Increase/(decrease) in trade and other payables	(1,415)	3,447
Increase/(decrease) in other liabilities	116	52
(Increase)/decrease in inventories	18	(38)
Increase/(Decrease) in provisions	(1,243)	(2,343)
Increase/(Decrease) in trust funds and deposits	213	979
Net cash provided by/(used in) operating activities	<u>23,045</u>	<u>21,501</u>

### 8.3 Superannuation

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

#### Accumulation

The Fund's accumulation categories, Vision MySuper/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% 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 June 2018 was 106.0%.

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

**Employer contributions**

**Regular contributions**

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

**Funding calls**

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

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

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

**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

**2018 interim actuarial investigation**

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