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welcome

The City of Kingston is proud to present the 2015/16 Annual Report to our community. The report describes Kingston Council's 2015/16 operations, and the various accomplishments and challenges throughout the year.

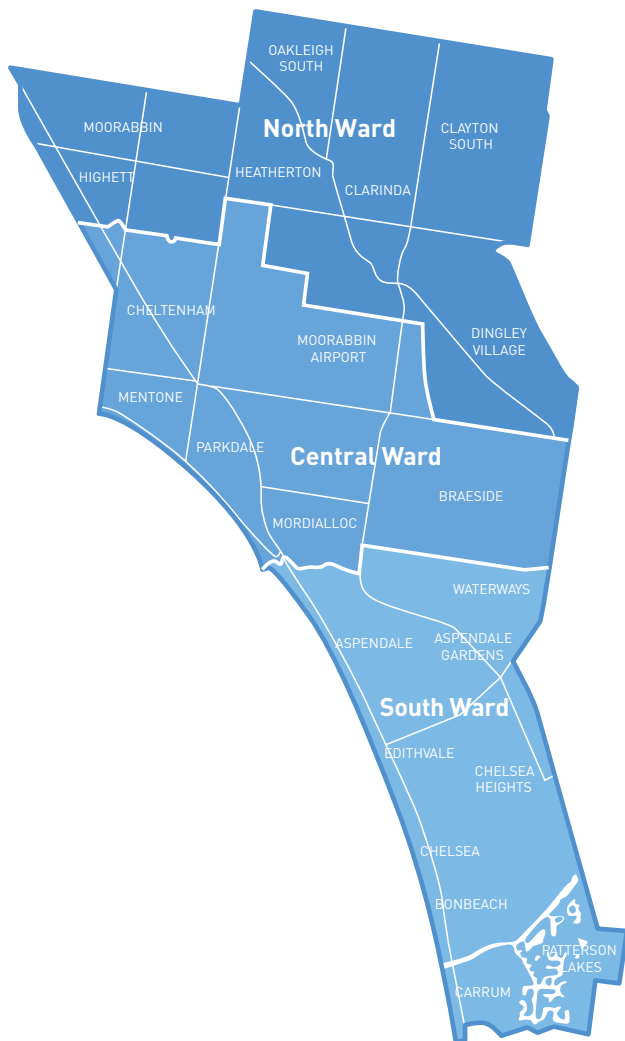
Council measures its performance in compliance with the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014* (the Regulations).

The City's Annual Report benchmarks our performance against strategic objectives set in the 2013-2017 Council Plan and our long-term financial plan.

For further information and to provide feedback, please contact our Customer Service Department on 1300 653 356.

We are a city of contrast, home to a large industrial area, an airport, world-class golf courses and areas of high environmental value, such as the Ramsar wetlands in Edithvale/Seaford, the Green Wedge and 13 km of Port Phillip Bay coastline.

The City of Kingston is located in the middle southern suburbs of Melbourne, approximately 20 km south of the Melbourne CBD. Every suburb in Kingston offers something different — from diverse businesses, housing, shops and restaurants, to beaches, bushland, parks and playgrounds.



Who we are

Kingston is a diverse community with a current estimated resident population of 155,000 spanning a wide range of ages, household types and cultures. Our community is constantly growing — by 2036, Kingston's population is expected to reach 185,000, occupying an anticipated 77,300 dwellings.

Consistent with national trends, Kingston's oldest residents comprise the fastest growing population group in the municipality. Ongoing planning will explore how services will cope with the greater demand caused by this increase.

The changing cultural make up of Kingston is reflective of immigration trends across Australia, with the Italian and Greek population ageing, and an increase in people arriving from India and China. About 30 per cent of Kingston's population was born overseas, with 22 per cent from non-English speaking backgrounds including Vietnamese, Indian, Sri Lankan, Greek, Italian and Chinese.

What we do

The City of Kingston is one of Victoria's major employment centres, and our industrial sector is one of the largest and most concentrated in the state.

We have a multi-skilled labour force. Just over 70,000 of Kingston residents are employed, with almost 30 per cent of residents working locally, enjoying shorter travel times and improved work/life balance.

Kingston is home to approximately 15,500 businesses, many of which are small to medium enterprises.

Our community is well served by retailers. We have several major activity centres including Moorabbin, Cheltenham, Mentone, Mordialloc and Chelsea, and numerous smaller local and neighbourhood shopping precincts.

When we are not shopping, working or studying, we spend time in our open spaces, leisure centres, libraries and community centres. We also enjoy an impressive calendar of performing, visual and cinematic arts events and activities.

Our inviting beaches are popular all year round, with active residents swimming, sailing and kayaking in the bay, while others walk, jog, skate and cycle along our increasingly connected foreshore and park pathways and trails.

a message from the Mayor



On behalf of my fellow Councillors, I am pleased to present the Kingston Council 2015/16 Annual Report.

In 2015/16, we continued to deliver quality services to our community and rolled out a vast capital works program to realise a number of exciting initiatives, including commencing construction of the Carrum Family and Children's Centre and new Mordialloc Life Saving Club, major improvements to drainage infrastructure across the City and opening a new section of Melbourne's much loved Bay Trail. We also continued to efficiently deliver our core services, such as rubbish and recycling collection and maintaining Kingston's roads and footpaths.

Kingston continues to make incredible improvements to the services we provide for children and young people. We upgraded Nola Barber Kindergarten in Aspendale and redeveloped Park Street Preschool in Mordialloc, creating more places for Kingston's children. Council and the Aspendale Gardens Community Centre will also continue to run the Aspendale Gardens Youth Cove service which provides free activities for young people, including arts and crafts, cooking, homework help and skill-building workshops.

Council continued to support Kingston's diverse range of community groups, with the opening of the Mentone Activity Hub at Keith Styles Reserve. The \$1.4 million project provides a new home for five community groups and replaced the old Senior Citizens building on the site. We also began construction on the Westall Community Hub to serve residents in the northern suburbs of Kingston, which will be completed in 2017.

In October 2015, our community gained a win that will endure for generations to come, with the Minister for Planning's approval to rezone land outside the Urban Growth Boundary — north of Kingston and Heatherton Roads — from a Special Use Zone that facilitated waste-related activities, to the highest level of protection for a Green Wedge, a Green Wedge A Zone. This will see an end to the waste industry in the Green Wedge by prohibiting new landfill and waste recovery operations from opening, and ensure that old landfills are rehabilitated and turned into public parklands for everyone to enjoy.

Where Council is not the responsible decision-making authority, we proudly lobby other tiers of government on behalf of our community. This year we called on the Victorian Government to rule out all forms of elevated rail in Kingston as part of its level crossing removal project. We will continue to work with the government to determine how it can fulfil its commitment to level crossing removals without resorting to elevated rail.

It is vital that Council is in touch with your views on a range of important matters. We regularly engage with the community, and in 2015/16 consulted on issues such as the Bay Trail, Dingley Village Sport and Recreation, the Domestic Animal Management Plan, the Parking Management Policy, communications, apartment living and more. We will continue to maximise opportunities for you to have your say and incorporate your feedback into Council's decision making as much as possible.

Finally, we could not deliver our high quality services without the hardworking frontline staff and volunteers who always put our community first. Thank you for making Kingston a place where people want to live and do business.

I would also like to thank my fellow Councillors, the Chief Executive Officer and his team for the contribution they make every day to Kingston. We are lucky to have so many committed individuals serving our community for the benefit of this great city.

A handwritten signature in dark ink that reads "T. S. Bearsley". The signature is written in a cursive, flowing style.

Cr Tamsin Bearsley
Mayor

a message from the CEO



The City of Kingston continued to prosper in 2015/16, completing a range of major capital works, streamlining processes for residents and local businesses, and performing well in the annual community satisfaction survey.

We have worked hard to deliver core services, maintain the City's assets and plan for Kingston's future, all while maintaining the upmost levels of fiscal responsibility. Today, the organisation's fiscal prudence is more important than ever, given the challenges presented by the Victorian Government's new rate capping policy, which was introduced in July 2016. Despite future rate increases being capped to 2.5 per cent, our municipality is well placed to respond due to Council's history of sound financial management.

In 2015/16, Council achieved an operating surplus of \$48 million and \$43.3 million was invested in capital works to maintain and renew \$2.2 billion of community assets. In 2015/16, the City of Kingston was successful in securing \$71.7 million in grants from the Victorian and Federal governments to pay for local projects and services without placing further financial burden on our rate payers.

The opportunity to open a brand new community facility is always one of the most rewarding highlights of the year. In 2015/16, we continued to maintain and upgrade Kingston's ageing sporting facilities to better meet the needs of our community. We completed long-overdue upgrades to female facilities at Rowan Road Netball Complex in Dingley Village and building improvements at Regents Park Pavilion in Aspendale and Keeley Park West Pavilion in Clayton South to provide a more enjoyable experience for Kingston's sporting community.

The way that the City of Kingston communicates with you continues to evolve. Our website and email communications are increasingly popular, and the purpose-built My Community Life website is providing a virtual home for a variety of Kingston's diverse community groups. In mid-2016, we surveyed residents to find out how and when they would prefer to hear from Council. The findings have informed our communications moving forward, and we always welcome further feedback and suggestions.

Our residents continue to be satisfied with Council's day-to-day performance. Compared with our Victorian counterparts, we scored seven points higher than the state-wide average for overall performance on the 2016 Community Satisfaction Survey, and also performed strongly in the key areas of customer service and overall council direction. The survey also provides an opportunity to hear where we can do better, as there is always room for improvement. Your feedback is vital in improving how we serve the community.

I take pride in commending the organisation for its outstanding work during 2015/16 and acknowledge the leadership and support of our 2015 Mayor Cr Geoff Gledhill, 2016 Mayor Cr Tamsin Bearsley and Councillors.

A handwritten signature in dark ink, appearing to read 'John Nevins', written in a cursive style.

John Nevins
CEO

operational performance

The 2015/16 Annual Report measures Council's performance against what we said we would do in our 2013-2017 Council Plan. The following table summarises Council's achievements and results in 2015/16 against these six goals. A more detailed report of the goals can be found from page 16.



Goal	Goal 1	Goal 2	Goal 3
	Facilities and assets that are well used and effectively managed	A sustainable natural and built environment	Healthy, strong and connected communities
Major achievements	<ul style="list-style-type: none"> ▶ Commenced construction of the \$4 million Carrum Family and Children's Centre at Roy Dore Reserve, due to open in early 2017. ▶ Commenced construction of the Westall Community Hub, a \$9 million project to deliver services for residents in Kingston's northern suburbs. ▶ Officially opened the first section of Kingston's new Bay Trail along the foreshore between Charman Road and Mentone Life Saving Club. ▶ Approved a masterplan to transform Ben Kavanagh Reserve, Mordialloc, with an expanded sports pavilion, improved fencing, playground, landscaping and carpark. 	<ul style="list-style-type: none"> ▶ Planning Scheme Amendment C143 was approved by the Minister for Planning, which will put an end to the waste industry in the Green Wedge by prohibiting new landfill and waste recovery operations. ▶ Progressed construction of the new \$3.9 million Mordialloc Life Saving Club and Aboriginal Gathering Place, to open in October 2016. ▶ Commenced stages 1 and 2 of the Edithvale Recreation Reserve Stormwater Treatment and Reuse and Flood Mitigation project, to prevent local flooding by harvesting stormwater from the residential catchment and treating it for reuse on the golf course. 	<ul style="list-style-type: none"> ▶ Partnered with Telstra in an Australian-first initiative to deliver free public Wi-Fi to 20 key community locations. ▶ Council endorsed ongoing support for the Aspendale Gardens Youth Cove following a successful six-month trial. ▶ In October 2015, held the Kingston Seniors Festival for the eighth year running, with a range of activities for senior citizens across the municipality. ▶ Redeveloped the Kingston Council website, and developed a Near Me online feature that helps residents find key places of interest in Kingston, such as current planning applications, community centres, dog off leash areas and libraries. ▶ Supported local residents with disabilities with a new Auslan Storytime for families with deaf children at Kingston Libraries.



Goal 4

A prosperous and dynamic city

- ▶ Continued the implementation of the Mentone Renaissance, designed to revitalise Mentone's centre.
- ▶ Approved the sale of land at 48 Como Parade West Mentone (the old triangle building) to facilitate the opening of a new cafe/restaurant and become a key feature of the planned community piazza to be opened in 2017.
- ▶ Worked toward resolving local parking issues with the adoption of the Parkdale Local Area Traffic Management Plan and completion of the Moorabbin Local Area traffic study.
- ▶ Facilitated redevelopment of the Dingley supermarket, the centrepiece of the Dingley Village Shopping Centre, including parking upgrades.

Goal 5

An effective voice

- ▶ Successfully lobbied for our level crossing removals to be prioritised, with seven level crossing removals to commence construction by 2018.
- ▶ Consulted with the community on several issues including the Bay Trail, communications, Dingley Village Sport and Recreation, Domestic Animal Management Plan, Parking Management Policy, Managing Residential Development Advisory Committee, and apartment living.
- ▶ Lobbied the Victorian Government as part of the process established to review the Residential Zones as part of the Advisory Committee process the Minister has established.
- ▶ Lobbied the Minister for Education for improvements to Westall Primary and Secondary schools.

Goal 6

A well-managed and effective organisation

- ▶ Kingston's Cheltenham office building was rated 4.5 stars under the National Australian Built Environment Rating System, a one-point increase since lighting systems were updated with energy-efficient LEDs.
- ▶ Developed the e-pathway planning register for Council's website, showing details of all current and past applications, and commenced online payments for all planning and building applications.
- ▶ Reduced the rates impact on pensioners with a \$20 increase in the pensioner rate rebate to \$100 per annum.
- ▶ Introduced seven environmentally friendly and cost-effective Toyota Prius C Hybrid vehicles into the fleet.

Long-term financial sustainability is the key objective of Kingston Council's financial plan. With careful planning, the community can be assured that Council has the financial resources to achieve the Council Plan objectives in all areas, including community wellbeing and prosperity, sustainable environment, asset management, advocacy and quality leadership and governance.

2015/16 Financial Performance summary

- ▶ Council had an operating surplus of \$48.0 million, \$28.5 million favourable to the budgeted surplus of \$19.5 million (compared to \$25.4 million surplus in 2014/15). This was influenced by:
 - ▶ the net gain on disposal of assets of \$13.5 million primarily due to the sale of Council property and residential aged care bed licences
 - ▶ \$4.3 million in cash contributions from developers
 - ▶ materials and services of \$67.4 million, \$7.1 million favourable to budget primarily due to a lower than budgeted amount of the capital program being expensed to the Income Statement and savings in waste and civil maintenance.
- ▶ Council's total capital works expenditure was \$43.3 million (compared to \$37.3 million in 2014/15).
- ▶ Rates and charges comprised \$125.4 million (64 per cent) of the total operating budget of \$197 million (compared to \$118.9 million (62 per cent) of \$192 million in 2014/15).
- ▶ Cash holdings (including financial assets) increased by \$24.3 million to \$88.2 million (compared to a \$15.6 million increase to \$63.9 million in 2014/15).
- ▶ Council's net assets were \$2.2 billion. This included total land (\$1,336 million), buildings (\$463 million), transport assets (\$417 million), drainage assets (\$136 million), and plant and equipment (\$39 million).
- ▶ Council's renewal gap represents the maintenance of existing assets at a consistent rate. A score of more than 1 indicates a low risk of insufficient spending on our asset base.

A generally accepted definition of financial sustainability is whether local governments have sufficient current and prospective financial capacity to meet their current and prospective financial requirements.

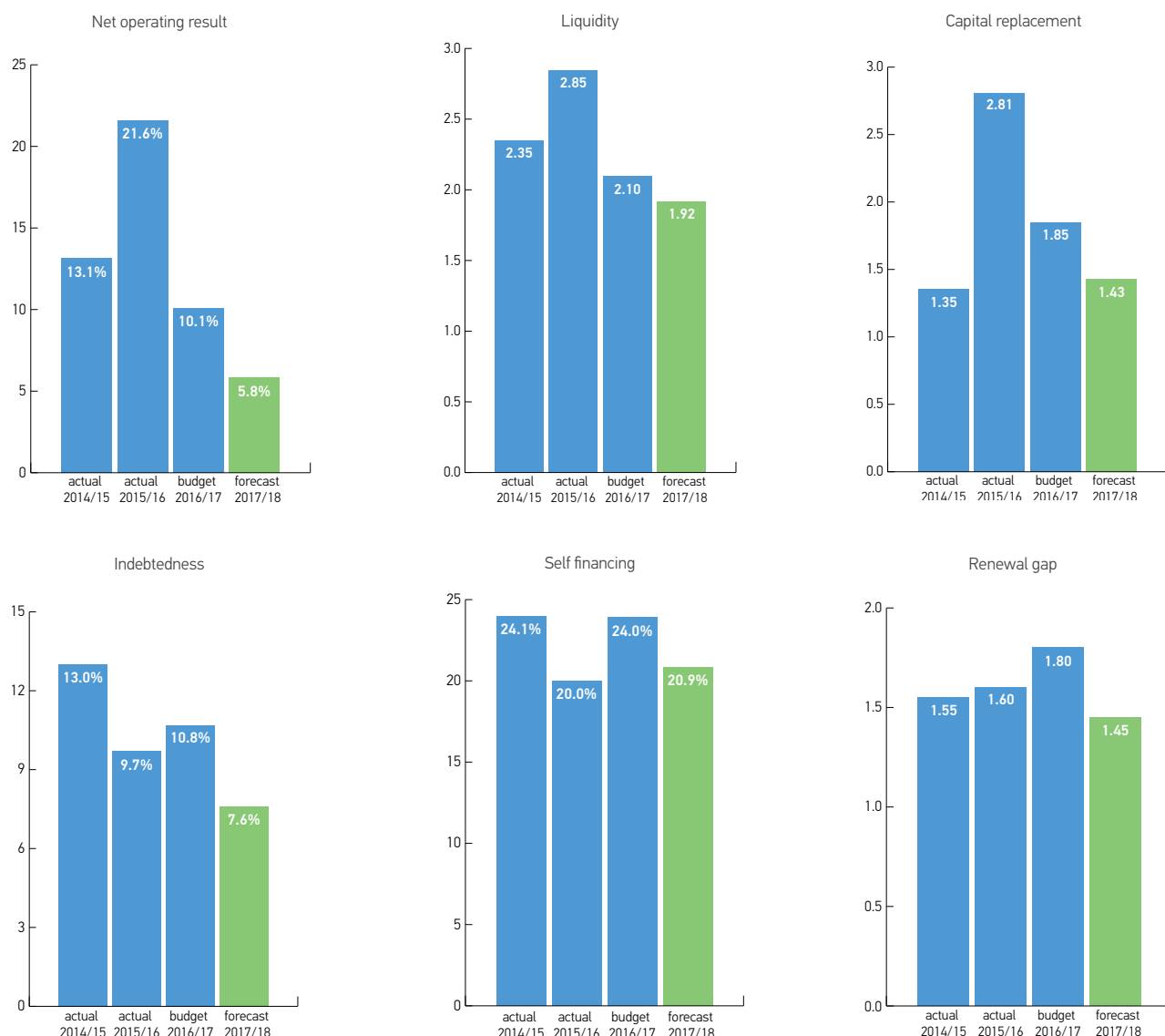
To be sustainable, local governments need sufficient capacity to be able to manage future financial risks and shocks without having to radically adjust their current revenue or expenditure policies.

The Victorian Auditor General reports to Parliament each year. The following indicators are used in their report to reflect short and long-term sustainability, and are measured by whether local governments:

- ▶ generate enough revenue to cover operating costs (including the cost of replacing assets reflected in depreciation expense) – operating result
- ▶ have sufficient working capital to meet short-term commitments – liquidity
- ▶ are not overly reliant on debt to fund capital programs – indebtedness
- ▶ generate sufficient operating cash flows to invest in asset renewal and repay any debt it may have incurred in the past – self-financing
- ▶ have been replacing assets at a rate consistent with their consumptions – investment gap.

The financial sustainability of each Council is assessed using the risk criteria, which can be found at audit.vic.gov.au/reports_and_publications.aspx.

The following graphs are based on the last two years of actual results and the forecast for the next two years from our Strategic Resource Plan as adopted by Council in May 2016 and highlight the trend of Kingston's financial sustainability as assessed by the Auditor-General. They show that Kingston's overall Financial Risk is rated as Low.



Long-term financial strategic objectives

While this report focuses on the 2015/16 financial results, it is important to see this result in the context of the long-term financial strategic objectives of Council, which are:

- ▶ ensuring adequate funding to responsibly maintain and renew the \$2.2 billion of community assets under the control of Council
- ▶ proposing to spend \$101 million by 2019/20 on asset renewal. This level of expenditure will ensure assets are generally maintained within intervention levels through the medium to longer term to 2030
- ▶ providing funding to achieve Council's rolling capital works program commitments and future objectives by achieving better than breakeven operating and cash results
- ▶ ensuring adequate funding to maintain and improve the quality and standard of more than 100 services provided to the community by Council and the future service objectives of Council
- ▶ ensuring Council always has adequate cash reserves to maintain its financial liquidity and that it can always meet all debt and payment obligations in a timely manner.

See page 76 for the full Financial Report.

Kingston councillors



Cr Tamara Barth

Cr Barth was elected to Council in November 2012 and lives in Kingston with her young family. She has worked for many years in the higher education sector and is committed to ensuring residents — particularly children, youth and seniors — have access to the health, wellbeing and educational support and services they need. Cr Barth's highlights have included:

- ▶ beginning works on the \$8.9 million Westall Community Hub, which will provide a wide range of vital Family and Children's services in a 'one-stop shop'
- ▶ completing \$170,000 of building maintenance, repairs and improvements at Keeley Park Reserve in Clayton South to make it safer and more accessible for users
- ▶ upgrades to Spring Road Reserve to improve access for the community.



Cr Paul Peulich

Cr Peulich is a resident of the North Ward and was elected to Council in November 2008. Cr Peulich served as Mayor from November 2013 to November 2014. A finance graduate, Cr Peulich has worked in a Kingston-based manufacturing company and takes a strong interest in the local economy as well as sport and recreation. Cr Peulich's highlights have included:

- ▶ committing \$900,000, plus \$300,000 from the Victorian Government, to improve conditions for the 250 junior athletes from the Moorabbin Little Athletics Club at G.R. Bricker Reserve
- ▶ hosting the Kingston Golf Forum — The Business of Golf in the 21st Century — which brought together the golfing community to discuss its future challenges
- ▶ establishing the Business and Economic Development Advisory Committee to provide advice to the City of Kingston about the city's economic growth and development, and the community's local employment issues.



Cr Steve Staikos

Cr Staikos is passionate about social participation, multiculturalism, the environment and the arts. He also works as the Policy and Public Affairs Officer for the Community Housing Federation of Victoria. Cr Staikos' highlights have included:

- ▶ a \$2.2 million investment to remediate and landscape the former landfill site at Elder Street and a further \$665,000 for remediation works at four sites (Spring Road, Heatherton Park, Argyle Avenue and Deals Road) plus \$600,000 for other Green Wedge improvements
- ▶ investment of \$5 million towards the Linton Street precinct that will become home to Saint Kilda Football Club, Southern Football Netball League, South Metro Junior Football League and the TAC Sandringham Dragons

- ▶ a \$545,000 investment towards Oakleigh South's Dales Park netball facilities to improve the configuration of the courts, playing surface and parking arrangements.



Cr Geoff Gledhill

Cr Gledhill was elected to Council in November 2012 and lives in the municipality with his wife and three children. Cr Gledhill served as the City of Kingston's 18th Mayor from November 2014 – November 2015. Cr Gledhill operates a retail consultancy service in the area and is a volunteer lifesaver across Kingston's beaches. Cr Gledhill's highlights have included:

- ▶ officially opening the new section of the Bay Trail: a three-metre wide shared pedestrian and bike path running from Charman Road to the Mentone Lifesaving Club
- ▶ working to reform Kingston's delivery of aged care services, ensuring their quality and sustainability for Kingston residents today and into the future
- ▶ introducing a permanent 24-hour dog off leash area at Mentone Beach.



Cr Rosemary West OAM

Cr West OAM, a resident of Kingston for over 30 years, has served on Council since March 2003. Prior to joining Council, Cr West was a noted journalist, working for *The Age* for 15 years and has received the Order of Australia Medal for services to disadvantaged groups in the community and to journalism. Cr West's highlights have included:

- ▶ successfully gaining approval from the Victorian Planning Minister for Council's long-awaited C143 Planning Amendment – which will eradicate the waste industry and protect the Green Wedge
- ▶ Council policy to protect our golf courses by reaffirming the Special Use Zone (SUZ)
- ▶ continuing Mentone's Renaissance through the delivery of a roundabout and street upgrades in Davies Street and Balcombe Road.



Cr Ron Brownlees OAM

Cr Brownlees OAM has been a Kingston Councillor from 1992 to 2003 and 2008 to present. He is married with three children and has been a Cheltenham resident for over 40 years. Cr Brownlees OAM is active in Rotary and was awarded the Centenary Medal by the Australian Government in 2001 and Order of Australia Medal in 2012. Cr Brownlees' highlights have included:

- ▶ committing and commencement of the building works to a new \$4 million Life Saving Club and Indigenous Gathering Place in Mordialloc

- ▶ the opening of the \$1.4 million Mentone Activity Hub at Keith Style Reserve, Mentone. The building will provide a much needed community meeting space and will be home to many Kingston community groups
- ▶ adopting the Ben Kavanagh Reserve Masterplan which will see improvements to the reserve, create a great social space and improve sporting facilities for the Mordialloc community.



Cr John Ronke

Cr Ronke is Kingston's longest serving Councillor, having been elected following Council amalgamations in 1997. He has been a Kingston resident since the age of two, and currently lives in Aspendale Gardens with his wife and two children. Cr Ronke's highlights have included:

- ▶ being a part of the enhancements to Chelsea's Bicentennial Park to improve public safety through lighting and park infrastructure
- ▶ seeing the construction of Edithvale's major storm water improvement project. This was the largest drainage project of this type in Kingston's history and provided much needed flood relief for residents
- ▶ completing a \$200,000 upgrade to Edithvale's Regent Park Pavilion to make the facility user-friendly by installing female bathrooms.



Cr David Eden

Cr Eden was elected to Council in 2012 and is studying Law at Deakin University while managing his local artificial plant business. He is committed to encouraging community participation in all areas of Council decision making, and improving the accountability and accessibility of Council by adopting modern approaches to good governance. Cr Eden's highlights have included the:

- ▶ completion of the \$3.1 million Bonbeach Recreation Reserve Pavilion, which involved reconfiguring change rooms, social spaces and extending the pavilion to accommodate a foyer, kiosk and toilets
- ▶ launch of Council's My Community Life – an online directory developed by Council in response to community feedback requesting an online space for local groups to promote and market themselves and their activities
- ▶ refurbishment works at Branagan Drive Reserve in Aspendale Gardens to update the playground and park facilities.



Cr Tamsin Bearsley

Cr Bearsley was elected to Council in October 2012 and lives in Aspendale Gardens with her husband and two children. She was motivated to join Council to improve community consultation. Cr Bearsley was elected as Kingston's 19th Mayor in November 2015. As a primary school teacher, she has a particular interest in supporting community groups and residents' associations, improving local amenity and strengthening budget controls. Cr Bearsley's highlights have included:

- ▶ a successful 12-month trial of the Aspendale Youth Cove, which saw 1,150 young people who sought services from Council's Youth Services team visit the facility
- ▶ lobbying to the Victorian Government about community concerns regarding the elevated rail on the Frankston Line
- ▶ investing funding in Council's Family and Children's Services, including Carrum Family and Children Centre, Aspendale North Kindergarten and Nola Barber Kindergarten
- ▶ investing in women's sports, with the construction of six new netball courts in Kingston's south.

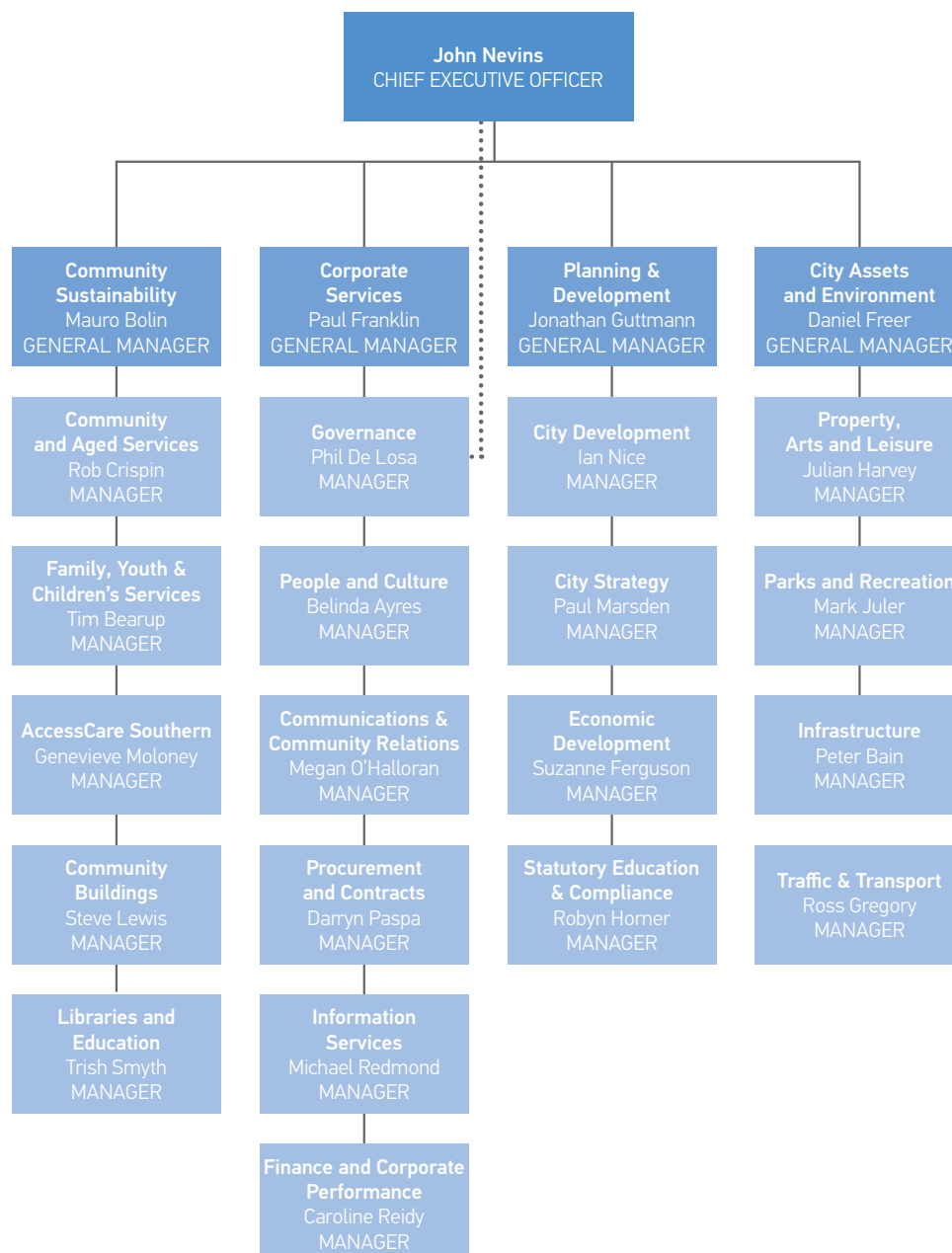
Junior Mayor

Council's Junior Mayor Program has run for over 50 years. Each Kingston primary school is invited to participate in the Junior Mayor election. St John Vianney Primary School student Jasmine Warber was Junior Mayor from April 2015 until April 2016. In April 2016, Isaac Madafferi from Kingswood Primary School was inducted as the 2016/17 Junior Mayor, and will assist the Mayor at a range of official Council events.

our organisation

The City of Kingston's Organisational Structure is made up of four divisions: Planning and Development, City Assets and Environment, Community Sustainability, and Corporate Services.

Each division is led by a General Manager who reports to the Chief Executive Officer (CEO). The CEO is directly accountable to the Mayor and Councillors who are elected by Kingston residents.



Major changes

A new Traffic and Transport department was formed in 2015/16.

We continue to build our capacity to achieve our goals in a manner that is consistent with our values.

We want all our employees to achieve high levels of performance and personal job satisfaction. Engaged, high-performing employees help us deliver great service to the community. We value the contribution of our people, and the nature of our work means our employees feel connected to and proud of the Kingston community.

Recognising that employee wellbeing is vital to the resilience and effectiveness of our workforce, employees are encouraged to participate in Kingston's myWellbeing program to encourage and support better health and work practices through a range of activities, support and information. The myWellbeing program was nominated as a finalist in the 2015 WorkSafe Victoria Awards under the category of 'Commitment to Workplace Health and Wellbeing'.

Our organisational culture

Community Inspired Leadership is at the core of our organisational culture. Our circle of influence reflects the six key values that guide our behaviour — community centric, dynamic, future orientated, accountable, expert and celebrate.

Building our culture and capacity

As a part of Kingston's commitment to continuous improvement, an Employee Engagement Survey is undertaken every two years. The most recent survey was conducted in July 2015. Kingston achieved an overall engagement rating of 68 per cent — which is above the local government average.

Internal learning programs provided ongoing professional development of our people. Seventy-one learning programs were conducted through Kingston's Learning and Development program, including business systems, induction programs, health and wellbeing, and leadership development programs.

We continued our successful Breakthrough Leaders Program, with 18 employees participating to develop their leadership and business skills to help achieve Council's purpose and vision. This takes the total number of staff participating in the program to 130 over seven years. Participants receive a Diploma of Management upon completion.

Kingston recognises and celebrates the milestones and achievements of our employees through an annual Employee Recognition Event.

Our OHS performance

A summary of Council's occupational health and safety performance can be found in Appendix 1.

Equal Employee Opportunity Program

In 2015/16, Council developed and revised its Code of Conduct, Workplace Bullying and Equal Opportunity policies, and held several professional development and health and wellbeing programs for employees.

Our people profile

As at 30 June 2016, Kingston employed 1,338 people in a diverse range of positions, including engineering, customer service, administration, finance, community and aged services, family, youth and children's services, sport and recreation, health, parks and gardens, planning, arts and management. Our employees represent a proportion of our community, with 43 per cent of employees living in the City of Kingston.

Table 1 and 2 (Appendix 2) show the total number of Kingston employees is made up of 450 full-time, 477 part-time, 411 casual and 74 temporary employees, with 70 per cent of our workforce being female, and 30 per cent male.

Volunteers

Council's programs were supported by a number of committed volunteers during the year:

- ▶ Local residents donated 5,024 hours in community participation activities, including representing the community at network meetings and other events. These comprise 2,241 volunteer instances — a significant increase from the previous year (4,136 hours and 1,372 instances).
- ▶ Local residents were driven to essential appointments and services by 18 volunteers, who donated 754 hours (compared to 21 volunteers and 1,045 hours in 2014/15).
- ▶ Nutritious meals were home delivered by 176 volunteers who donated 5,010 hours of their time (a decrease from the previous year, when there were 226 volunteers and 5,848 hours).

strategic planning and reporting framework

Every Council is required to prepare and adopt a Council Plan by 30 June in the year following a general election, which is conducted in October on a four-year cycle.

Kingston's Council Plan 2013-2017 establishes Council's planning framework to the community for the next four years and is reviewed annually. Our plan goes beyond the legislative framework of the *Local Government Act 1989* to ensure emerging issues and community priorities are strategically addressed.

The plan underpins and guides our work and actions. It establishes the direction and priorities for the organisation. Progress against the plan is measured in quarterly performance reports and the Annual Report. The detailed quarterly performance reports can be viewed on the Kingston website following consideration at the relevant Council meeting. Visit kingston.vic.gov.au/Your-Council for more information.

Local Government Performance Reporting Framework (LGPRF)

The LGPRF is a mandatory system of performance reporting, introduced by the Victorian Government, to ensure that all councils are measuring and reporting on their performance in a consistent way. The framework is made up of 66 measures and a governance and management checklist of 24 items, which together build a comprehensive picture of council performance.

How to read this report

The 2015/16 Annual Report describes Council's operations for the financial year from 1 July 2015 to 30 June 2016 on the basis of the six goals determined by Council at the beginning of its term. It also presents examples of capital works projects undertaken during the year, our challenges and indicators of success according to the Council Plan. Each goal presents the achievements against Major Initiatives as identified in the 2015/16 Budget.

In addition, it includes the results for the service performance indicators and measures identified through the LGPRF and related legislation.

1



facilities and assets that are well used and effectively managed

Council will manage and maintain safe and accessible facilities and assets that are fit for purpose for today's community, as well as future generations.



Budget \$57.2M
Expenditure \$49M

Our aim is to ensure that both new and existing facilities and assets have multiple uses, are well utilised, and support and promote an active and connected community.

Capital works

- ▶ New Carrum Family and Children's Centre - \$3,178,028 spent
- ▶ Kingston Leisure Centres - asset replacement and refurbishment - \$745,000 spent
- ▶ Keeley Park Masterplan - \$383,720 spent

Our services

Services provided by Council to ensure Kingston's facilities and assets are well used and effectively managed include:

-  leisure planning
-  maintaining and upgrading Council-owned buildings and facilities, including halls, pavilions, libraries, child care centres, aged hostels and club rooms
-  managing, maintaining and upgrading Council-owned assets, such as roads, bridges, drains and footpaths and cycling paths
-  planning for development and maintenance of sport and recreational facilities and playgrounds



property management



engineering design and maintenance of council assets

Notable achievements

- ▶ Officially opened the first section of Kingston's Bay Trail, located along the foreshore between Charman Road and Mentone Life Saving Club.
- ▶ Commenced works on the \$9 million Westall Community Hub (\$6.6 million from Kingston Council, \$2.4 million from the Victorian Government) to deliver a range of services for Kingston's northern suburbs.
- ▶ Commenced work on the new Carrum Family and Children's Centre at Roy Dore Reserve, Carrum, due to open in early 2017.
- ▶ Continued the conversion of underutilised seniors' centres to vibrant activity hubs, with the new \$1.4 million Mentone Activity Hub in Keith Styles Reserve opened in June 2016.
- ▶ Completed building work and refurbishments at Mordialloc Preschool, Nola Barber Kindergarten, Bonbeach Recreation Reserve Pavilion, and the Don Tatnell Leisure Centre pedestrian link.

Our challenges

- ▶ Following consultation with local residents, Council implemented a four-storey height limit in Mentone. However, in 2015/16, the Minister for Planning removed mandatory height controls in the Mentone Activity Centre without consultation with Council or the local community.
- ▶ Lobbying for a solution to level crossing removal in Kingston that reflects the community's expectations.
- ▶ Balancing the amenity of residents, including parking, transport connections and the natural environment, with an expected increase in population and development.
- ▶ The variance to budget is due to cost savings in some capital projects, and unavoidable delays to some capital projects.

indicators of success

Council's achievement of Goal 1 is detailed below:

Asset Management Sustainability Index

Target: Achieve a score between 0.95 and 1.05.

2010/11	2011/12	2012/13	2013/14	2015/16
1.05	0.95	0.97	0.97	0.95

Council's proposed budget allocations in the capital works forward plan are within the range considered sufficient to maintain assets (based on asset renewal modelling).

Building Facilities Assessment Rating

Target: Continue to improve the condition of Council's building stock.

2009/10	2011/12	2013/14	2015/16
5.7	5.2	4.5	4.5*

The 2015/16 building rating was postponed to allow the use of a new mobile app system being developed in partnership with RMIT University and other councils. The next building condition rating will be conducted in 2016/17. Over the last three years, Council's building stock condition has improved steadily (a lower rating indicates improvement).

*Figure carried over from 2013/14

Community Satisfaction: Condition of local streets and footpaths

Target: Maintain or improve resident perception of performance.

YEAR	2013	2014	2015	2016
Kingston performance	65	65	68	63
Kingston importance	77	76	76	78
Metro performance	n/a*	n/a*	64	63
State-wide performance	58	58	58	57

Community satisfaction with local streets and footpaths has remained largely stable over the past few years. Kingston performs similarly to metropolitan Melbourne councils and above the state average.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community Satisfaction: Performance of recreation facilities

Target: Maintain or improve resident perception of performance.

YEAR	2013	2014	2015	2016
Kingston performance	74	74	75	71
Kingston importance	72	70	71	71
Metro performance	n/a*	n/a*	74	73
State-wide performance	70	71	70	69

Community satisfaction with recreation facilities has remained largely stable over the past few years, though showing a slight decrease in 2015/16. Kingston performs similarly to metropolitan Melbourne councils and slightly above the state average.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Local Government Performance Reporting Framework

The Victorian Government's compulsory service measures for all Victorian councils relevant to Goal 1 are shown below:

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Roads				
Satisfaction of use Sealed local road requests [Number of sealed local road requests / kilometres of sealed local roads] x 100	Requests per km of sealed road	34.28	35.51	The 2015/16 result is slightly higher than the previous year, when there were fewer requests due to dry weather and therefore less impact on the roads from water damage.
Condition Sealed local roads below the intervention level [Number of kilometres of sealed local roads below the renewal intervention level set by Council / kilometres of sealed local roads] x 100	% per km of sealed road	98.00%	98.77%	Council undertakes a road condition survey every three years to identify roads due for reconstruction. Resealing and reconstruction work undertaken during 2015/16 has ensured that 98.8 per cent of our road network is in good condition, not requiring intervention.
Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / square metres of sealed local roads reconstructed]	\$ per square metre	\$81.18	\$85.00	Road reconstruction contracts are awarded following a tender process to ensure best value. Tender rates for 2015/16 were on average higher than the previous 12 months, resulting in a 4.7 per cent increased cost per square metre.
Service Cost Cost of sealed local road resealing [Direct cost of sealed local road resealing / square metres of sealed local roads resealed]	\$ per sq metre	\$20.59	\$19.28	The cost of road resealing per square metre has reduced slightly due to competitive contractor responses.
Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	Rating out of 100	68	67	This rating is sourced from an annual Community Satisfaction Survey that is co-ordinated by State Government and conducted by an independent research company on behalf of Victorian councils. Kingston's result is consistent with previous years, in line with other metropolitan councils and significantly higher than the state wide average.

For more information, visit the Know Your Council website at knowyourcouncil.vic.gov.au.

Major initiatives

The following statement reviews Council's progress in relation to major initiatives identified in the 2015/16 Budget. Many of the initiatives are also Council's capital works projects.

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Westall Community Hub	4,295,000	1,535,878	In Progress	<p>This \$9 million, three-year project includes \$2.4 million from the Department of Education and is due to finish in July 2017.</p> <p>The variance is due to receiving the grant in advance and a delay to the project due to the time required obtaining a building permit.</p>
Moorabbin Reserve Masterplan Implementation	4,200,000	2,228	On track	<p>Originally a \$5 million project for the Moorabbin Reserve Pavilion (Council \$1 million, Victorian Government \$4.2 million), the project is now a longer-term \$29 million project managed by the St Kilda Football Club which will receive Victorian Government funding directly. Council's contribution will go towards landscaping works to upgrade the surrounding parkland.</p>
Road Renewal – Reconstruction Program	3,200,000	4,775,863	Completed	<p>In addition to Council's allocated \$3.2 million, \$1.67 million was received from VicRoads.</p> <p>A number of major road and drainage upgrade projects were completed in Aspendale Gardens, Carrum, Cheltenham, Clayton South, Edithvale, Mordialloc and Patterson Lakes.</p>
Road Renewal – Resurfacing Program	1,750,000	1,209,853	Completed	<p>In total, 7.5km of road resealing was completed, exceeding Council's target by 50 per cent. \$1.2 million was spent on discrete resurfacing projects. Overall costs were lower due to the cheaper price of oil.</p>
Footpath Renewal Program	1,200,000	1,847,332	Completed	<p>Following programmed inspections, 6.3 km of footpath was renewed to maintain high quality and safe access for pedestrians.</p> <p>Expenditure on individual footpath renewal projects totalled \$760,623. The final figure spent includes numerous additional footpath renewals undertaken within larger civil contracts for road and drainage works.</p>
Mentone Senior Citizens Centre	1,100,000	1,485,572	Completed	<p>The building was completed on schedule in March 2016. The variance to Budget is due to funds carried over from the previous year.</p>
Carrum Family and Children's Centre	1,000,000	3,178,028	On track	<p>A \$4 million project, with \$1.5 million received from a Victorian Government grant during the year. The variance to the Budget is due to grant money not being finalised by Budget adoption. The project is being delivered over two years, with some grant funding carried over to 2016/17. Council funding for 2015/16 was increased to \$2.45 million in the mid-year budget review (versus the Adopted Budget of \$1 million).</p> <p>Work on the centre commenced in October 2015 and is ahead of schedule, with works expected to be completed by December 2016.</p>

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Chelsea Heights Kindergarten	1,000,000	61,331	Delayed	<p>An additional \$2 million was received from a Department of Education grant.</p> <p>The bulk of the Chelsea Heights Kindergarten funding was not required, as the project was smaller than anticipated. Consequently, most of the funding was transferred to the Chelsea Preschool project, following Ministerial approval. Works at Chelsea Heights Kindergarten will now be completed in 2016/17, following works at Chelsea Preschool, resulting in a significant variance to Budget this year.</p>
Parkdale Inter-Generational Hub (Stage 2)	950,000	880,646	On track	Work commenced on site in March 2016 and is expected to be completed by December 2016.
Building Renewal Program Identified from Condition Audit	750,000	774,240	Completed	Work was completed on the 2015/16 building renewal program.
Chelsea Meals On Wheels Kitchen Relocation	700,000	0	Completed	The project was combined with the Bonbeach Recreation Reserve Pavilion Upgrade, with funding transferred to that project. The Delivered Meals kitchen was relocated from Chelsea in December 2015, with no disruption to services provided to the community.
Park Street Preschool, Mordialloc	700,000	1,240,457	Completed	<p>The 2015/16 Budget allocation was increased to \$1.2 million and includes a \$300,000 grant from the Department of Education and \$120,000 carried over from the previous year.</p> <p>Construction was completed on schedule in December 2015, with kindergarten programs beginning in January 2016.</p>
Leisure Centres Asset Replacement Strategy – Waves and Don Tatnell	625,000	745,000	Completed	New signage, spin bikes and inflatables were purchased and installed at Waves. However, the pool tiling was delayed due to lack of tender submissions. Installation of the AquaPlay equipment is complete and in use. The Don Tatnell spa and all other capital replacement works were completed. The variance to Budget is due to \$360,000 carried over from the previous year.
Bay Trail Shared Path – Implementation of Charman Road to Mentone Life Saving Club	600,000	563,105	Completed	A three-metre wide path has been added next to Beach Road, running from Charman Road to the Mentone Lifesaving Club. It includes reconfiguration of the Mundy Street carpark to link with existing sections of the Bay Trail.
Bicentennial Skate Park Masterplan	565,259	140,550	Delayed	The variance to Budget follows construction delays due to compaction and stability issues associated with the site being a former landfill.
Keeley Park Masterplan	500,000	383,720	In progress	Completed construction of a new carpark, shared paths, sports lighting, new public lighting along the shared path and landscape works. The variance to Budget is due to weather-related construction delays.

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Athletics Track at G. R. Bricker Reserve	500,000	9,634	In progress	<p>The total estimated cost of the three-year project is \$1.2 million, with works to take place in 2016/17 for completion in December 2018. The new running track will replace the current bitumen surface with a modern rubber surface.</p> <p>The project was dependent on a \$300,000 Community Sports Infrastructure Fund grant, which Council was awarded in March 2016.</p> <p>The variance to Budget is a result of not being able to commence work until the grant was awarded. The project has commenced, with site-specific planning undertaken.</p>
Kingston Hall – Facility Development Plan	390,000	829,392	Completed	<p>The installation of a new lift was completed in May 2016.</p> <p>The variance to Budget is due to a carryover of \$500,000 from 2014/15, caused by delays in that year.</p>
Walter Galt Reserve – Masterplan	424,000	128,820	In progress	<p>Carpark works were completed during the year.</p> <p>The variance to Budget is due to deferral of pathway and landscaping improvements pending completion of work on the cricket practice nets. Consultation with local residents and cricket stakeholders on the siting of the practice nets has taken longer than expected.</p>
Bike and Walking Trails	410,000	15,733	Delayed	<p>The bike and walking trails funding has been combined with Green Wedge funding for the implementation of recreational trails in Spring Road Reserve, Dingley Village.</p> <p>The variance to Budget is due to waiting for the required Melbourne Water approval. In addition, works were postponed over winter due to inclement weather and will resume in spring 2016.</p>
Bonbeach Sports Reserve Masterplan	300,000	120,796	In progress	<p>Funded by developer contributions, Council undertook landscaping works including turf reinstatement and the installation of pathways and seating.</p> <p>A new scoreboard was installed by Council and the Bonbeach Sports Club. Parking capacity has been improved and a new sports light tower completed.</p> <p>The variance is due to placing the planned carpark construction on hold, following a 2016/17 Budget proposal to install netball courts — most likely in the location currently allocated to the carpark.</p>

Other initiatives and actions

For a complete list of the initiatives and actions funded in the 2015/16 Budget and reported in the Quarterly Performance Report, please visit kingston.vic.gov.au.

2



a sustainable natural and built environment

A sustainable and balanced approach to our natural and built environment is important for managing and responding to an evolving municipality. We will continue to protect and enhance all areas of high environmental value.



Budget \$44.6M
Expenditure \$39.7M



statutory and strategic planning



street sweeping



waste minimisation through reuse and recycling



water conservation and recycling.

Notable achievements

- ▶ Land north of Kingston and Heatherton roads was rezoned to prevent waste-related activities occurring in the future.
- ▶ Progressed construction of the new Mordialloc Life Saving Club and Indigenous/Aboriginal Gathering Place building, jointly funded by Kingston Council (\$2.94 million), the Victorian Government and Life Saving Victoria (\$1 million) and Mordialloc Life Saving Club (\$100,000).
- ▶ Developed a voluntary, in-lieu developer contribution mechanism to fund 31 precinct-scale stormwater projects in Kingston. Implemented under the Integrated Water Cycle Strategy, the initiative was approved by Council in early July 2016.
- ▶ Commenced the Edithvale Recreation Reserve Stormwater Treatment and Reuse Flood Mitigation project designed to prevent local flooding by harvesting stormwater from the residential catchment and treating it for reuse on the golf course. The project is supported by \$600,000 from Melbourne Water and the Victorian Government.

Our aim is to protect and enhance all areas of high environmental value in our municipality, with a sustainable and balanced approach to the natural and built environment.

Capital works

- ▶ Drainage flood mitigation program - \$3,490,954 spent
- ▶ Mordialloc Life Saving Club and Indigenous/Aboriginal Gathering Place - \$3,185,000 spent
- ▶ Ongoing implementation of the Green Wedge Plan - \$166,939 spent

Our services

A sustainable natural and built environment benefits the whole community. To meet this goal, Council provides a range of services, including:



beach cleaning and patrols



building and design



parks and public open space maintenance



environmental planning



remediation of former landfills



protection of heritage sites

Our challenges

- ▶ Managing the diverse activities that occur in the Green Wedge, including the phasing out of landfill.
- ▶ Working with the various relevant organisations and government agencies, with responsibility for managing natural assets, such as rivers and lakes, to share responsibilities.
- ▶ Planning for urban change and population growth to achieve a balance between Victorian Government Planning Policy, community needs and residential amenity, enhancing the environmental attributes of the City.
- ▶ The variance to budget is due to delays in some capital projects.

indicators of success

Council's achievement of Goal 2 is detailed below:

Community satisfaction: the appearance of public areas

Council target: Maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	73	74	74	73
Kingston importance	74	71	73	73
Metro performance	n/a*	n/a*	73	72
State-wide performance	71	72	72	71

Community satisfaction with the appearance of public areas has remained largely stable over the past few years, and is similar to both metropolitan Melbourne and the state.

Source: 2016 Community Satisfaction Survey

* There is no data available for this given year.

Community satisfaction: Council's general town planning policy

Council target: Maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	58	58	57	52
Kingston importance	69	70	72	71
Metro performance	n/a*	n/a*	55	54
State-wide performance	55	55	54	52

Satisfaction with Council's general town planning policy has decreased slightly, but is similar to both metropolitan Melbourne and the state. The reason for the decrease in satisfaction result is not clear, though some comments in the Community Satisfaction Survey mentioned consistency of streetscapes and approval processes, and it could be related to recent intensification of development.

Source: 2016 Community Satisfaction Survey

* There is no data available for this given year.

Community satisfaction: Council's planning for population growth

Council target: Maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	58	58	58	48
Kingston importance	69	70	74	72
Metro performance	n/a*	n/a*	54	51
State-wide performance	54	54	54	51

Community satisfaction with Council's planning for population growth has decreased significantly over the past year, though the results are similar to both metropolitan Melbourne and the state. It appears that community satisfaction has been influenced by perceptions of recent development intensification in the municipality. Council has resolved to undertake a Neighbourhood Character Study and develop a revised Housing Strategy to help inform the application of the Residential Zones. A 12 – 24 month communications campaign will support this work, focusing on planning laws (particularly Council versus State control), Kingston's responsibility in population growth, and Council's actions on traffic management and parking.

Source: 2016 Community Satisfaction Survey

* There is no data available for this given year.

Local Government Performance Reporting Framework

The Victorian Government's compulsory service measures for all Victorian councils relevant to Goal 2 are shown below:

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Statutory Planning				
Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	Median number of days	85.00	93.00	The average time to decide planning applications has increased slightly. The number, type and complexity of planning applications during 2015/16 was greater than during the previous twelve months.
Service standard Planning applications decided within 60 days [Number of planning application decisions made within 60 days / number of planning application decisions made] x 100	% decided	48.00%	53.94%	2015/16 has seen an increase in the number of applications processed within the statutory 60 days. Council continues to encourage its post-advertising planning consultation meetings, which, although adding to processing times, can reduce the likelihood of matters escalating to the Victorian Civil and Administrative Tribunal (VCAT).
Service cost Cost of statutory planning service [Direct cost of the statutory planning service / number of planning applications received]	\$ per planning application	\$2,040.35	\$2,013.04	The cost of the Statutory Planning service remains consistent and within budget.

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / number of VCAT decisions in relation to planning applications] x 100	% of decisions	63.00%	44.44%	The total number of appeals put before VCAT increased while the number of appeals upheld by VCAT decreased. These figures do not take into account the high number of VCAT appeals resolved prior to a hearing and either withdrawn (therefore upholding Council's decision) or those that were resolved and consented upon through informal negotiation.
Waste Collection				
Satisfaction Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / number of kerbside bin collection households] x 1000	Requests per 1,000 bins	112.25	128.76	There was an increase in requests compared to the previous 12 months due to a higher than usual number of missed bins in April 2016, when Council's contractor had a reduced availability due to vehicle maintenance. Council has also experienced an increase in the number of damaged bins.
Service standard Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / number of scheduled kerbside garbage and recycling collection bin lifts] x 10,000	Missed bins per 10,000 bin lifts	5.85	6.62	There was an increase in kerbside missed bin collection requests compared to the previous 12 months due to a higher than usual number of missed bins in April 2016, when Council's contractor had a reduced availability due to vehicle maintenance.
Service cost Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / number of kerbside garbage collection bins]	\$ per bin	\$94.34	\$97.34	The direct cost of kerbside bin collection was on budget.
Service cost Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / number of kerbside recyclables collection bins]	\$ per bin	\$13.60	\$13.67	The direct cost of kerbside recyclables was on budget.
Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / weight of garbage, recyclables and green organics collected from kerbside bins] x 100	% waste collected	50.00%	48.85%	The proportion of recyclables by weight has declined due to lighter weight recyclables and reduced collection of both paper from newspapers and green waste due to drier conditions.

For more information, visit the Know Your Council website at knowyourcouncil.vic.gov.au.

Major initiatives

The following statement reviews Council's progress in relation to major initiatives identified in the 2015/16 Budget. Some major initiatives are also Council's major capital works projects.

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Mordialloc Life Saving Club	3,610,000	3,185,000	On track	<p>This 3-year project includes a \$1 million grant from Lifesaving Victoria and \$895,000 from the Foreshore Fund. The project was amended to include the Aboriginal Gathering Place, with an associated increase in budget.</p> <p>Council awarded the construction contract for the new facility at its August 2015 meeting. Work commenced in early October 2015 and progressed well, with completion expected before the 2016/17 summer patrol season.</p>
Drainage Program	3,200,000	3,490,954	Completed	<p>The drainage flood mitigation program budget included a \$200,000 grant from Melbourne Water.</p> <p>Drainage works across the whole program included drainage associated with road reconstruction, wetlands and stormwater treatment.</p>
Streetlight Fittings Replacement	1,500,000	18,538	Delayed	<p>An LED replacement light has now been selected and approved by United Energy. Installation will occur in the second half of 2016. Negotiations are continuing with United Energy on the final delivery model of the project.</p> <p>The variance to budget is due to the length of contract negotiations for the supply and maintenance of the lights. The delay has resulted in significant cost savings to Council, as technology improvements mean that the purchase cost decreased during the wait.</p>
Linking Karkarook and Braeside Parks (Stage 1)	750,000	71,866	Delayed	<p>Over the past 12 months, officers have continued to engage with key landholders to explore opportunities to facilitate the link.</p> <p>The planning and consultation required to deliver a high quality result and to balance competing community desires has meant that the project has required more time than anticipated. Consequently, most of the budgeted funding was not spent and will be carried over to 2016/17.</p> <p>Officers are working to define the scope of works required to rehabilitate the landfill in Elder Street, Clarinda. Council has resolved that a park be created to form part of the landfill's remediation.</p>
Mentone Coastal Precinct Plan Implementation	500,000	47,396	Delayed	<p>The project was delayed pending confirmation of the Bay Trail alignment and development of engineering solutions related to site topography and access challenges throughout the precinct.</p> <p>Officers are awaiting advice from VicRoads regarding the Bay Trail alignment and Beach Road objectives (including parking) before presenting a report to Council regarding the preferred Bay Trail alignment.</p>

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Irrigation System and Storm Water Harvesting for Sports Grounds	360,000	338,916	Completed	<p>The upgrade of the irrigation and water storage infrastructure at Kingston Heath Reserve was completed during Q4, with the replacement of the old irrigation system and installation of new water tanks and a pump.</p> <p>The works ensure that bore and stormwater harvested for irrigation is used to maximum benefit of the sporting fields at Kingston Heath Reserve.</p>
Ongoing Implementation of Green Wedge Plan	300,000	166,939	In progress	<p>Maintenance of the new public reserve at the Spring Road Reserve former landfill site included intensive weeding to allow public use and the installation of a new fence.</p> <p>The variance to Budget was due to the need to focus on priority Green Wedge projects, with the balance of the funds carried forward for key Green Wedge projects in 2015/16.</p>
Energy Conservation Program and Greenhouse Gas Reduction Program	300,000	180,000	Completed	<p>Installation of LED lighting at Kingston City Council's main office (1230 Nepean Highway) was completed, with commissioning of the lights under the Federal Government funded 'Lighting the Way' project. Savings of approximately \$20,000 per annum in electricity costs resulted from the upgrade and the building has gone from a 3.5 star to 4.5 star NABERS energy rating.</p> <p>The variance to Budget is due to \$125,000 being directed to energy conservation initiatives on other building projects, including Park Street Preschool (\$75,000), Nola Barber (\$15,000), and the Carrum Child Care Centre (\$35,000).</p>

Other initiatives and actions

For a complete list of the initiatives and actions funded in the 2015/16 Budget and reported in the Quarterly Performance Report, please visit kingston.vic.gov.au.

3



healthy, strong and connected communities

Kingston is home to a number of different communities of all ages and backgrounds. Our focus is to bring people together to strengthen a sense of community, celebrate diversity and improve quality of life.



Budget \$56.4M

Expenditure \$55.8M

Our aim is to have an inclusive city by promoting diversity, supporting community interaction, and providing accessible and equitable services.

Capital works

There were no capital works funded under Goal 3 in 2015/16.

Our services

To support healthy, strong and connected communities, Council provides a range of services, including:



aged and disability services, including delivered meals



community development and planning



family day care and child care



festivals and events



Indigenous and multicultural services



leisure and arts centres



maternal and child health



sport and recreation



the Kingston Charitable Fund



youth services.

Notable achievements

- ▶ Council secured future accommodation for aged residents by awarding the contract for a new state-of-the-art aged care home in Mentone to Southern Cross Care (Victoria), a not-for-profit organisation.
- ▶ Implemented a 24-hour alcohol-free zone at the Cheltenham Shopping Centre and surrounding streets to reduce anti-social behaviour and provide a safer environment for Kingston residents and visitors.
- ▶ Awarded 10 grants with a total value of \$55,327 through the Kingston Charitable Fund, including an Innovation Grant of \$29,000.
- ▶ Redeveloped the Kingston website, including the Near Me online feature that helps residents find key places of interest in Kingston, such as community centres, dog off-leash areas and libraries.
- ▶ Delivered four major festivals, which attracted almost 60,000 attendees.

Our challenges

- ▶ Ensuring equal access to Kingston's services and facilities for our diverse community, while providing value for money.
- ▶ Building and supporting healthy, resilient and cohesive communities.
- ▶ Ensuring that Kingston's aged community is provided with and has access to high quality services in the context of Council's transition from providing residential aged care services.

indicators of success

Council's achievement of Goal 3 is detailed below:

Community satisfaction: family, youth and children's support services

Council target: Maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	68	69	69	68
Kingston importance	74	75	76	75
Metro performance	n/a*	n/a*	68	69
State-wide performance	67	68	67	66

This measure includes services for children, youth and families, such as maternal and child health, immunisation, family day care and support and activity groups. Resident satisfaction with Kingston's performance remained steady in 2016.

Source: *Community Satisfaction Survey 2016*

*There is no data available for this given year.

Community satisfaction: elderly support services

Council target: Maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	69	71	69	66
Kingston importance	79	79	80	77
Metro performance	n/a*	n/a*	69	69
State-wide performance	69	70	69	68

This measure includes services for elderly people and their carers and families, such as Meals on Wheels and home help. Satisfaction with Kingston's performance decreased slightly in 2016.

Source: *Community Satisfaction Survey 2016*

*There is no data available for this given year.

Family support service accreditation

Council target: Maintain or improve resident perception of performance

Council maintained its accreditation in compliance with the Department of Health Human Services (DHHS) Standards and ISO 9001. The DHHS promotes empowerment, access, engagement, wellbeing and participation, while ISO 9000 is a series of standards developed and published by the International Organisation for Standardisation (ISO) that define, establish, and maintain a quality assurance system for manufacturing and service industries.

Residential aged care accreditation

Council target: maintain accreditation

In 2016, Southern Cross Care (Victoria) was awarded the contract to operate a new state-of-the-art aged care home in Mentone. The residents of the four existing aged hostels will move into the new home once completed in 2019, subject to planning approvals being granted.

While Council operated the facilities, they were awarded accreditation, and continued to receive satisfactory results and commendations during the regular spot checks in the reporting period.

Victorian Government reviews against the National Quality Framework for children, youth and family services and community care

Council target: Maintain compliance with the National Quality Framework (NQF)

Council's child care, kindergarten, family day care and outside school age care services are regulated in accordance with the National Quality Framework for children, youth and family services and community care.

Throughout the past year, a number of Council's programs were audited by the Victorian Government as part of its Rating and Assessment regime. All programs audited were assessed to be either 'meeting' or 'exceeding' the National Quality Framework Standards.

Maintaining and improving engagement of volunteers

Council target: Maintain or improve engagement of volunteers

Council's programs were supported by many very committed volunteers during the year:

Local residents donated 5,024 hours in community participation activities, such as representing the community at network meetings and other events. These comprise 2,241 volunteer instances — a significant increase from the previous year (4,136 hours and 1,372 instances).

Local residents were driven to essential appointments and services by 18 volunteers, who donated 754 hours (compared to 21 volunteers and 1,045 hours in 2014/15).

Nutritious meals were home delivered by 176 volunteers who donated 5,010 hours of their time (a decrease from the previous year, when there were 226 volunteers and 5,848 hours), in the context of going from three to two kitchens during the year and rationalising runs to be more efficient for volunteers.

Local Government Performance Reporting Framework

The Victorian Government's compulsory service measures for all Victorian councils relevant to Goal 3, are shown below:

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Aquatic Facilities				
Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / number of Council aquatic facilities]	Inspections	3.00	2.00	Environmental Health Officers attended both Council pools on two occasions to obtain water samples for analysis to ensure compliance with standards. Two follow-up inspections were required in 2014/15. As there were no issues, follow-up visits were not required in 2015/16.
Health and Safety Reportable safety incidents at aquatic facilities [Number of WorkSafe reportable aquatic facility safety incidents]	Incidents	0.00	0.00	There were no reportable safety incidents at Council's aquatic facilities during 2015/16.
Service cost Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / number of visits to indoor aquatic facilities]	Cost per visit	\$1.29	\$1.41	The cost per visit has slightly increased due to lower attendances at Council's two leisure centres, along with a closure period at Don Tatnell Leisure Centre for renovations, this has contributed to the increase in the net cost per visit.
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / municipal population]	Visits per resident	5.01	4.33	Casual attendance at Council's two leisure centres has decreased. A closure at Don Tatnell Leisure Centre during renovation works also contributed to a fall in visits.
Home and Community Care (HACC)				
Timeliness Time taken to commence the HACC service [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]	Days	N/A	35.35	This result is an average of all HACC clients. Clients with a higher dependency profile are given priority to ensure they receive services in a significantly shorter time frame.
Service standard Compliance with Community Care Common Standards [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	% of standards met	61.00%	61.11%	Kingston was not subject to a Community Care Common Standards audit during 2015/16. Therefore the result reflects the 2014 assessment. Council has addressed issues from the February 2014 audit. Changes to audit requirements from both State and Commonwealth governments due to sector-wide changes and program reform are anticipated.

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Service cost Cost of domestic care service [Cost of the domestic care service / hours of domestic care service provided]	\$ per hour	N/A	\$53.14	Kingston Council delivered 75,146 hours of domestic care during 2015/16. The result is in line with expectations.
Service cost Cost of personal care service [Cost of the personal care service / hours of personal care service provided]	\$ per hour	N/A	\$52.35	Kingston Council delivered 44,770 hours of personal care during 2015/16. The result is in line with expectations.
Service cost Cost of respite care service [Cost of the respite care service / hours of respite care service provided]	\$ per hour	N/A	\$41.25	Kingston Council delivered 11,902 hours of respite care during 2015/16. The result is in line with expectations.
Participation Participation in HACC service [Number of people that received a HACC service / municipal target population for HACC services] x 100	% of target population	30.00%	30.00%	Participation in HACC services only relates to clients receiving HACC domestic assistance, personal care or respite care services. Where a client receives a combination of services they are only counted once.
Participation Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / municipal target population in relation to CALD people for HACC services] x 100	% of target population	25.00%	24.82%	CALD people are identified as people born outside Australia in a country whose national language is not English. Services included are HACC personal, domestic and respite care.
Maternal and Child Health (MCH)				
Satisfaction Participation in first MCH home visit [Number of first MCH home visits / number of birth notifications received] x 100	% births notified	99.00%	102.68%	1,954 first home visits were made during 2015/16, ensuring new mothers were supported when they brought their newborn babies home from hospital.
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / number of birth notifications received] x 100	% births notified	98.00%	100.00%	1,903 infants were enrolled in the program in 2015/16, ensuring support for the wellbeing of infants and their families.
Service cost Cost of the MCH service [Cost of the MCH service / hours worked by MCH nurses]	\$ per hour	N/A	\$84.52	Kingston provides enhanced maternal child and health services as part of the overall MCH service. The reported hourly cost includes both the universal and the enhanced service. The result is in line with expectations.

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / number of children enrolled in the MCH service] x 100	% enrolled children	77.00%	78.59%	There was a small increase in child participation rates in 2015/16. Those not attending council MCH services may instead be choosing to attend the four-year visit offered by their General Practitioner instead of council's 3.5-year assessment.
Participation Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / number of Aboriginal children enrolled in the MCH service] x 100	% enrolled children identified as ATSI	85.00%	75.56%	Disclosure of Aboriginal or Torres Strait Islander status (ATSI) by MCH clients is voluntary. Kingston MCH nurses encourage disclosure, resulting in an increase in the number of ATSI children identified for 2015/16. Attendances for ATSI identified children aged 0-2 was high. However, attendances for ATSI identified children aged 3+ was markedly lower. Kingston MCH services remind all families of appointments for their children to encourage attendance, and offers vulnerable families access to enhanced MCH services.

For more information, visit the Know Your Council website at knowyourcouncil.vic.gov.au.

Major initiatives

The following statement reviews Council's progress in relation to major initiatives identified in the 2015/16 Budget.

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Access Care Southern Linkages	4,600,000	4,731,463	Completed	Council received \$4.45 million in Victorian Government grants and \$311,000 in fees to deliver this program. AccessCare Southern (ACS) has continued to deliver Linkages Packages to people who are older and have a disability. ACS worked with the Department of Health and Human Services and other Linkages agencies to develop and trial a draft reablement service delivery model as existing packages become vacant.

Other initiatives and actions

For a complete list of the initiatives and actions funded in the 2015/16 Budget and reported in the Quarterly Performance Report, please visit kingston.vic.gov.au.

4



a prosperous and dynamic city

We will continue to promote Kingston as a smart, creative and progressive city with well-planned, functional and attractive urban centres and hubs.



Budget \$21.3M
Expenditure \$20.1M

Our aim is for a culturally rich city, with diverse arts and cultural events and activities. We support a strong local economy by facilitating development opportunities for local businesses.

Capital works

- ▶ Balcombe Rd/Davies Rd roundabout and street upgrade - \$845,000 spent
- ▶ Traffic Management Program - \$851,775 spent
- ▶ Moorabbin Activity Centre Upgrades and Improvements - \$90,430 spent
- ▶ Cheltenham Activity Centre Upgrades and Improvements - \$51,359 spent.

Our services

A prosperous and dynamic city that provides benefit to the whole community is achieved through the delivery of a range of Council services, including:

- planning for activity centres
- arts and cultural activities
- business development opportunities
- improving services and facilities in urban centres and retail precincts
- library services

- local laws and regulations
- supporting regional collaboration and partnerships
- traffic and parking management
- improving transport and road networks.

Notable achievements

- ▶ Developed a Parking Management Policy to provide a framework to manage parking across the municipality for the benefit of the community and road users.
- ▶ Worked toward resolving local parking issues with the adoption of the Parkdale Local Area Traffic Management Plan and completion of the Moorabbin Local Area traffic study.
- ▶ Approved plans for Hawthorn Football Club's new headquarters in Dingley Village in May 2016.
- ▶ Delivered a range of development and networking opportunities to support local businesses, achieving a 97.75 per cent satisfaction rating by attendees.
- ▶ Continued the implementation of the Mentone Renaissance, designed to revitalise Mentone's centre through the delivery of a roundabout and street upgrades in Davies Street and Balcombe Road.
- ▶ Implemented a 24-hour, off-leash dog zone at Mentone Beach following a 12-month trial.

Our challenges

- ▶ The cessation of automotive manufacturing in late 2016 and 2017 is expected to have a significant impact on the automotive component manufacturing industry within the City of Kingston and the south east region.
- ▶ Balancing population growth and increased development with providing sufficient parking and roads to ensure a free flowing transport network.
- ▶ Ensuring that local businesses have sufficient access to the digital economy to maintain a successful business.
- ▶ Dealing with the flow-on effect of broader Victorian manufacturing closures on local businesses.
- ▶ Working with key landowners as significant older industrial sites go through transition to other employment and housing opportunities.

indicators of success

Council's achievement of Goal 4 is detailed below:

Community satisfaction: Performance in traffic management

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	62	63	64	56
Kingston importance	74	73	74	74
Metro performance	n/a*	n/a*	57	56
State-wide performance	60	60	60	59

After several years of gradual increase, community satisfaction with traffic management decreased in 2016. This result appears to be due to residents' perceptions of increased development in the municipality, population growth and increased traffic.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Performance in parking facilities

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	59	61	60	57
Kingston importance	71	70	72	72
Metro performance	n/a*	n/a*	55	54
State-wide performance	57	57	57	56

Community satisfaction with parking facilities decreased slightly in 2016, but remained above the metropolitan Melbourne and state average. This result appears to be influenced by residents' perceptions of increased development in the municipality, population growth and a feeling that there is less parking available at train stations and in residential areas.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Arts centres and libraries

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	75	76	77	72
Kingston importance	66	65	66	65
Metro performance	n/a*	n/a*	75	74
State-wide performance	73	75	73	72

This service was one of the top three highest performing service areas at Kingston in 2016. Though community satisfaction decreased slightly compared to the previous year, the reason is not clear.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Community and cultural activities

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	71	72	74	69
Kingston importance	62	60	62	62
Metro performance	n/a*	n/a*	71	71
State-wide performance	69	70	69	69

Community satisfaction with Kingston's performance in community and cultural activities decreased compared to 2015, although remained above the state average.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Enforcement of local law

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	64	67	67	64
Kingston importance	73	70	72	68
Metro performance	n/a*	n/a*	66	64
State-wide performance	65	66	66	63

Kingston's performance in this measure is in line with metropolitan Melbourne and the state, with a slight decrease on the previous year's results.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Local Government Performance Reporting Framework

The Victorian Government's compulsory service measures for all Victorian councils relevant to Goal 4, are shown below:

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Animal Management				
Timeliness Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / number of animal management requests]	Days	1.76	1.58	Officers continue to respond to animal management requests in a timely manner.
Service standard Animals reclaimed [Number of animals reclaimed / number of animals collected] x 100	%	69.00%	69.07%	100 per cent of registered dogs impounded for being at large were reunited with their owners. Due to Kingston's environmental policy of pro-actively trapping wild cats, 34 per cent of the cats collected were stray or feral cats and could not be returned to their owners. This decreases the overall percentage of animals reclaimed.
Service cost Cost of animal management service [Direct cost of the animal management service / number of registered animals]	Cost per registered animal	\$31.99	\$26.66	The cost is lower than expected due to employee vacancies throughout the year. Temporary staff were engaged strategically to ensure service delivery continued. Priority was given to functions that helped protect the community from higher risks.
Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	Prosecutions	23.00	17.00	Council has introduced additional strategies to assist in resolving animal-related issues directly with those involved, reducing the number of cases prosecuted in the magistrates' court. Although there has been a reduction in prosecutions Council continues to take community safety seriously and will prosecute where risk of harm to people or other animals is likely.
Food Safety				
Timeliness Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / number of food complaints]	Days	1.90	1.49	Council continued to improve response times to complaints to ensure risks are managed appropriately.

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Service standard Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the 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	% Of registered premises	100.00%	100.00%	<p>100 per cent of Assessments for all Class 1 and Class 2 premises were completed for the 2015 Statutory Period (Calendar Year). Assessments of food premises are planned and conducted in compliance with the Food Act statutory obligations to inspect all registered premises prior to the renewal of registration.</p> <p>Over the course of 2015 there was a 4 per cent increase in the number of premises requiring assessment, which was achieved with existing staff numbers.</p>
Service cost Cost of food safety service [Direct cost of the food safety service / number of food premises registered or notified in accordance with the Food Act 1984]	Cost per registered premises	\$294.00	\$255.48	<p>The overall cost of the food safety service remains stable. However, costs have reduced by \$39 per premises from the previous year due to an increase in both registered premises (58 more) and temporary /mobile operators (320 more).</p> <p>Council has been pro-actively promoting the registration of temporary and mobile food premises via the Stretrader online system.</p>
Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x 100	% followed up	100.00%	100.00%	<p>A reduction in the number of critical and major non-compliance notifications from 207 to 174 demonstrates the effectiveness of Kingston's Environmental Health program. All incidences of non-compliance continue to be followed up as a matter of priority.</p>
Libraries				
Utilisation Library collection usage [Number of library collection item loans / number of library collection items]	Loans per item	4.69	4.46	<p>While the number of library stock (including e-resources) has increased by 2,981 items, the number of loans decreased, slightly reducing the usage per item.</p>
Resource standard Standard of library collection [Number of library collection items purchased in the last 5 years / number of library collection items] x 100	% purchased within five years	67.00%	60.70%	<p>The budget for purchase of collection items has remained stable, and the size of the collection has increased by 1 per cent over the last 12 months.</p>

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Service cost Cost of library service [Direct cost of the library service / number of visits]	\$ per visit	\$8.15	\$8.61	Library costs have remained stable and within budget, whilst personal visits to Kingston libraries have fallen by almost 5 per cent resulting in an increased cost per visit. Virtual visits via online services are increasing and reflect the community's desire to access library services online.
Participation Active library members [Number of active library members / municipal population] x 100	% of municipal population	17.00%	17.81%	The growth in library members using e-resources has increased the number of active members by almost 6 per cent since 2014/15.

For more information, visit the Know Your Council website at knowyourcouncil.vic.gov.au.

Major initiatives

The following statement reviews Council's progress in relation to major initiatives identified in the 2015/16 Budget. Some major initiatives are also Council's major capital works projects.

Major initiatives	Actual (\$)	Budget (\$)	Progress	Comment
Balcombe Rd/ Davies Rd Signalisation	817,000	845,000	Completed	Completed the roundabout at Davies Road and Florence Street and other roadworks in Davies Street.
Traffic Management Program	670,000	851,775	Completed	This project benefited from a VicRoads Blackspot funding grant of \$117,000. The program was delivered to schedule during the year.
Kingston Industrial Development Strategy	250,000	0	Completed	Contracts for the Kingston Industrial Development Strategy were delivered under other projects, so funding has been reallocated to those. Completed works included resurfacing in Dissik Street, Cheltenham. Road sealing works were completed in Ross Street and Madden Road, Heatherton. A number of projects are currently in the design stage including Venture and Woodlands Drive, Braeside, the Lamana Road, Mordialloc drainage upgrade, and the Governor Road, Mordialloc (from Percy Street to Boundary Road) road reconstruction.

Other initiatives and actions

For a complete list of the initiatives and actions funded in the 2015/16 Budget and reported in the Quarterly Performance Report, please visit kingston.vic.gov.au.

5



an effective voice

We will champion the community's voice on issues that we cannot directly control, to influence those who can, through effective advocacy and strategic alliances.



Budget \$1.1M

Expenditure \$1.2M






Our aim is to seek out and listen to the diverse views of our community to inform decision making. We strive to be open about our decisions, how they are reached and the outcomes. Council champions the community's voice on issues that it cannot directly control.

Capital works

There were no capital works funded under Goal 5 in 2015/16.

Our services

To be an effective voice on behalf of our community, Council provides a range of services, including:

-  communications and social media
-  community engagement and consultation
-  facilitating focus groups and committees
-  liaison and advocacy with the Victorian Government, Federal Government, other state governments, government organisations and other councils
-  providing submissions to relevant authorities.

Notable achievements

- ▶ Strongly lobbied the Victorian Government for:
 - ▶ sporting infrastructure funding
 - ▶ Mentone height controls
 - ▶ phasing out the waste industry in Kingston's Green Wedge
 - ▶ investment in the Southland Station
 - ▶ appropriate planning controls for the Highett Gasworks site
 - ▶ a study to monitor traffic in Moorabbin following the opening of the Dingley Bypass
 - ▶ improvements to Westall Primary School and Westall Secondary College
 - ▶ planning for residential zones as part of the Advisory Committee process.
- ▶ Strongly lobbied the Victorian Government against elevated rail on the Frankston Line.
- ▶ Lobbied the Level Crossing Removal Authority to ensure extensive community consultation with Council, residents and traders on level crossing removals in Kingston.
- ▶ Completed public consultations on a range of items, including our Public Toilet Strategy, the Mentone to Mordialloc Bay Trail, communications, an apartment survey and the Domestic Animal Management Plan.

Our challenges

- ▶ Lobbying the Victorian Government as part of the process established to review the Residential Zones as part of the Advisory Committee process the Minister has established.
- ▶ Continuing to pursue Parks Victoria and Melbourne Water to take up their responsibilities in managing Patterson Lakes, as determined in the 2012 Ministerial Review.
- ▶ Following up on Council's calls to Parks Victoria to make urgent changes to 'no boating' zones at Kingston, Aspendale and Bonbeach beaches to improve the safety of swimmers.

indicators of success

Council's achievement of Goal 5 is detailed below:

Community satisfaction: How we are informing the community

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	63	63	62	59
Kingston importance	74	74	75	74
Metro performance	n/a*	n/a*	64	63
State-wide performance	61	62	61	59

Community satisfaction with how residents are informed has shown a slight decline over the past year. In response, a 12-24 month communications campaign will be implemented to better inform the community on issues of concern, including planning laws, population growth, major planning applications, and Council's actions on traffic management and parking. In addition, Council will improve access to and promotion of Council Meeting agendas and minutes.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Community consultation and engagement

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	58	60	60	55
Kingston importance	70	69	71	72
Metro performance	n/a*	n/a*	58	58
State-wide performance	57	57	56	54

Community consultation and engagement includes perceptions of consulting and engaging directly with the community on key local issues. Community satisfaction has declined by five points over the past year. Council will respond by better planning community engagement and consultation, including ensuring that those involved in consultation are informed of the outcome. In addition, *Kingston Your City* and other communications channels will be used to report back to the community on all consultations.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Lobbying on behalf of the community

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	59	60	59	55
Kingston importance	67	66	68	66
Metro performance	n/a*	n/a*	58	56
State-wide performance	55	56	55	53

Lobbying includes making representations to state and federal governments and other organisations on key issues that affect the local community. Community satisfaction with Kingston's performance remains in line with metropolitan Melbourne and the state, although it has shown a four-point decrease over the past year. Council's lobbying is not always apparent to residents and there is an opportunity to improve satisfaction with Council's performance by better informing community of the lobbying being undertaken and its results. Council will publicise its lobbying activities more strongly.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Local Government Performance Reporting Framework

There are no Local Government Performance Reporting Framework measures relevant to this goal.

Major initiatives

There were no major initiatives for this goal identified in the 2015/16 Budget.

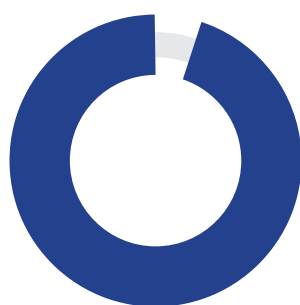
Other initiatives and actions

To view the performance of the initiatives and actions funded in the 2015/16 Budget and reported in the Quarterly Performance Report, please visit kingston.vic.gov.au.



a well-managed and effective organisation

Our organisation will focus on governing Kingston in a way that is well informed, responsive, accountable and transparent, which involves and draws inspiration from the community.



Budget \$23.1M
Expenditure \$22.1M

We remain committed to improving the experience of our customers at every opportunity through effective organisational performance.

Capital works

- ▶ Desktop fleet – PCs and notebooks – \$190,190 spent
- ▶ Corporate systems – \$116,271 spent.

Our services

Council's services that support and foster a well-managed and effective organisation include:

- customer service
- audit programs
- Council and Councillor support and governance
- financial systems and management
- human resources
- information and technology services
- occupational health and safety
- public relations and communications
- risk management
- strategic performance planning and reporting
- training and education
- procurement and purchasing.

Notable achievements

- ▶ Commenced online payments for all planning and building applications, allowing 24/7 access by residents and streamlined footpath trading permit applications.
- ▶ Introduced a process to provide online animal registration.
- ▶ Conducted testing of the IT Disaster Recovery plan to ensure Council's information systems and business continuity plans are current.
- ▶ Reviewed Emergency Recovery Plans and conducted a major recovery training exercise in October 2015.
- ▶ Managed Kingston's reporting for Know Your Council, a state government website where the performance of all Victorian councils can be compared.
- ▶ Introduced seven environmentally-friendly and cost-effective Toyota Prius C Hybrid vehicles into the fleet.
- ▶ Upgraded Council's main website and Youth Services website, with planning for a new libraries website underway.
- ▶ Developed the e-pathway planning register, on Council's website, showing details of all current and past applications.
- ▶ Reduced the processing time required for Building Certificates with the implementation of a new electronic system.
- ▶ Developed and revised the Code of Conduct, Workplace Bullying and Equal Opportunity policies, and held several professional development and health and wellbeing programs for employees.

Our challenges

- ▶ Continuing to seek cost efficiencies and alternative funding to minimise the effect of rate capping on service levels and capital works programs, given:
 - ▶ an ageing and expanding portfolio of infrastructure assets
 - ▶ a growing population that will increase demand for Council services
 - ▶ continued cost shifting from other levels of government
 - ▶ increasing community service expectations.

indicators of success

Council's achievement of Goal 6 is detailed below:

Underlying operating result

Council target: maintain net operating result.

Council's net operating results can be found on page 8

Liquidity

Council target: maintain or improve the liquidity ratio.

Council's liquidity ratio can be found on page 8

Capital replacement

Council target: maintain spending on capital renewal to ensure the long term sustainability of Council's assets.

Council's expenditure on capital replacement and renewal can be found on page 9

Community satisfaction: The general overall performance of Council

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	67	69	68	66
Metro performance	n/a*	n/a*	67	66
State-wide performance	60	61	60	59

Kingston's community satisfaction result was significantly above the state and the same as metropolitan Melbourne, while showing a small decrease compared to the previous year.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Community satisfaction: Overall customer service

Council target: maintain or improve resident perception of performance

YEAR	2013	2014	2015	2016
Kingston performance	73	79	74	74
Metro performance	n/a*	n/a*	73	73
State-wide performance	71	72	70	69

Council's performance has remained steady compared to the previous year, remaining five points above the rest of the state and similar to metropolitan Melbourne.

Source: 2016 Community Satisfaction Survey

*There is no data available for this given year.

Satisfaction with Kingston as an employer

Council target: maintain satisfaction with Kingston as an employer above 70 per cent

As a part of Kingston's commitment to the continuous improvement of the organisation, an Employee Engagement Survey is scheduled to be completed every two years. The most recent employee survey was conducted in July 2015. The organisation achieved an overall engagement rating of 68 per cent, which reinforces that Kingston is a high-performing local government organisation. The quality of the feedback has enabled Kingston to recognise its strengths and identify areas for improvement that will make it an even better place to work.

Source: Employee Engagement Survey 2015.

Local Government Performance Reporting Framework

The Victorian Government's compulsory service measures for all Victorian councils relevant to Goal 6, are shown below:

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Governance				
Transparency Council decisions made at meetings closed to the public [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x 100	% of decisions	5.34%	8.04%	The total number of resolutions increased in 2015/16, and proportionally there was a greater number of those resolutions that were confidential. The increase in confidential items is due to the number of VCAT planning matters considered by Council in meetings closed to the public.
Consultation and engagement Satisfaction with community consultation and engagement Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement	Rating out of 100	60	55	This rating is sourced from an annual Community Satisfaction Survey that is co-ordinated by State Government and conducted by an independent research company on behalf of Victorian councils. The fall of 5 points compared to our 2015 rating is surprising given the high community interest and feedback on consultations conducted during the 12 months preceding the survey. Kingston's result is above the statewide average of 54 and close to the metropolitan average of 58. Council has identified a range of measures to try to address this community concern.
Attendance Councillor attendance at council meetings [The sum of the number of Councillors who attended each ordinary and special Council meeting / (number of ordinary and special Council meetings) x (number of Councillors elected at the last Council general election)] x 100	%	93.00%	87.72%	Councillor attendance reflects periods of illness and other leave. Apologies were received and noted for all Councillor absences.

Service/indicator/measure	Unit	Results 2015	Results 2016	Material variation/commentary
Service cost Cost of governance [Direct cost of the governance service / number of Councillors elected at the last Council general election]	\$ per Councillor	\$50,034.11	\$51,526.11	Cost of governance includes operating expenses directly related to the activities of the elected councillors and includes expenses such as Councillor allowances, training and professional development, conferences and seminars, phones and other incidental costs. Councillor and Mayoral allowances (the majority of the governance costs) are determined by the Minister and the <i>Local Government Act 1989</i> . Council's Councillor Support and Reimbursement of Expenses Policy is available on Council's website and as prescribed by this Policy, Council publishes Councillor expenses on its website on a quarterly basis. The result was in line with expectations.
Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	Rating out of 100	58	58	This rating is sourced from an annual Community Satisfaction Survey that is coordinated by State Government and conducted by an independent research company on behalf of Victorian councils. Kingston's result for 2016 is equal to the result for 2015 and compares to the State-wide average of 54 and the Metropolitan average of 59.

Major initiatives

The following statement reviews Council's progress in relation to major initiatives identified in the 2015/16 Budget.

Major initiatives	Budget (\$)	Actual (\$)	Progress	Comment
Library Management System Update	450,000	0	Delayed	<p>Scoping and implementation of the new system will take over two years, so the 2015/16 Budget allocation was not spent this year.</p> <p>Officers investigated four potential library systems in 2015/16 and the Library Management System tendering group began to prepare tender documents.</p>
Desktop Fleet – PCs and Notebooks	200,000	190,190	Completed	<p>Following testing of a new PC model, 181 Dell PCs (desktops and laptops) were configured and are in use throughout the organisation.</p>
GIS Project	80,000	5,900	In progress	<p>The specialist software for the 3D GIS Project was delivered and implemented. A flyover of Cheltenham and Moorabbin was completed and new photography is in use.</p> <p>The variance to Budget is due to awaiting the development of the ICT Strategy before proceeding further with the GIS project.</p>
HRIS Implementation – Stage 3	75,000	10	In progress	<p>Planning commenced for the upgrade to Aurion Version 11 which will provide enhanced accessibility and functionality and be completed in December 2016.</p> <p>Career manager modules (performance management and learning and development) and the Aurion analytics module were also investigated.</p> <p>The variance to Budget was due to extended project planning. In addition, \$35,000 was carried over from the previous year.</p>

Other initiatives and actions

For a complete list of the initiatives and actions funded in the 2015/16 Budget and reported in the Quarterly Performance Report, please visit kingston.vic.gov.au.

Local government is the third tier of government in Australia and consists of democratically elected councils having the functions and powers that Parliament considers are necessary to ensure the peace, order and good government of each municipal district (section 74A(1) of the *Constitution Act 1975 (Vic)*).

Council's role, powers and functions are primarily governed by *the Local Government Act 1989 (Vic)* which specifies that the main objective of a council is to endeavour to achieve the best outcomes for the local community, having regard to the long-term and cumulative effects of decisions.

Our governance system

At Kingston, governance incorporates the key principles of accountability, culture, information support, organisational performance, stakeholder relationships and risk management.

Good governance involves two types of governance:

- ▶ Democratic governance – elected Councillors and the authority they have to make decisions.
- ▶ Corporate governance – the way in which the Council is run and the framework in which its systems and processes operate.

Democratic governance

Delegation of powers

A number of duties, functions and powers are conferred on Council through legislation, including the *Local Government Act 1989 (Vic)*. Council delegates the authority and powers necessary to comply with legislation and implement Council approved strategies to the Chief Executive Officer. The Chief Executive Officer further delegates powers to Council officers who carry out the functions of the Council on a daily basis. The powers, duties and functions delegated to officers must be exercised in line with previously established guidance or direction from the Council. Powers that Council cannot delegate include adopting the Council Plan and Council Budget. The Register of Delegations is available at kingston.vic.gov.au/contact-us/documents-available.

Council and committee meetings

Kingston's Ordinary Meetings of Council are held on the fourth Monday and Planning Committee Meetings are held on the third Wednesday of each month at 1230 Nepean Highway, Cheltenham, commencing at 7pm unless otherwise advertised. Council Meetings are open to the public and agendas are available from Council's website from the preceding Friday at kingston.vic.gov.au/About-Us/Council-Meetings.

Residents have an opportunity to submit written questions to Council on the night of an Ordinary Meeting of Council. Questions may be responded to either verbally at the meeting or later in writing. The question form is available at kingston.vic.gov.au/About-Us/Council-Meetings/Public-Question-Time.

Councillors sitting formally as Council make all decisions taken at Council level. Decisions are made through the formal Council Meeting or the formal delegation of powers to committees or officers. Council can only make decisions when it is sitting as Council. Outside of the Council Meeting, individual Councillors have no decision-making authority.

Council is sometimes required to discuss and consider confidential matters. Section 89(2) of the *Local Government Act 1989 (Vic)* stipulates that councils can close meetings to discuss issues such as staffing, industrial relations, contractual matters, legal advice and matters affecting the security of Council property. If confidential reports are to be discussed by Council, the public is asked to leave the meeting during these discussions.

In 2015/16, there were 11 Ordinary Meetings of Council and seven Planning Committee Meetings.

Special Meetings of Council

Special Meetings of Council are called when an urgent item requires a Council resolution that cannot wait until the next Ordinary Meeting of Council. The dates for these meetings are advertised in *The Age* newspaper and on Council's website. In 2015/16, there were nine Special Meetings of Council.

Live streaming and recording of Council Meetings

All Ordinary, Special and Planning Committee Meetings are streamed live on Council's website. This allows residents to watch proceedings and decisions as they happen and provides access to Council Meetings for those who may be unable to physically attend.

The live stream and archives of previous streams can be found at kingston.vic.gov.au/About-Us/Council-Meetings/Live-Council-Meetings.

The recording of Public Council Meetings Policy is available on Council's website at **kingston.vic.gov.au/About-Us/Plans-Policies-Publications/Policies**.

Councillor	Meetings of Ordinary Council attended (of 11 in 2015/16)	Special Council Meetings attended (of 9 in 2015/16)	Planning Committee Meetings attended (of 7 in 2015/16)
Cr Tamara Barth	9	7	1
Cr Tamsin Bearsley	11	9	7
Cr Ron Brownlees OAM	11	9	7
Cr David Eden	10	8	6
Cr Geoff Gledhill	11	9	7
Cr Paul Peulich	11	5	2
Cr John Ronke	8	6	1
Cr Steve Staikos	11	8	7
Cr Rosemary West OAM	9	5	6

Minutes of meetings

Council records the resolutions of each Ordinary, Special and Planning Committee meeting. Minutes can be viewed at **kingston.vic.gov.au/About-Us/Council-Meetings**.

Mayor's role

At the annual Statutory Meeting of Council (which is a Special Meeting), Councillors elect a Mayor for a 12-month term. Council may resolve to elect a Mayor for a maximum term of two years, although the mayoral term at Kingston is usually one year. The Mayor is the leader of the Council and has a number of roles which are legislative and functional. The legislative requirements are prescribed in Section 73AA of the *Local Government Act 1989 (Vic)*.

The Mayor must chair all Council Meetings at which they are present. If the Mayor is absent, Council must appoint one of the Councillors to be acting Mayor. The Mayor's role also includes providing leadership, promoting positive relationships and modelling good governance. Cr Geoff Gledhill served as Mayor until 11 November 2015 when Cr Tamsin Bearsley was elected as Mayor for a term.

Councillor information sessions

In addition to regular Council Meetings, information sessions are held to inform Councillors about important issues. These sessions provide Councillors and Council officers with an opportunity to discuss issues in detail, seek further information and to address questions and concerns in an open and frank environment. Information sessions are not a decision-making forum. They allow Councillors to explore options and better understand the matter/s in question. Council decisions can only be made during Council Meetings.

Councillor representation on committees

Councillors were appointed as Council representatives on a range of special committees and networks as per the tables below.

Legislative committees

Legislative committees are established under the *Local Government Act 1989 (Vic)*. The Planning Committee is a Council decision-making forum with extensive delegated authority, while the Audit Committee, established under section 139 of the Act, has an advisory role.

Kingston Councillor-only Committee

(Appointed at Special (Statutory) Meeting of Council on 11 November 2015)

Kingston Councillor Only Committee	2015/16 appointee(s)
Planning Committee	All Councillors
Audit Committee (Section 139)	Crs Bearsley and Peulich
Municipal Emergency Planning Committee	Cr Ronke

Advisory Committees with officer and/or community representatives

(Appointed at Ordinary Meeting of Council on 26 October 2015)

Advisory Committees	2015/16 appointee(s)
Access and Equity Committee	Crs Gledhill and Staikos
Arts and Culture Advisory Committee	Crs Bearsley and Peulich
Business and Economic Development Advisory Committee	Crs Bearsley, Gledhill and Peulich
Community Safety Reference Group	Cr Brownlees OAM
Festivals and Events Advisory Committee	Crs Eden, Peulich and Staikos
Public Spaces and Environment Advisory Committee	Crs Bearsley and West OAM
Sport and Recreation Advisory Committee	Crs Brownlees OAM, Gledhill and Peulich
Youth Advisory Committee	Crs Eden and Peulich

Committees/Networks with officer and/or community representatives

(Appointed at Ordinary Meeting of Council on 14 December 2015)

Committee/Network	2015/16 appointee(s)
LF Payne Hall Usage Committee	Crs Bearsley, Eden and Ronke
Kingston Charitable Fund Community Grants Panel	Crs Bearsley and Staikos
Kingston Interfaith Committee	Cr Bearsley
Historical Societies Network	Cr West OAM

External or other agencies and committees with Councillor representation
(Appointed at Ordinary Meeting of Council on 14 December 2015)

External/other groups/agencies with Councillor representation	2015/16 appointee(s)
Association of Bayside Municipalities (ABM)	Cr West OAM Sub: Cr Gledhill
Friends of Manatuto Committee	Cr Barth
Inter Council Aboriginal Consultative Committee	Cr Gledhill Sub: Cr West OAM
Local Government Waste Management Forum	Cr Barth Sub: Cr Peulich
Metropolitan Transport Forum	Cr Eden Sub: Cr West OAM
Moorabbin Airport Consultative Committee	Crs Brownlees OAM, Gledhill, Staikos and West OAM
Municipal Association of Victoria (MAV)	Cr Bearsley Sub: Cr Brownlees OAM
Municipal Association of Victoria Planning Committee	Cr West OAM Sub: Cr Ronke
Municipal Association of Victoria Strategic Environment Advisory Group	Cr West OAM
Victorian Local Governance Association (VLGA)	Cr Staikos Sub: Cr West OAM
Metropolitan South Eastern Region MAV Representatives and Mayors	Crs Bearsley and Brownlees OAM

Conflict of interest

At the start of a Council or committee meeting, Councillors must disclose any direct or indirect conflict of interest that may impact on their impartiality. If a direct or indirect interest is disclosed, the Councillor must leave the meeting prior to the issue being discussed, debated or voted on. After the vote, the Councillor can return to the meeting.

Council Ward Grants

Councillor Ward Grants are small grants provided to groups and individuals or towards projects or events consistent with Council's strategic directions and of benefit to Kingston's residents and community. Following a change in the *Local Government Act 1989 (Vic)*, Council Ward Grants ceased after the 26 October 2015 Ordinary Meeting of Council. At the 23 November 2015 Ordinary Meeting of Council, Council resolved to introduce Quick Response Grants.

More details on Quick Response Grants can be found at kingston.vic.gov.au/Community/Community-Grants/Quick-Response-Grants.

Council Ward Grant donations made by Councillors in 2015/16

Ward Grant donations by Councillor	Amount (\$)
Cr Tamara Barth	
Simone Hardham	\$500.00
Dingley Village Community Association	\$500.00
Clayton Fishing Club	\$200.00
Kingswood Primary School	\$1,000.00

Ward Grant donations by Councillor	Amount (\$)
Kingswood Primary School	\$500.00
Moorabbin Primary School	\$500.00
Heatherton Christian College	\$400.00
Voice for the Arts	\$500.00
TOTAL	\$4,100.00
Cr Tamsin Bearsley	
St Louis de Montforts Friends of Aspendale Station	\$1,000.00
Carrum Indigenous Nursery	\$500.00
Beach Patrol Australia	\$1,000.00
Mordialloc Sailing Club Inc.	\$500.00
TOTAL	\$3,000.00
Cr Ron Brownlees OAM	
Sandringham Hospital	\$530.00
Kingston Heath Primary School	\$700.00
Jack Vawdrey	\$500.00
Megan Young	\$500.00
Parkdale Cricket Club Inc.	\$2,095.00
Mordialloc Sailing Club Inc.	\$500.00
TOTAL	\$4,825.00
Cr David Eden	
Robyn Erwin	\$100.00
Friends of Edithvale Seaford Wetlands	\$1,000.00
Carrum Indigenous Nursery	\$664.00
Defenders of the South East Green Wedge	\$500.00
Pets of the Homeless Mentone	\$1,000.00
St Vincent De Paul Society Chelsea Conference	\$1,000.00
Longbeach Anglican Parish Food Distribution Centre (Pantry 5000)	\$1,000.00
St Joseph's Care and Concern Group	\$300.00
TOTAL	\$5,564.00
Cr Geoff Gledhill	
Australian Aviation Museum	\$572.00
Friends of Braeside Park	\$500.00
Jack Vawdrey	\$500.00
Mordialloc College	\$500.00
Parkdale Cricket Club Inc.	\$2,095.00
Carrum Indigenous Nursery	\$275.00
Mordialloc Sailing Club Inc.	\$500.00
TOTAL	\$4,942.00
Cr Paul Peulich	
Dingley Cricket Club	\$990.00
Kingston City Football Club	\$2,000.00
Dingley Junior Football Club	\$1,000.00
Kingswood Primary School	\$500.00

Ward Grant donations by Councillor	Amount (\$)
Moorabbin Primary School	\$500.00
Heatherton Christian College	\$500.00
Voice for the Arts	\$500.00
Dingley Netball Club	\$300.00
Dingley Village Neighbourhood Centre Men's Shed Program	\$400.00
Westall Primary School	\$400.00
Rotary Club of Dingley Village	\$300.00
Clarinda and District Senior Citizens Club Inc.	\$319.00
Westall Secondary College	\$500.00
Moorabbin Obedience Dog Club	\$1,000.00
Clayton South Primary School	\$500.00
Clarinda Lions Club Inc.	\$300.00
Clarinda Tennis Club Inc.	\$300.00
Springvale and District Netball Association	\$300.00
Dingley Primary School	\$400.00
Days for Girls Bayside	\$120.00
Heatherton Football Netball Club	\$300.00
Dingley Tennis Club	\$300.00
Lions Club of Dingley Village	\$300.00
Clayton Fishing Club	\$280.00
TOTAL	\$12,309.00
Cr John Ronke	
Chelsea Heights Community Centre	\$500.00
Aspendale Gardens Residents' Association	\$350.00
TOTAL	\$850.00
Cr Steve Staikos	
Lynn Duguid	\$300.00
Simone Hardham	\$500.00
Dingley Village Community Association	\$280.00
Clayton Fishing Club	\$600.00
Kingswood Primary School	\$500.00
Moorabbin Primary School	\$500.00
Heatherton Christian College	\$400.00
Voice for the Arts	\$500.00
Defenders of the South East Green Wedge	\$500.00
TOTAL	\$4,080.00
Cr Rosemary West	
Lachlan Erwin	\$500.00
Friends of Braeside Park	\$500.00
Acclaim Awards Limited	\$500.00
Defenders of the South East Green Wedge Inc.	\$500.00
Jack Vawdrey	\$500.00
TOTAL	\$2,500.00

Councillor remuneration

Councillors and Mayors are entitled to receive remuneration in the form of a Councillor allowance, with the upper and lower limits set by the Victorian Government. The Minister for Local Government approved an annual adjustment of 2.5 per cent, which took effect on 1 December 2015. The annual allowance for the Mayor is \$94,912.40 and for Councillors is \$31,637.50 per annum (including superannuation). In addition to their allowances, Councillors can elect to receive a mobile phone, iPad, laptop computer and a phone/fax for Council use. They can also claim expenses incurred while performing their duty as Councillors and use office administration and support. The Mayor receives a dedicated office and support from an Executive Assistant.

Reimbursement of expenses of Councillors

Council is required to reimburse a Councillor for expenses incurred in the performance of his/her duties (Section 75 of the *Local Government Act 1989 (Vic)*). Council is also required to adopt and maintain a policy in relation to the reimbursement of expenses for Councillors. Council adopted the Councillor Support and Reimbursement of Expenses Policy (the Policy) on 14 December 2015, which is available at kingston.vic.gov.au/About-Us/Plans-Policies-Publications/Policies.

The Policy requires the payment of Councillor expenses (whether paid directly by Council or reimbursed to the Councillor) to be published in the Annual Report and quarterly on the Council's website under the following categories:

- ▶ Councillor and Mayoral allowance
- ▶ carer expenses
- ▶ communication expenses
- ▶ training and education expenses
- ▶ intrastate travel expenses
- ▶ interstate and overseas travel expenses
- ▶ other expenses.

Councillor allowances and expenses for 2015/16

All allowances and expenses are related to Councillors' roles as representatives and/or delegates of Council and have been incurred in the course of their duties as a Councillor.

	Councillor Allowances	Communications Expenses	Travel Intrastate	Travel Interstate	Travel Overseas	Training, Conferences & Education	Other Expenditure
Cr Tamara Bath	\$29,943.54	\$1,773.74	\$152.00				
Cr Tamsin Bearsley (Mayor from 11/11/15)	\$67,538.67	\$5,237.00					\$262.18
Cr Ron Brownlees OAM	\$29,943.54	\$1,883.00					\$36.36
Cr David Eden	\$29,943.54	\$2,088.00	\$18.00				
Cr Geoff Gledhill (Mayor to 11/11/15)	\$52,235.51	\$4,524.00	\$86.00			\$86.00	\$786.00
Cr Paul Peulich	\$29,943.54	\$2,206.00	\$112.00			\$1,609.00	
Cr John Ronke	\$29,943.54	\$2,787.00					
Cr Steve Staikos	\$29,943.54	\$1,919.00	\$353.00				
Cr Rosemary West OAM	\$29,943.54	\$2,800.00	\$242.00			\$73.00	\$40.00

Governance and Management Checklist

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

Governance and Management Checklist

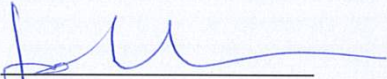
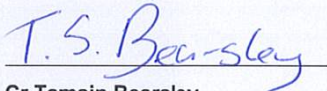
The following are the results in the prescribed form of Council's assessment against the prescribed governance and management checklist.

Column 1 Governance and Management Items	Column 2 Assessment	
1 Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Current policy in operation Date of operation of current policy: 5 April 2014	✓
2 Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Current guidelines in operation. Date of operation of current guidelines: 16 January 2013	✓
3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Plan adopted in accordance with section 126 of the Act. Date of adoption: 23 May 2016	✓
4 Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Budget adopted in accordance with section 130 of the Act. Date of adoption: 14 June 2016	✓
5 Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Current plans in operation: Asset Management Policy / Asset Management Strategy 25/11/2013; Asset Management Plans: Drainage, Transport, Community Facilities, Recreational Spaces 01/03/2008; Capital Works Forward Plan (20yrs) 09/06/2016	✓
6 Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Current strategy in operation. Date of operation of current strategy: 14 June 2016	✓
7 Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Current policy in operation. Date of operation of current policy: 16 June 2015	✓
8 Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Current policy in operation. Date of operation of current policy: 25 May 2014	✓
9 Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986. Date of preparation: 19 March 2014	✓
10 Procurement policy (policy under section 186A of the Local Government Act 1989 outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the Local Government Act. Date of approval: 27 July 2015	✓
11 Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Current plan in operation. Date of operation of current plan: 1 October 2015	✓

Governance and Management Checklist

Column 1 Governance and Management Items		Column 2 Assessment	
12	Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Current plan in operation. Date of operation of current plan: 1 April 2015	✓
13	Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Current framework in operation. Date of operation of current framework: 8 July 2016	✓
14	Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established in accordance with section 139 of the Act. Date of establishment: 1 January 1997	✓
15	Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal auditor engaged. Date of engagement of current provider: 1 July 2013	✓
16	Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Current framework in operation. Date of operation of current framework: 1 July 2014	✓
17	Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Quarterly Performance Reports: September 2015 - 23/11/2015; December 2015 - 22/02/2016; March 2016 - 23/05/2016; June 2016 - 22/08/2016	✓
18	Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Quarterly statements presented to Council in accordance with section 138(1) of the Act September 2015 - 23/11/2015; December 2015 - 22/02/2016; March 2016 - 23/05/2016	✓
19	Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports prepared and presented: 21 March 2016 and 16 May 2016	✓
20	Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports prepared and presented: Quarterly Performance Report, December 2015 - 22/02/2016; Half Year LGPRF Results Targets and Material Variances 16/03/2016	✓
21	Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	Annual report considered at a meeting of Council in accordance with section 134 of the Act Date statements presented: 26 October 2015	✓

Governance and Management Checklist

	Column 1 Governance and Management Items	Column 2 Assessment	
22	Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of conduct reviewed in accordance with section 76C of the Act. Date reviewed: 6 June 2016	✓
23	Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed in accordance with section 98(6) of the Act: Instrument of Delegation by Council to CEO - 23/09/2013; Instrument of Delegation by Council to Staff - 22/7/2013	✓
24	Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act. Date local law made: 21 September 2015	✓
<p>I certify that this information presents fairly the status of Council's governance and management arrangements.</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;">  John Nevins Chief Executive Officer Dated: 22.8.16 </div> <div style="text-align: center;">  Cr Tamsin Bearsley Mayor Dated: 22.8.16 </div> </div>			

Corporate governance

Chief Executive Officer (CEO) and delegations

City of Kingston CEO, John Nevins, is the only member of staff directly appointed by and responsible to Council. The CEO implements Council decisions, ensures Council achieves its Council Plan objectives, and manages the day-to-day operations of the organisation. The CEO's delegated powers include awarding contracts up to \$750,000. The CEO was reappointed in November 2014 for a term of four years and his performance is reviewed annually by Council.

Senior Officers

A Senior Officer is the CEO or an officer of Council who has management responsibilities and reports directly to the CEO, or any other member of Council staff whose total annual remuneration exceeds \$139,000.

Statutory information

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

Documents available for public inspection

In accordance with the *Local Government (General) Regulations 2015*, the following is a list of the prescribed documents that are available for inspection. Copies of the documents can be obtained for the purposes of section 222 of the *Local Government Act 1989 (Vic)* at the municipal offices at 1230 Nepean Highway, Cheltenham during normal office hours. Inspection of these documents can be arranged by contacting the Governance Department on 1300 653 356.

The documents include:

- ▶ agendas and minutes for Ordinary and Special Meetings held in the previous 12 months kept under section 93 of the *Local Government Act 1989 (Vic)*, except where such minutes relate to parts of meetings which have been closed to members of the public under section 89 of the *Local Government Act 1989 (Vic)*. These documents are available at **kingston.vic.gov.au/About-Us/Council-Meetings/Agendas-and-Minutes**
- ▶ register of delegations kept under sections 87 and 98 of the *Local Government Act 1989 (Vic)*. This register is available at **kingston.vic.gov.au/Contact-Us/Documents-Available**
- ▶ details of all leases involving land entered into by Council as lessor, including the lessee and the terms and the value of the lease
- ▶ register of authorised officers appointed under section 224(1A) of the *Local Government Act 1989 (Vic)*.
- ▶ a list of donations and grants made by Council in the previous 12 months, including the names of persons or bodies which have received a donation or grant and the amount of each donation or grant.

Best value

The *Local Government Act 1989 (Vic)* requires councils to comply with six Best Value principles and to report to the community at least once a year on how they have achieved compliance. These principles are based on:

- ▶ quality and cost standards
- ▶ responsiveness to community needs
- ▶ accessibility
- ▶ continuous improvement
- ▶ community consultation
- ▶ reporting to the community.

Rather than treating Best Value as a separate compliance obligation, Kingston has adopted a 'whole of organisation' approach to embedding the six Best Value Principles into Council operations. These principles are also linked strongly to our Community Inspired Leadership approach and strategic planning process. In 2015/16, examples that demonstrate how Council has responded to the Best Value Principles include:

- ▶ Quality and cost standards are reported on and demonstrated within the Council Quarterly Reports and Annual Report. Goal 6 of the Council Plan relates to a well-managed and effective organisation. Council has specific actions that relate to organisational decision-making and reporting processes, implementing systems and processes to enhance organisational capability, and ensuring the efficient use of resources.
- ▶ Accessibility is demonstrated through the implementation of actions from the adopted Public Health and Wellbeing Plan, Community Safety Strategy, Multicultural Action Plan, and Kingston Aboriginal Policy. Council also supports the Access and Equity Committee's three subcommittees: disability, multicultural and Aboriginal.
- ▶ Council uses the results from the annual Community Satisfaction Survey coordinated through the Department of Environment, Land, Water and Planning (DELWP) to benchmark our services against other Victorian councils using direct feedback from the community on the importance and performance of our services.
- ▶ the integration of new corporate systems with all policies, procedures, processes and delegations.
- ▶ health, safety and wellbeing 'myWellbeing' initiative – development and training to ensure a strong focus on an occupational health and safety culture, employee wellbeing, reduction in injuries, increasing opportunities for injured staff to return to work and working towards a reduction in insurance premiums.

To ensure ongoing value for money, tendering for major services and works is undertaken in line with Council's Procurement Policy to ensure that the community receives the best value for the services provided by Council. S186A of the *Local Government Act 1989 (Vic)* requires the policy to be reviewed each financial year. This policy was last reviewed and approved by Council in July 2015. A copy is available on Council's website at kingston.vic.gov.au/Kingston-Business/Tenders.

Charter of Human Rights

The Victorian *Charter of Human Rights and Responsibilities Act 2006* ('Charter') sets out important human rights Council must consider when making a decision and must act in a manner that is compatible with human rights. In 2015/16, no Charter-related complaints were made to Kingston.

Carers Recognition Act 2012

In accordance with the *Carers Recognition Act 2012*, Council is required to report in its Annual Report on how it met its obligations. In 2015/16, Kingston met its obligations in various ways, including:

- ▶ carer needs being assessed during aged and disability care client assessments with appropriate services offered, including respite
- ▶ formally recognising Companion Card holders within the Community Bus Service for those holding a Companion Card, who can now attend day trips with no associated transport expenses
- ▶ offering Group Respite programs and invitations to carers of clients receiving Aged and Disability Care services
- ▶ making referrals to the Aged Care Assessment Service where access to residential respite is appropriate for all aged and disability care clients at service assessment
- ▶ having Social Inclusion Officers to support the social needs of clients and their carers in the community

Disability Act 2006

Kingston's Disability Action Plan 2015-2019 was endorsed by Council in November 2014. The implementation of this plan is guided by Council's Access and Equity Advisory Committee. The Action Plan has four key priority areas:

1. Access to Goods, Services and Facilities
2. Employment Opportunities
3. Encourage Inclusive Attitudes and Practices
4. Promote Inclusion and Participation.

Council continues to deliver outcomes for people with disabilities in Kingston in line with the requirements of the *Disability Act 2006*, by:

- ▶ continuing to liaise with and seek advice from people with a disability through the Access and Equity Advisory Committee
- ▶ continuing to meet Australian Standards for accessibility when delivering new and renovated facilities
- ▶ including fully accessible toilet facilities in the Public Toilet Strategy and Design Guidelines
- ▶ using interpreters at Kingston's Carols event
- ▶ providing grants to a number of disability support organisations
- ▶ issuing building permits in accordance with the Building Code of Australia, which requires Disability Discrimination Act compliance
- ▶ continuing to audit pedestrian and road access as issues are identified to ensure access for all
- ▶ distributing disabled parking permits
- ▶ hosting the Ball with a Twist for people with disabilities

- ▶ facilitating the Big Break, a one-day event consisting of a range of art-based workshops for people with disabilities
- ▶ implementing YouMeUs online training for staff to improve inclusion of people with disability in their programs and facilities.

Domestic Animal Management Plan

The *Domestic Animals Act 1994* requires all Victorian councils to have a plan in place for the management of dogs and cats within their municipality. The Kingston Domestic Animal Management Plan 2012-2016 was designed to improve the provision of animal management services by maintaining our traditional role, respond to new and emerging animal management issues, and implement identified treatments. In 2015/16, the Plan was reviewed and the 2016-2021 Plan was the subject of community consultation.

All 2015/16 actions were completed during the year, including the implementation of a Domestic Animal Business licensing system.

Food Act 1984

In 2015/16, Council received no written direction from the Minister of Health in relation to any matter concerning the administration of the *Food Act 1984*.

Road Management Act 2004

In 2015/16, Council received no direction from the Minister of Roads pursuant to section 22 of the *Road Management Act 2004* in relation to a function or exercise a power of the road authority under this Act.

Information Management

Information Privacy

Council's Information Privacy Policy is based on principles outlined in the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*, and governs Council's approach to managing personal information. Enquiries about access to personal information can be made to Council's Privacy Officer by phoning 1300 653 356 or post to: Privacy Officer, City of Kingston, PO Box 1000, Mentone VIC 3194.

In 2015/16, Council received 363 requests for personal information, compared to 378 in 2014/15 and 377 in 2013/14.

Freedom of Information

The *Freedom of Information Act 1982* provides the opportunity for public access to Council documents. In 2015/16, Council received 82 FOI requests, compared to 55 in 2014/15 and 44 in 2013/14.

Further information is available at kingston.vic.gov.au/Contact-Us/Freedom-of-Information.

Protected disclosure

Kingston's Protected Disclosure Procedure establishes a system to facilitate the making of disclosures of improper conduct or detrimental action by Kingston or its employees. Such conduct can be reported to our Protected Disclosure Coordinator on 1300 653 356 or by emailing protecteddisclosure@kingston.vic.gov.au. Further details of the procedures are available at kingston.vic.gov.au/governance.

Two Protected Disclosures were made in 2015/16.

Risk management

The Risk Management System was revised during 2015/16. A new enterprise-wide Risk Management System has been implemented that meets the intent of the International Organization for Standardization ISO 31000 – 2009 Risk Management – Principles and Guidelines. Supporting the Risk Policy is an Enterprise-wide Risk Procedure. The development and implementation of this procedure will assist Kingston to meet the Victorian Government reporting requirements for strategic risk management and its legislative obligations under the *Occupational Health and Safety Act 2004 (VIC)*, *Bus Safety Act 2009* and the *Environmental Act 1970* (and amendments).

Work has been completed in reviewing the Strategic Risk register and identifying Strategic Risks and whether these risks have the appropriate mitigations. To support the Enterprise-wide Risk Management System, Council has purchased a Risk Management Data System. This tool provides a risk management solution to assist officers with identifying, profiling and assessing risks within a combined monitoring and reporting framework. The implementation of the Enterprise-wide Risk Management Framework focused on identifying and validating the organisation's strategic risks for the 2015/2016 period.

Audit Committee

The Audit Committee's role is to facilitate:

- ▶ the enhancement of the credibility and objectivity of internal and external financial reporting
- ▶ effective management of Council's strategic risks and the protection of Council assets
- ▶ monitoring of Council's business
- ▶ continuity plans and processes
- ▶ the efficiency and effectiveness of significant Council programs
- ▶ compliance with laws and regulations, as well as use of best-practice guidelines
- ▶ the effectiveness of the audit functions.

The Audit Committee comprises three external independent members (Mr Hugh Parkes (Chair), Mr Bruce Potgieter and Ms Claire Filson), the current Mayor and one other Councillor nominated by Council. Independent members are appointed for a three-year term and are eligible for reappointment by Council on the recommendation by the Chief Executive Officer.

The Audit Committee meets five terms per year. Internal Audit representatives, the Chief Executive Officer and the General Manager Corporate Services attend all Audit Committee meetings. During 2015/16, each of Council's General Managers attended in turn to brief the Committee on the current activities of their respective division within Council.

Further information, including a copy of the Audit Committee Charter is available on Council's website at kingston.vic.gov.au/About-Us/Committees.

Internal audit

Council's current Internal Auditor, Pitcher Partners, commenced its contract in July 2013 for an initial three-year period. The Internal Audit Strategic Plan, which is reviewed by Internal Audit and management, is adopted annually by the Audit Committee. The Internal Audit program that the Audit Committee oversees is in place to help Council and management achieve sound control over all Council activities.

The Audit Committee formally reviews the performance of the Internal Auditor each year. Before accepting each report submitted by the Internal Auditor, the Committee examines the recommendations made in each report and management's comments. These reviews give the Audit Committee and Council a level of assurance on the systems, processes and procedures employed by Council in the governance and control of its daily operations. To enable the Committee to closely monitor the implementation of management's agreed actions to address the recommendations contained in the Internal Auditor's reports, a progress report from Management is provided at (or before) each meeting.

During 2015/16, the following reviews were reported on:

- ▶ asset management
- ▶ business continuity management and disaster recovery planning
- ▶ fees and charges
- ▶ IT environment and controls
- ▶ land use planning
- ▶ libraries and leisure centres management
- ▶ procurement and supplier management.

External audit

Council's current External Auditor is the Victorian Auditor-General. The Auditor-General elected to contract this activity for 2015/16 to Mr Tim Fairclough of HLB Mann Judd. Mr Fairclough is responsible for providing a recommendation to the Auditor-General that the Annual Financial Statements of Council present fairly and in accordance with applicable Accounting Standards. It is normal practice for the External Auditor to review the Internal Audit program to better understand the internal control framework that exists at Council. The external audit management letter and responses were also provided to the Audit Committee.

National Competition Policy Compliance

A key objective of National Competition Policy (NCP) is the promotion of more efficient public resource allocation decisions by all levels of government. There were no issues raised by the community related to NCP in 2015/16.

Local Laws

In 2015/16, Council's prior seven Local Laws expired and two new Local Laws — the Community Local Law and the Meeting Procedures Local Law — were adopted. Both of these Local Laws can be viewed at kingston.vic.gov.au/About-Us/Local-Laws-Health/Local-Laws.

performance statement

for the year ended 30 June 2016

The Local Government Performance Reporting Framework (LGPRF) was introduced in 2014/15. The primary objective of the LGPRF is to provide comprehensive performance information that meets the needs of stakeholders. This is an objective that seeks to balance the needs and expectations of a number of audiences. In meeting this objective:

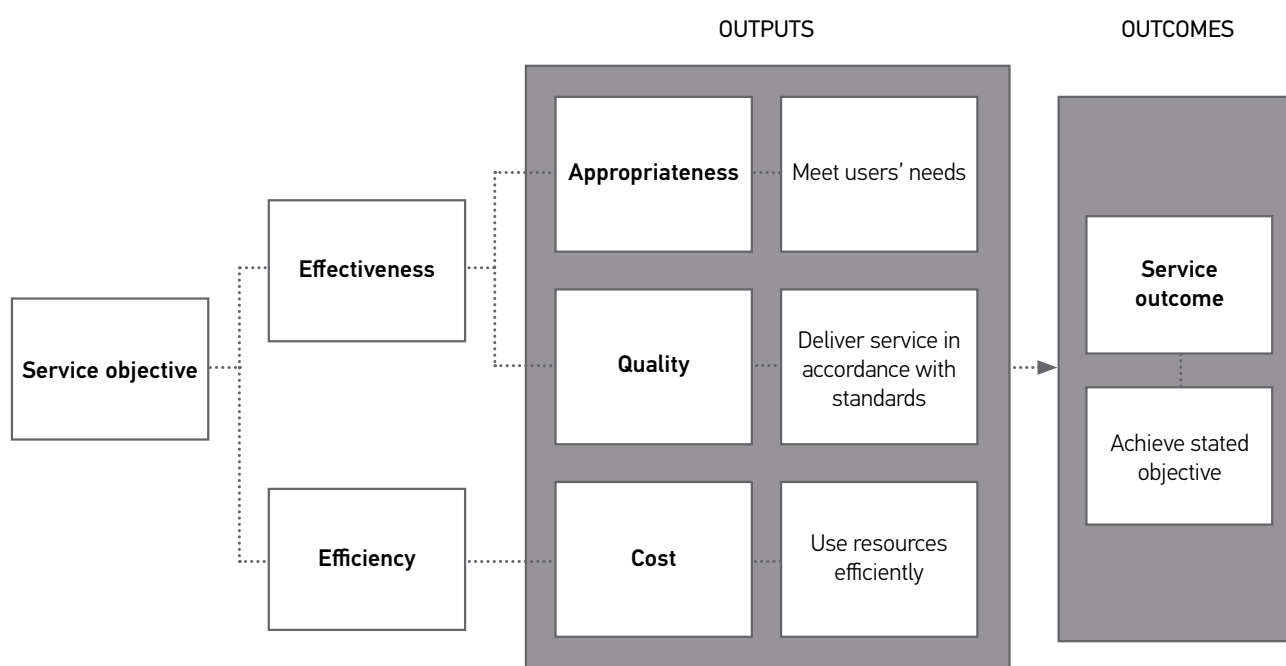
- ▶ councils will have information to support strategic decision-making and continuous improvement
- ▶ communities will have information about council performance and productivity
- ▶ regulators will have information to monitor compliance with relevant reporting requirements
- ▶ State and Commonwealth Governments will be better informed to make decisions that ensure an effective, efficient and sustainable system of local government.

To provide a comprehensive picture of council performance, four indicator sets covering service performance, financial performance, sustainable capacity and governance and management have been developed across three thematic areas: service performance, financial performance and sustainability.

The indicators cover the Council service areas of:

- ▶ governance
- ▶ statutory planning
- ▶ roads
- ▶ libraries
- ▶ waste collection
- ▶ aquatic facilities
- ▶ animal management
- ▶ food safety
- ▶ home and community care
- ▶ maternal and child health.

service performance framework



dimensions of the service performance indicator framework

It is intended that measures that cover additional areas of Council Service will be added to the data requirements in future years.

Other measures included in the framework have been developed to examine:

- ▶ overall financial performance
- ▶ sustainable capacity and
- ▶ governance and management.

Dimension	Definition	Indicators/Measures
Appropriateness	Output indicators that measure the extent to which services <i>meet users' needs</i>	Participation rate Response time
Quality	Output indicators that measure the extent to which a service is delivered <i>in accordance with defined standards</i>	Resource standard Service standard
Cost	Output indicators that measure how <i>efficiently services use their resources</i> (inputs) to produce outputs	Average cost per unit (unit cost)
Service Outcome	Outcome indicators that measure how well <i>the outcomes of the service have achieved the stated objective</i>	Community satisfaction Health and safety

other information

for the year ended 30 June 2016

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 basis 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, the forecast results as adopted in Council's Strategic Resource Plan which forms part of the Council Plan. The Local Government (Planning and Reporting) Regulations 2014 requires explanation of any material variations in the results contained in the Performance Statement. 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. 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.

our city

The City of Kingston is located in the middle southern suburbs of Melbourne, approximately 15km south of the Melbourne CBD and covers an area of 91 square kilometres. Every suburb in Kingston offers something different, from diverse businesses, housing, shops and restaurants, to beaches, bushland, parks and playgrounds. Kingston is also home to over 114 parks and playgrounds; including the magnificent Bicentennial Park in Chelsea, Kingston Heath and the kooky UFO Park at Grange Reserve in Clayton South.

Kingston is one of the state's main employment centres, having one of the largest and most concentrated industrial sectors in Victoria. There are approximately 15,500 businesses with over 66,500 people employed throughout the City of Kingston. Our significant industrial sector generates an annual economic output of about \$24 billion per annum.

Community and business networks play an important role in linking and supporting local businesses. Almost 30% of the community work locally and are able to enjoy shorter arrival times and an improved work-life balance.

Kingston's shopping amenities range from local neighbourhood shops and friendly village strips, to Southland Shopping Centre, DFO Moorabbin and major activity centres in Moorabbin, Cheltenham, Mentone, Mordialloc and Chelsea.

our suburbs

Kingston's suburbs include Aspendale, Aspendale Gardens, Bonbeach, Braeside, Carrum, Chelsea, Chelsea Heights, Cheltenham, Clarinda, Clayton South, Dingley Village, Edithvale, Heatherton, Highett, Mentone, Moorabbin, Moorabbin Airport, Mordialloc, Oakleigh South, Parkdale, Patterson Lakes and Waterways.

population

Kingston is a diverse community with a current estimate resident population of 155,000 spanning a wide range of ages, household types and cultures. Our community is constantly growing; by 2036 Kingston's population is expected to reach 185,000, making up an anticipated 77,000 dwellings.

Consistent with national trends, Kingston's oldest residents comprise the fastest growing population group in the municipality. Future planning will explore how services will cope with the greater demand caused by this increase.

Kingston is a culturally diverse city with residents from over 150 countries who speak over 120 languages. About 30 per cent of Kingston's population was born overseas, with 22 per cent from non-English speaking backgrounds including Vietnamese, Indian, Sri Lankan, Greek, Italian and Chinese societies.

A copy of the Council Plan including the Strategic Resource Plan can be obtained from www.kingston.vic.gov.au.

The formulas used to determine the results for 2016 are shown in the following tables.

sustainable capacity indicators

for the year ended 30 June 2016

Indicator/Measure	Results 2015	Results 2016	Material Variations/Explanations
Own-source revenue <i>Own-source revenue per head of municipal population</i> (Own-source revenue/Municipal population)	\$980.41	\$1,152.22	The 2016 result is up 18% on the prior year mainly driven by the one off \$13.5m net gain on disposal of property and bed licences in 2016.
Recurrent grants <i>Recurrent grants per head of municipal population</i> (Recurrent grants/Municipal population)	\$216.37	\$209.29	The 2016 result is slightly lower than the prior year due to the early payment of \$2.2 million from the Victorian Grants Commission in June 2015 which increased the 2015 result.
Population <i>Expenses per head of municipal population</i> (Total expenses/Municipal population)	\$1,086.22	\$1,095.61	This is in line with expected results for 2015/16 and is based on a municipal population of 154,477 with total expenses of \$169.2 million up 2% from \$166.3 million in 2014/15.
Infrastructure per head of municipal population (Value of infrastructure/Municipal population)	\$5,249.35	\$5,429.19	Kingston has in excess of \$800 million of infrastructure assets. The result is consistent with expectations and 3% higher than 2014/15.
Population density per length of road (Municipal population/Kilometres of local roads)	249.03	252.00	Kingston has approximately 600 km of sealed roads.
Disadvantage <i>Relative socio-economic disadvantage</i> (Index of Relative Socio-economic Disadvantage by decile)	9	9	See definitions for explanation of this measure. Kingston's Index of 9 is about average when compared to neighboring Councils.

Note that definitions are at the end of this document.

service performance indicators

for the year ended 30 June 2016

Service/Indicator/Measure	Results 2015	Results 2016	Material Variations/Explanations
Governance Satisfaction <i>Satisfaction with Council decisions</i> Community satisfaction rating out of 100 with how Council has performed in making decisions in the interest of the community	58	58	This rating is sourced from an annual Community Satisfaction Survey that is coordinated by State Government and conducted by an independent research company on behalf of Victorian councils. Kingston's result for 2016 is equal to the result for 2015 and compares to the State-wide average of 54 and the Metropolitan average of 59.
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> <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)</i>	63.00%	44.00%	The total number of appeals put before VCAT increased while the number of appeals upheld by VCAT decreased. These figures do not take into account the high number of VCAT appeals resolved prior to a hearing and either withdrawn (therefore upholding Council's decision) or those that were resolved and consented upon through informal negotiation.
Roads Satisfaction <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	68	67	This rating is sourced from an annual Community Satisfaction Survey that is coordinated by State Government and conducted by an independent research company on behalf of Victorian councils. Kingston's result is consistent with previous years, in line with other Metropolitan councils and significantly higher than the State-wide average.
Libraries Participation <i>Active library members</i> (Number of active library members / Municipal population x100)	17.00%	17.81%	The growth in library members using e-resources has increased the number of active members by almost 6% since 2014/15.
Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> (Weight of recyclables and green organics collected from kerbside bins/Weight of garbage, recyclables and green organics collected from kerbside bins x100)	50.00%	48.85%	The proportion of recyclables by weight has declined due to lighter weight recyclables and reduced collection of both paper from newspapers and green waste due to drier conditions.
Aquatic facilities Utilisation <i>Utilisation of aquatic facilities</i> (Number of visits to aquatic facilities/ Municipal population)	5.01	4.33	Casual attendance at Council's two leisure centres has decreased. A closure at Don Tatnell Leisure Centre during renovation works also contributed to a fall in visits.
Animal management Health and safety <i>Animal management prosecutions</i> (Number of successful animal management prosecutions)	23	17	Council has introduced additional strategies to assist in resolving animal-related issues directly with those involved, reducing the number of cases prosecuted in the magistrates' court. Although there has been a reduction in prosecutions Council continues to take community safety seriously and will prosecute where risk of harm to people or other animals is likely.
Food safety Health and safety Critical and major non-compliance notifications (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)	100%	100%	A reduction in the number of critical and major non-compliance notifications from 207 to 174 demonstrates the effectiveness of Kingston's Environmental Health program. All incidences of non-compliance continue to be followed up as a matter of priority.

Service/Indicator/Measure	Results 2015	Results 2016	Material Variations/Explanations
Home and Community Care (HACC) Participation Participation in HACC service (Number of people who received an HACC service/Municipal target population for HACC services x100)	30.00%	30.00%	Participation in HACC services only relates to clients receiving HACC domestic assistance, personal care or respite care services. Where a client receives a combination of services they are only counted once.
Participation Participation in HACC service by CALD people (Number of CALD people who receive a HACC service/Municipal target population in relation to CALD people for HACC services x100)	25.00%	24.82%	CALD people are identified as people born outside Australia in a country whose national language is not English. Services included are HACC personal, domestic and respite care.
Maternal and Child Health Participation Participation in the MCH service (Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service x100)	77.00%	78.59%	There was a small increase in child participation rates in 2015/16. Those not attending council MCH services may instead be choosing to attend the four-year visit offered by their General Practitioner instead of council's 3.5-year assessment.
Participation Participation in the MCH service by Aboriginal children (Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service x100)	85.00%	75.56%	Disclosure of Aboriginal or Torres Strait Islander status (ATSI) by MCH clients is voluntary. Kingston MCH nurses encourage disclosure, resulting in an increase in the number of ATSI children identified for 2015/16. Attendances for ATSI identified children aged 0-2 was high. However, attendances for ATSI identified children aged 3+ was markedly lower. Kingston MCH services reminds all families of appointments for their children to encourage attendance, and offers vulnerable families access to enhanced MCH services.

Note that definitions are at the end of this document

financial performance indicators

for the year ended 30 June 2016

Forecasts are based on the Strategic Resource Plan adopted by Council in June 2016

Dimension/ Indicator/Measure	Results 2014/15	Results 2015/16	Forecasts				Material Variations/ Explanations
			2016/17	2017/18	2018/19	2019/20	
Operating position Adjusted underlying surplus (or deficit) (Adjusted underlying surplus (deficit)/ Adjusted underlying revenue x100)	9.68%	19.77%	7.69%	5.53%	5.26%	4.46%	The result for 2016 was greater than last year mainly due to the sale of Kingston's bed licences and sale of Council property at Collins Street Mentone. While the result is expected to remain positive, it is expected to decline slightly over the forecast years consistent with the adopted Long Term Financial Strategy.
Liquidity Working capital Current assets compared to current liabilities (Current assets/Current liabilities x100)	194.62%	284.73%	209.53%	191.90%	192.53%	212.57%	The working capital ratio for 2016 is greater than last year due to higher cash holdings up \$24.3m at the end of the year which will be spent on the carry forwards of \$8.8m to the capital program in 2016/17. Over the next four years Council's Working Capital Ratio will be in the range of 190% to 215% for the forecast period. Council's assured cash flows means that Council is confident it can pay its debts as and when they fall due. The current state-wide average for inner metropolitan Melbourne Councils for this indicator is approximately 220%.
Unrestricted cash Unrestricted cash compared to current liabilities (Unrestricted cash/Current liabilities x100)	104.84%	209.26%	158.15%	142.27%	146.71%	165.45%	The 2016 result is higher than the forecast trend due to higher cash holdings at the end of the year. Council's assured cashflows means it can pay its debts as and when they fall due.
Obligations Loans and borrowings Loans and borrowings compared to rates (Interest bearing loans and borrowings/Rate revenue x100)	17.41%	15.76%	15.94%	11.93%	7.96%	4.11%	The result for this measure has fallen to 15.76% from 17.41% on last year's result which is in line with expectations and is expected to further decrease by 12 percentage points over the 4 year period to 2019/20. The decreasing forecast trend reflects the scheduled repayment of debt over the four year period and the decrease in overall external debt levels.
Loans and borrowings repayments compared to rates (Interest and principal repayments on interest bearing loans and borrowings / Rate revenue x100)	2.94%	3.97%	4.13%	4.20%	4.08%	3.90%	The increase in 2015/16 includes an early repayment of debt consistent with our long term financial plan and the forecast trend reflects the scheduled repayment of debt over the four year period.

Dimension/ Indicator/Measure	Results 2014/15	Results 2015/16	Forecasts				Material Variations/ Explanations
			2016/17	2017/18	2018/19	2019/20	
Indebtedness <i>Non-current liabilities compared to own source revenue</i> (Non-current liabilities/ Own source revenue x100)	13.01%	9.73%	10.77%	7.63%	4.42%	2.20%	The 2016 result is influenced by the one off gain on sale of assets and the forecast reflects the Strategic Resource Plan.
Asset renewal <i>Asset renewal compared to depreciation</i> (Asset renewal expenses/ Asset depreciation x100)	112.66%	116.59%	112.11%	88.86%	80.65%	72.93%	The 2016 result is in line with last year and is consistent with budget expectations and the forecast reflects the Strategic Resource Plan.
Stability <i>Rates concentration</i> <i>Rates compared to adjusted underlying revenue</i> (Rate revenue/ Adjusted underlying revenue x100)	64.60%	59.45%	67.32%	68.46%	69.08%	69.24%	The 2016 result is influenced by the one off gain on sale of assets and with prior years and budget expectations and the forecast reflects the Strategic Resource Plan.
Rates effort <i>Rates compared to property values</i> (Rate revenue/Capital improved value of rateable properties in the municipality x100)	0.28%	0.29%	0.25%	0.25%	0.26%	0.27%	The 2016 result is in line with last year and reflects budget expectations. The forecast reflects the Strategic Resource Plan projections of rate revenue under the State Government rate capping policy and increased property valuations.
Efficiency <i>Expenditure level Expenses per property assessment</i> (Total expenses/Number of property assessments)	\$2,335	\$2,361	\$2,459	\$2,467	\$2,487	\$2,538	The 2016 result is up 1% on 2014/15 and is consistent with budget expectations and the forecast reflects the Strategic Resource Plan.
Revenue level <i>Average residential rate per residential property assessment</i> (Residential rate revenue/ Number of residential property assessments)	\$1,584	\$1,659	\$1,793	\$1,787	\$1,813	\$1,839	The 2016 result is up 4.7% on last year and is consistent with budget expectations. The forecast reflects the Strategic Resource Plan in line with the State Government rate capping policy.
Workforce turnover <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)	11.53%	28.31%	10%	10%	10%	10%	The 2016 result is heavily influenced by the loss of approximately 100 staff following the sale of Council Hostel facilities.

Note that definitions are at the end of this document

definitions

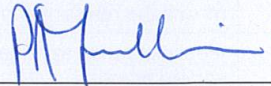
Aboriginal child	means a child who is an Aboriginal person
Aboriginal person	has the same meaning as in the Aboriginal Heritage Act 2006
active library member	means a member of a library who has borrowed a library collection item from the library
adjusted underlying revenue	means total income other than— (a) non-recurrent grants used to fund capital expenditure; and (b) non-monetary asset contributions; and (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)
adjusted underlying surplus (or deficit)	means adjusted underlying revenue less total expenditure
annual report	means an annual report prepared by a council under sections 131, 132 and 133 of the Act
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
class 1 food premises	means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 1 food premises under section 19C of that Act
class 2 food premises	means food premises, within the meaning of the <i>Food Act 1984</i> , that have been declared as class 2 food premises under section 19C of that Act
Community Care Common Standards	means the Community Care Common Standards for the delivery of HACC services, published from time to time by the Commonwealth
critical non-compliance outcome notification	means a notification received by council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorised officer under that Act, of a deficiency that poses an immediate serious threat to public health
Culturally and Linguistically Diverse (CALD)	means Culturally and Linguistically Diverse people born outside Australia in a country whose national language is not English
current assets	has the same meaning as in the Australian Accounting Standards (AAS)
current liabilities	has the same meaning as in the AAS
expenses	means expenses including employee costs, materials and services, bad and doubtful debts, depreciation and amortisation, borrowing costs and other expenses
food premises	has the same meaning as in the <i>Food Act 1984</i> and includes all street trader notifications
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 domestic care, personal care or community respite provided under the HACC program
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 <i>Road Management Act 2004</i>

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
major non-compliance outcome notification	means a notification received by a council under section 19N(3) or (4) of the <i>Food Act 1984</i> , or advice given to council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken
non-current assets	means all assets other than current assets
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
non-current liabilities	means all liabilities other than current liabilities
own-source revenue	means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)
population	means the estimated resident population according to the Australian Bureau of Statistics
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
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 the Socio-Economic Indexes for Areas (SEIFA) published from time to time by the Australian Bureau of Statistics on its website
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
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
unrestricted cash	means all cash and cash equivalents other than restricted cash
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 <i>Occupational Health and Safety Act 2004</i> .

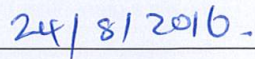
Certification of the Performance Statement

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.

Principal Accounting Officer
P.A. Franklin



Dated:



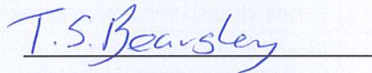
In our opinion, the accompanying performance statement of the Kingston City Council for the year ended 30 June 2016 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the Local Government (Planning and Reporting) Regulations 2014.

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

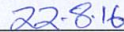
At the date of signing, we are not aware of any circumstances that would render any particulars in the performance statement to be misleading or inaccurate.

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.

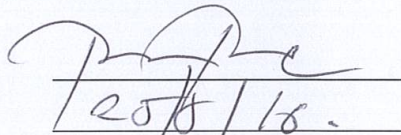
Mayor
Cr T. Bearsley



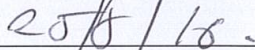
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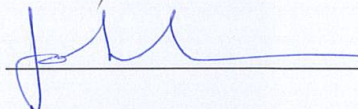
Councillor
Cr P. Peulich



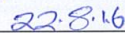
Dated:



J. Nevins
Chief Executive Officer



Dated:





Victorian Auditor-General's Office

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Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Kingston City Council

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Kingston City Council which comprises the statement, the related notes and the certification of the performance statement.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Kingston City Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement 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 entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Independent Auditor's Report (continued)


Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of the Kingston City Council in respect of the 30 June 2016 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
31 August 2016



Dr Peter Frost
Acting Auditor-General

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Certification of the Financial Statements

Audit opinion

comprehensive income statement

for the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Income			
Rates and charges	3	125,416	118,917
Statutory fees and fines	4	8,132	7,454
User fees	5	20,117	19,462
Grants – operating	6	30,656	32,934
Grants – capital	6	3,463	4,643
Contributions – monetary	7	5,166	4,032
Net Gain (or loss) on disposal of property, infrastructure, plant and equipment	8	13,459	165
Interest income	9	2,368	1,963
Other income	9	6,817	2,018
Fair Value adjustment for investment property	22	1,682	101
Total Income		217,276	191,689
Expenses			
Employee costs	10	77,180	72,713
Materials and services	11	67,439	68,324
Bad and doubtful debts	12	13	37
Depreciation and amortisation	13	24,023	24,543
Borrowing costs	14	591	661
Total Expenses		169,246	166,278
Surplus for the year		48,030	25,411
Other Comprehensive Income			
Items that will not be reclassified to surplus or deficit in future periods:			
Net asset revaluation increment/(decrement)	21/28	5,331	(53,507)
Total comprehensive result		53,361	(28,096)

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

balance sheet

as at 30 June 2016

	Note	2016 \$ '000	2015 \$ '000
Current assets			
Cash and cash equivalents	16	30,112	47,778
Trade and other receivables	17	9,164	10,130
Other financial assets	18	58,100	16,101
Non-current assets classified as held for sale	19	-	3,460
Other assets	20	850	737
Total Current Assets		98,226	78,206
Non-Current Assets			
Trade and other receivables	17	27	24
Property, infrastructure, plant and equipment	21	2,169,858	2,145,828
Investment property	22	4,723	3,041
Intangible assets	23	1,463	1,735
Total Non Current Assets		2,176,071	2,150,628
Total Assets		2,274,297	2,228,834
Current Liabilities			
Trade and other payables	24	13,078	10,977
Trust funds and deposits	25	3,184	12,033
Provisions	26	14,930	14,625
Interest bearing loans and borrowings	27	3,306	2,494
Leased plant liability	27	-	54
Total Current Liabilities		34,498	40,183
Non-Current Liabilities			
Provisions	26	863	1,322
Interest bearing loans and borrowings	27	16,455	18,208
Total Non-current liabilities		17,318	19,530
Total Liabilities		51,816	59,713
Net Assets		2,222,481	2,169,120
Equity			
Accumulated Surplus		1,302,565	1,259,497
Asset Revaluation Reserve	28	892,389	887,058
Other Reserves	28	27,527	22,565
Total Equity		2,222,481	2,169,120

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

statement of changes in equity

for the year ended 30 June 2016

2016	Note	Total \$ '000	Accumulated Surplus \$ '000	Asset Revaluation Reserve \$ '000	Asset Replacement Reserve \$ '000	Asset Development Reserve \$ '000	Other Reserves \$ '000
Balance as at 1 July 2015		2,169,120	1,259,497	887,058	2,019	9,717	10,829
Surplus for the year		48,030	48,030	-	-	-	-
Net asset revaluation increment/ (decrement)	28	5,331	-	5,331	-	-	-
Transfers to other reserves	28	-	(7,971)	-	92	4,556	3,323
Transfer from other reserves	28	-	3,009	-	(36)	(1,437)	(1,536)
Balance as at 30 June 2016		2,222,481	1,302,565	892,389	2,075	12,836	12,616

2015	Note	Total \$ '000	Accumulated Surplus \$ '000	Asset Revaluation Reserve \$ '000	Asset Replacement Reserve \$ '000	Asset Development Reserve \$ '000	Other Reserves \$ '000
Balance as at 1 July 2014		2,197,216	1,237,842	940,565	2,276	8,316	8,217
Surplus for the year		25,411	25,411	-	-	-	-
Net asset revaluation increment/ (decrement)	28	(53,507)	-	(53,507)	-	-	-
Transfers to other reserves	28	-	(7,489)	-	135	3,265	4,089
Transfer from other reserves	28	-	3,733	-	(392)	(1,864)	(1,477)
Balance as at 30 June 2015		2,169,120	1,259,497	887,058	2,019	9,717	10,829

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 2016

	Note	2016 \$ '000 Inflows/(Outflows)	2015 \$ '000 Inflows/(Outflows)
Cash Flows from Operating Activities			
Rates and charges		126,301	119,038
Grants – operating		28,899	32,934
Grants – capital		4,720	4,643
Contributions – monetary		5,166	4,032
Statutory fees and fines		10,099	8,713
User fees		19,407	16,744
Interest received		1,835	2,364
Other receipts		-	928
Trust funds and deposits taken		4,827	5,302
Employee costs		(77,334)	(71,955)
Materials and services		(65,613)	(70,908)
Trust funds and deposits repaid		(13,676)	(4,115)
Net cash provided by/(used in) operating activities	29	44,631	47,720
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(37,494)	(33,207)
Proceeds from sale of property, infrastructure, plant and equipment	8	18,782	1,725
Payments for investments	18	(83,000)	(70,000)
Proceeds from sale of investments	18	41,001	57,000
Net cash provided by/(used in) investing activities		(60,711)	(44,482)
Cash flows from financing activities			
Finance costs		(591)	(661)
Proceeds from borrowings	27	3,395	2,800
Repayment of borrowings	27	(4,390)	(2,834)
Net cash provided by/(used in) financing activities		(1,586)	(695)
Net increase (decrease) in cash and cash equivalents		(17,666)	2,543
Cash and cash equivalents at the beginning of the financial year		47,778	45,235
Cash and cash equivalents at the end of the financial year		30,112	47,778
Financing arrangements	30		
Restrictions on cash assets	16		

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

statement of capital works

for the year ended 30 June 2016

	2016 \$'000	2015 \$'000
Property		
Land	271	914
Land improvements	411	2,375
Total Land	682	3,289
Buildings	17,962	
Building improvements	2,492	14,736
Leasehold improvements	-	571
Total Buildings	20,454	15,307
Total Property	21,136	18,596
Plant and Equipment		
Plant, machinery and equipment	-	502
Computers and telecommunications	886	567
Library books	946	1,029
Total Plant and equipment	1,832	2,098
Infrastructure		
Roads	6,826	5,539
Bridges	250	10
Footpaths and cycleways	1,339	3,087
Drainage	4,052	3,716
Recreational, leisure and community facilities	2,677	1,079
Parks, open space and streetscapes	3,567	1,410
Off street car parks	1,275	781
Other infrastructure	365	2,037
Total Infrastructure	20,351	17,659
Total Capital works expenditure	43,319	38,353
Represented by:		
New asset expenditure	2,896	2,267
Asset renewal expenditure	27,178	27,651
Asset expansion expenditure	1,936	2,850
Asset upgrade expenditure	11,309	5,585
Total Capital works expenditure	43,319	38,353

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

notes to the financial report

for the year ended 30 June 2016

introduction

Kingston City Council was established by an Order of the Governor in Council on 15th December 1994 and is a body corporate. The Council's main office is located at 1230 Nepean Highway, Cheltenham Victoria.

statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with 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.

note 1: significant accounting policies

(a) Basis of accounting

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

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

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

- ▶ the fair value of land, buildings and infrastructure, plant and equipment and intangibles (refer to note 1(i))
- ▶ the determination of depreciation for buildings, property, infrastructure, plant and equipment and intangibles (refer to note 1(j))
- ▶ the determination of employee provisions (refer to note 1(p)).

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.

(b) Change in Accounting Policies

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

(c) Revenue recognition

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

Rates and charges

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

Statutory fees and fines

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

User fees

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

Grants

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

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever occurs first.

Interest

Interest is recognised as it is earned.

Other Income

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

(d) Fair value measurement

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

and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

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

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

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

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

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

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

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

(e) Cash and cash equivalents

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

(f) Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that impairment has occurred.

(g) Other financial assets

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

(h) Non-current assets classified as held for sale

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

(or disposal group sale) is expected to be completed within 12 months from the date of classification.

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

Acquisition

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

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

In accordance with Council's policy, the threshold limits detailed in Note 1(j) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Revaluation

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

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

In addition, Council usually undertakes a formal valuation of land, buildings and infrastructure assets on a regular basis ranging from 2 to 4 years. The valuation is performed either by experienced council officers or independent experts. A formal independent revaluation of land and building assets was performed in 2014.

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

Land under roads

Council recognises land under roads it controls at fair value.

Intangible asset – software

Purchased software is recognised as an intangible asset if it meets the recognition threshold of \$50,000. Purchased software is measured at cost less accumulated amortisation and impairment costs over a finite life not exceeding five years. The purchase price and any directly attributable costs of preparing the software for operation are included in the cost of the intangible asset. All expenditure below the threshold and ongoing maintenance and fees related to the software is expensed when incurred. Operating software integral to the operation of a personal computer is recorded as Property, Plant and Equipment.

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

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential

embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

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

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

Asset recognition thresholds and depreciation periods:

	Depreciation Period Years	Purchase/ Construction \$ '000	Asset Improvement \$ '000
Property			
- land	N/A	-	N/A
- land under roads	N/A	10	N/A
- land improvements (excluding building)	10-50	N/A	20
Buildings			
-buildings	20-150	-	20
-leasehold improvements	10	-	20
Plant and equipment			
- plant and machinery	3-10	5	N/A
- equipment	3-5	2	N/A
Infrastructure			
-road pavements and seals	25-100	-	50
-road kerb, channel and minor culverts	80	-	50
-bridges	100	-	50
-footpaths and cycleways	60	-	50
-drainage	100	-	25
-street furniture	10	10	10
-traffic control	10	10	10
Heritage and culture	100	1	25
Library books	5	-	-
Intangibles – software	5	50	N/A

(k) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

(l) Investment property

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

(m) Impairment of assets

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

(n) Trust funds and deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt or forfeited (refer to note 25).

(o) Borrowings

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

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

Borrowing costs

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

acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings and finance lease charges.

(p) Employee costs and benefits

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

Wages and salaries and annual leave

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

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

Long service leave

Liability for Long Service Leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing 7 years of service is disclosed as a current liability even when the Council does not expect to settle the liability within 12 months because it does not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at:

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

Classification of employee costs

Non-current liability - conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment (7 years of service), is disclosed as a non-current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

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

Termination benefits

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

On-Costs

Employee benefits on-costs (workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

(q) Leases

Finance Leases

Leases of assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a four year period.

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(r) Goods and Services Tax (GST)

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

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

(s) Financial Guarantees

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

(t) Contingent assets and contingent liabilities and commitments

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

Commitments are not recognised in the Balance Sheet.

Commitments are disclosed at their nominal value by way of Note and presented inclusive of the GST payable.

(u) Pending accounting standards

Certain new Australian Accounting Standards have been issued that are not mandatory for the 30 June 2016 reporting period. Council has assessed these pending standards and has identified that no material impact will flow from the application of these standards in future reporting periods.

(v) Rounding

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

(w) Related Parties and Key Management Personnel

The Australian Accounting Standards Board has extended the scope of AASB 124 Related Party Disclosures to include not-for-profit public sector entities from 1 July 2016. The amendments made to AASB 124 provided clarification of key management personnel (KMP) in the public sector context and this has resulted in the identification of the portfolio minister as a KMP and the remaining Cabinet ministers as related parties for for-profit public sector entities which is a change from previous disclosures.

Kingston City Council has prepared the Key management personnel disclosures for the year at Note 36, based on reasonable enquiries made by management in relation to the portfolio minister and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 following direction from Local Government Victoria.

note 2: budget comparisons

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent 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 9 June 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

(a) Income and Expenditure

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	F/U	Variance 2016 %	F/U	Ref
Income							
Rates and charges	124,520	125,416	896	F	0.7%	F	
Statutory fees and fines	7,129	8,132	1,003	F	14.1%	F	
User fees	20,294	20,117	(177)	U	(0.9)%	U	
Grants - Operating	33,731	30,656	(3,075)	U	(9.1)%	U	
Grants - Capital	8,167	3,463	(4,704)	U	(57.6)%	U	1
Contributions - monetary	298	5,166	4,868	F	1,633.6%	F	2
Contributions - non-monetary	1,000	-	(1,000)	U	(100)%	U	2
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	13,459	13,459	F	100%	F	3
Other income	2,239	9,186	6,947	F	310.3%	F	4
Fair Value adjustment	-	1,681	1,681	F	100%	F	5
Total Income	197,378	217,276	19,898	F	10.1%	F	
Expenses							
Employee costs	76,915	77,180	(265)	U	(0.3)%	U	
Materials and services	74,525	67,439	7,086	F	9.5%	F	6
Bad and doubtful debts	50	13	37	F	74%	F	7
Depreciation and amortisation	25,500	24,023	1,477	F	5.8%	F	
Borrowing costs	856	591	265	F	31%	F	8
Total Expenses	177,846	169,246	8,600	F	4.8%	F	
Surplus (deficit) for the year	19,532	48,030	28,498	F	145.9%	F	

(a) Income and Expenditure (cont'd)

Explanation of material variances

Ref	Item	Explanation
1	Grants - Capital	Capital grants are unfavourable to budget \$4.7m mainly due to a budgeted grant for Moorabbin Reserve Redevelopment (\$4.2m) which will no longer be received by Council. Instead this money will be paid by the State Government directly to the St Kilda Football Club as the project manager.
2	Contributions - monetary	<p>Contributions are favourable by \$3.9m largely due to unbudgeted cash contributions received from developers (\$4.3m) for contributions payable to Council under the Subdivision of Land Act for open space cash contributions in lieu of land.</p> <p>There were also several capital contributions totalling \$251k received throughout the year that were not budgeted for including contributions from Chelsea Calisthenics (\$65k) for building works, Bayside Council for resurfacing works on Charman Road (\$34k) and the Mordialloc Community Centre (\$47k) for building works. These contributions are offset by Capital expenditure in the current financial year. Capital Contributions were also received from APT Touring of \$40k for the installation of LED lights in the 2014/15 financial year at 1230 Nepean Highway.</p>
3	Net Gain (loss) on disposal of Infrastructure, property, plant and equipment	<p>Net proceeds from disposal of assets total \$13.5m and are due to the sale of Council property and residential aged care bed licences.</p> <p>Net proceeds received for the sale of Council properties include Kallay Street Kindergarten in Clayton South, 630-632 Warrigal Road South Oakleigh and 72 Catherine Avenue Occasional Childcare Centre at Chelsea. Also included are the proceeds from the sale of Kingston's bed licences and the sale of 101 Collins Street Mentone.</p>
4	Other income	Other income of \$9.2m is favourable to budget by \$6.9m primarily due to the receipt of \$5.7m in unbudgeted found assets.
5	Fair Value Adjustment	The value of Council's two investment properties at Mordialloc and Mentone was reviewed as at 30 June 2016 which resulted in an overall increment increase of \$1.7m.
6	Materials and services	Materials and services of \$67.4m are \$7.1m favourable to budget primarily due to a lower than budgeted amount of the capital program being expensed to the Income Statement \$4.0m favourable, \$1.3m savings in waste and civil maintenance and \$1.0m related to the capitalisation of library books budgeted as an operational cost.
7	Bad and doubtful debts	Bad and doubtful debts are marginally favourable to budget by \$37k.
8	Borrowing costs	Borrowing costs total \$591k and are \$265k favourable to budget. This variance is part due to better than business case interest rate for the loan for 1230 Nepean Hwy being achieved resulting in interest savings of \$211k.

(b) Capital Works

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2015 \$'000	F/U	Variance 2016 %	F/U	Ref
Property							
Land	-	271	(271)	U	(100)%	U	1
Land improvements	955	411	544	F	57%	F	
Total Land	955	682	273	F	28.6%	F	
Buildings	20,935	17,962	2,973	F	14.2%	F	
Building improvements	2,369	2,492	(123)	U	(5.2)%	U	2
Total Buildings	23,304	20,454	2,850	F	12.2%	F	
Total Property	24,259	21,136	3,123	F	12.9%	F	
Plant and equipment							
Plant, machinery and equipment	450	-	450	F	100%	F	3
Computers and telecommunications	1,665	886	779	F	46.8%	F	4
Library books	-	946	(946)	U	(100)%	U	
Total plant and equipment	2,115	1,832	283	F	13.4%	F	
Infrastructure							
Roads	7,900	6,826	1,074	F	13.6%	F	5
Bridges	-	250	(250)	U	(100)%		
Footpaths and cycleways	2,670	1,339	1,331	F	49.9%	F	5
Drainage	3,250	4,052	(802)	U	(24.7)%	U	5
Off street car parks	680	1,275	(595)	U	(87.5)%	U	5
Recreational, leisure and community facilities	4,379	2,677	1,702	F	38.9%	F	6
Parks, open space and streetscapes	4,908	3,567	1,341	F	27.3%	F	7
Other infrastructure	2,080	365	1,715	F	82.5%	F	8
Total Infrastructure	25,867	20,351	5,516	F	21.3%	F	
Total Capital Works expenditure	52,241	43,319	8,922	F	17.1%	F	
Represented by:							
New asset expenditure	4,835	2,896	1,939	F	40.1%	F	
Asset renewal expenditure	30,101	27,178	2,923	F	9.7%	F	
Asset expansion expenditure	4,451	1,936	2,515	F	56.5%	F	
Asset upgrade expenditure	12,854	11,309	1,545	F	12.0%	F	
Total Capital Works Expenditure	52,241	43,319	8,922	F	17.1%	F	

(b) Capital Works (cont'd)*Explanation of material variances*

Ref	Item	Explanation
1	Land	During the year Council incurred unplanned costs for purchase of lands at 112 Fraser Road, Edithvale and 122 Parkers Road, Parkdale. These were funded from the reserve which has accumulated in lieu of the provision of land by developers. Council budgeted \$955k for EPA required land remediation activities at various locations. Planned works were completed under estimates.
2	Building Improvements	Buildings contained a number of favourable (\$2.8m) and some unfavourable project variances. Works were not undertaken for the Moorabbin Pavilion due to the budgeted \$4.2m grant income not being received by Council but being paid directly to the consortium managing a broader redevelopment incorporating St Kilda FC.
3	Plant Machinery and equipment	Council continually reviews its fleet requirements and is moving towards a leasing of standard specification utility vehicles and buses rather than purchasing outright. There were no new vehicle purchases made in 2015/16.
4	Computers and telecommunications	A strategic review was carried out of the organisational technology needs and computer systems pending corporate acceptance of recommendations of the ICT Strategy. Expenditure has been deferred for project delivery in 2016/17. Library Management System Upgrade of \$450k has not yet commenced and is now expected to occur in 2016/17.
5	Roads, footpaths, cycleways, drainage and off street car parks	<p>Council's civil works program of \$14.5m combines roads, footpaths, cycleways, drainage and off street car parks.</p> <p>The East West Cycleway Projects (\$350k) and Bike and Walking Trails Project (\$395k) were carried over to 2016/17.</p> <p>Council committed to deliver a \$3m+ upgrade to drainage and stormwater treatment systems in Fraser Avenue, Edithvale and Edithvale Reserve. The unfavourable \$802k additional funding was offset by underspends on other roads programs.</p> <p>Off street car parks expenditure of \$400k that has been funded by a grant from Melbourne Water to incorporate stormwater catchment and treatment as part of a new carpark design at Keeley Park, Clayton South.</p>
6	Recreational, leisure and community facilities	The favourable \$1.7m resulted from the deferral of G.R Bricker Reserve Athletics track (\$500k) to 2016/17; Parkdale Tennis Club court upgrade (\$350k) being delayed to 2016/17 while design was reviewed for compliance and. Walter Galt Masterplan implementation (\$300k) being rescheduled in part to spring 2016/17.
7	Parks, open space and streetscapes	The favourable \$1.3m comprises \$1m of Green Wedge projects being rescheduled to 2016/17 pending completion of consultations and detailed design and \$565k for Bicentennial Park Skate Park redevelopment being delayed due to on site ground conditions requiring reengineering of designs, these works are in progress and allocations have been carried forward to 2016/17.
8	Other infrastructure	This favourable \$1.7m variance resulted from the implementation of a \$1.5m Streetlight LED replacement program being delayed pending outcome of negotiations with suppliers and installers. This is expected to provide significant benefits to Council and \$1.5m has been carried over to 2016/17. \$250k for Pedestrian lights on Edithvale Road has also been rescheduled to 2016/17.

note 3: rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. CIV approximates the market value of land and improvements.

The valuation base used to calculate general rates for 2015/16 was \$45.2 billion (2014/15 \$42.6 billion). The 2015/16 declared rate in the dollar was 0.24731 cents (2014/15 0.23546 cents).

A Municipal charge is levied at the rate of \$100 (2014/15 \$100) per rateable property and a Waste service fee (choices A to F) is levied at the rate of \$131 to \$220 (2014/15 \$131 to \$220) per rateable property.

	2016 \$ '000	2015 \$ '000
General Rates	104,951	99,252
Municipal charge	7,098	7,056
Waste service fee	11,479	11,418
Special rates and charges	70	56
Supplementary rates	1,818	1,135
Total rates and charges	125,416	118,917

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016 and the valuation will be first applied to the rating year commencing 1 July 2016. The 2015/16 Rates and charges are based on 2014 valuations first used from 1 July 2014.

note 4: statutory fees and fines

	2016 \$ '000	2015 \$ '000
Infringements and Costs	1,830	1,776
Parking infringements	3,267	3,058
Permits	513	516
Town planning fees	1,559	1,440
Family day care and school age care	555	289
Other	408	375
Total statutory fees and fines	8,132	7,454

note 5: user fees

	2016 \$ '000	2015 \$ '000
Aged and health services	3,791	4,295
Building services	828	730
Child care/children's programs	4,199	2,999
Leisure centre and recreation	6,249	6,680
Registration and other permits	624	628
Waste management services	576	646
Rental income	3,135	2,727
Other	715	756
Total user fees	20,117	19,462

note 6: grants

	2016 \$ '000	2015 \$ '000
Summary of grants		
Commonwealth funded grants	15,325	14,299
State funded grants	18,794	23,278
Total grants	34,119	37,577
Operating grants		
Recurrent - Commonwealth Government		
Family day care	4,845	1,297
General home care	6,540	9,177
Recurrent - State Government		
Victorian Grants Commission (i)	2,758	6,501
AccessCare Southern	4,981	7,232
Community Services	8,684	2,962
Family, Children and Youth	31	2,426
Maternal and Child Health	1,129	1,100
Libraries and Education	1,009	985
Social and community support	-	246
Beach cleaning	173	165
Community Safety and Education	254	273
Economic Development	162	124
Other	90	47
Non-recurrent - Commonwealth Government	-	22
Non-recurrent - State Government	-	377
Total Operating grants	30,656	32,934

	2016 \$'000	2015 \$'000
Capital grants		
Recurrent - Commonwealth Government		
Roads to Recovery	1,675	586
Non-recurrent - Commonwealth Government		
Buildings	2,065	1,695
Plant, machinery and equipment	200	-
Non-recurrent - State Government		
Moorabbin Reserve project (ii)	(1,200)	1,200
Sporting facilities	188	179
Living rivers, parks and gardens	127	452
Transport	408	531
Total Capital grants	3,463	4,643
Total Grants	34,119	37,577

(i) Victorian Grants Commission funding for 2015/16 is lower than the comparative due to the first instalment being received in advance 30 June 2015.

(ii) State Government funding for the Moorabbin Reserve redevelopment invoiced in 2015, was cancelled in 2016 due to the project being expanded, with extra funding to broader club activities and direct responsibility of the project being provided to the St Kilda Football Club.

	2016 \$'000	2015 \$'000
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	2,826	2,003
Received during the financial year and remained unspent at balance date	381	2,826
Received in prior years and spent during the financial year	(2,826)	(2,003)
Balance at year end	381	2,826

note 7: contributions

	2016 \$'000	2015 \$'000
Monetary		
Donations/contributions from developers	4,275	3,265
Various capital projects – contributions	251	271
Community sustainability	75	76
Environmental sustainability	208	186
Other	357	234
Total Contributions	5,166	4,032

There were no non-monetary contributions in 2016 and 2015.

note 8: net gain /(loss) on disposal of property, infrastructure plant and equipment

	2016 \$'000	2015 \$'000
Proceeds from sale	18,782	1,725
Written down value of assets disposed	(5,323)	(1,560)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	13,459	165
Comprising:		
Profit on disposal of property, plant and equipment (i)	15,063	244
Loss on disposal of property, plant and equipment	(1,604)	(79)
	13,459	165

(i) Includes profit on the sale of 101-103 Collins St, Mentone and residential aged care bed licences.

note 9: other income

	2016 \$'000	2015 \$'000
Interest on cash and investments	1,929	1,361
Interest on rates	439	602
Total interest	2,368	1,963
Found assets (i)	5,677	1,090
Other	1,140	928
Total other income	6,817	2,018
Fair Value adjustment for investment property	1,682	101
Total interest / other income	10,867	4,082

(i) These found assets comprise \$4.2M Buildings that were built in 2014/15 but not capitalised at that time; \$1.3M of land adjacent to the Chelsea foreshore reserve; and \$0.2M of minor buildings on land where Council is committee of management on behalf of the Crown.

note 10: employee costs

(a) Employee costs

	2016 \$'000	2015 \$'000
Wages and salaries	56,910	55,763
Casual staff	8,166	7,601
Fringe benefits tax and WorkCover	1,267	1,732
Superannuation	5,691	5,365
Annual Leave and Long Service Leave	2,436	2,031
Redundancy	2,710	221
Total employee costs	77,180	72,713

(b) Superannuation

Council made contributions to the following funds:		
Defined Benefit Fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	687	730
	687	730
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	4,642	4,587
Employer contributions - other funds	1,054	860
Total contributions	5,696	5,447
Employer contributions payable at reporting date:	549	533

Refer to Note 33 for further information relating to Council's superannuation obligations.

note 11: materials and services

	2016 \$ '000	2015 \$ '000
Road infrastructure maintenance	12,380	13,781
Building maintenance	2,696	2,599
Waste and cleansing	11,363	10,821
Aged services	8,849	8,241
Parks, gardens and reserves	8,871	8,826
Leisure and culture	4,199	4,320
Accommodation expense	1,061	891
Information systems and telecommunications	3,690	3,326
Family services	3,060	2,948
Community engagement	1,629	1,739
Parking, monitoring and enforcement	2,397	2,798
Procurement and fleet management	1,648	1,956
Council business	815	844
People and culture	325	693
Finance and legal	2,529	1,932
Planning and building	1,035	1,066
Other	892	1,543
Total materials and services	67,439	68,324

note 12: bad and doubtful debts

	2016 \$ '000	2015 \$ '000
Other debtors	13	37
Total bad and doubtful debts	13	37

note 13: depreciation and amortisation

	2016 \$'000	2015 \$'000
Land improvements	1,113	1,011
Buildings	6,444	6,292
Building improvements	195	143
Leasehold improvements	187	173
Transport	10,583	10,487
Drainage	2,796	2,851
Plant and equipment	1,770	1,774
Heritage and culture	17	17
Library books	206	1,071
Software amortisation	665	642
Leased Plant amortisation	47	82
Total depreciation and amortisation	24,023	24,543

Refer to Note 21 for a more detailed breakdown of depreciation and amortisation charges.

note 14: borrowing costs

	2016 \$'000	2015 \$'000
Interest – borrowings	591	653
Interest – finance lease	-	8
Total finance costs	591	661

note 15: other expenses

	2016 \$'000	2015 \$'000
Auditors' remuneration (VAGO) – audit of the financial statements, performance statement and grant acquittals*	59	54
Auditors' remuneration – internal	177	113
Operating lease rentals(i)*	2,188	1,588
Total other expenses	2,424	1,755

* Audit fees and operating lease rentals are included in the total Materials and services (Note 11) expenditure on the Comprehensive Income Statement.

(i) Refer to Note 32 for details of Council's Operating Lease commitments, primarily related to leases for equipment (motor vehicles), land and buildings.

note 16: cash and cash equivalents

	2016 \$ '000	2015 \$ '000
Cash on hand	17	15
Cash at bank	15,095	4,763
Short term deposits (i)	15,000	43,000
Total cash and cash equivalents	30,112	47,778

(i) Short term deposits have an original maturity of three months or less.

Council has the following cash and cash equivalents and investments (Notes: 16 and 18) that are subject to legislative restrictions:

	2016 \$ '000	2015 \$ '000
Total cash, cash equivalents and financial assets	88,212	63,879
Asset development reserve	12,836	9,717
Trust fund and deposits (Note 25)	3,184	12,033
Total restricted funds	16,020	21,750
Total unrestricted cash and cash equivalents and financial assets	72,192	42,129

note 17: trade and other receivables

	2016 \$ '000	2015 \$ '000
Current		
Rate debtors	4,563	5,448
Net GST receivable	1,390	788
Infringement debtors	3,490	2,946
Provision for doubtful debts - infringements	(3,010)	(2,420)
Other debtors	2,889	3,513
Provision for doubtful debts – other debtors	(158)	(145)
Total current trade and other receivables	9,164	10,130
Non-current		
Rate Debtors	27	24
Total non-current trade and other receivables	27	24
Total trade and other receivables	9,191	10,154

note 17: trade and other receivables (cont.)

	2016 \$'000	2015 \$'000
(a) Ageing of receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default.		
The ageing of the Council's trade and other receivables (excluding statutory receivables) was:		
Current (not yet due)	4,258	2,370
Past due by up to 30 days	113	133
Past due between 31 and 180 days	230	2,179
Past due between 181 and 365 days (i)	4,563	5,448
Past due by more than 1 year	27	24
Total Trade and other receivables	9,191	10,154
(b) Movement in provision for doubtful debts		
Balance at the beginning of the year	2,565	2,298
New provisions recognised during the year	603	267
Amounts provided for but recovered during the year	-	-
Balance at the end of year	3,168	2,565

(i) Balance represents rate debtors.

note 18: other financial assets

	2016 \$'000	2015 \$'000
Term deposits / investments (i)	58,100	16,101
Total Other financial assets	58,100	16,101

(i) Investments include any deposits with original maturity of greater than three months.

note 19: non-current assets classified as held for sale

	2016 \$'000	2015 \$'000
Land	-	3,460
	-	3,460

Non-current assets held for sale in 2015 included land at 101 Collins Street Mentone, Warrigal Road Oakleigh South and Catherine Avenue Chelsea.

note 20: other assets

	2016 \$ '000	2015 \$ '000
Prepayments	529	420
Accrued income	321	317
Total other assets	850	737

note 21: property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016 \$ '000	Accumulated Depreciation \$ '000	WDV 30 June 2016 \$ '000	At Fair Value 30 June 2015 \$ '000	Accumulated Depreciation \$ '000	WDV 30 June 2015 \$ '000
Land	1,335,784	(4,611)	1,331,173	1,345,761	(3,498)	1,342,263
Buildings	463,489	(197,757)	265,732	447,132	(189,767)	257,365
Plant and equipment	38,928	(32,620)	6,308	36,603	(31,062)	5,541
Infrastructure	980,425	(427,119)	553,306	966,948	(427,597)	539,351
Works in progress	13,339	-	13,339	1,308	-	1,308
	2,831,965	(662,107)	2,169,858	2,797,752	(651,924)	2,145,828

Summary of works in progress

	Opening WIP \$ '000	Additions \$ '000	Transfers \$ '000	Write Offs \$ '000	Closing WIP \$ '000
Buildings	1,278	7,625	(1,278)	-	7,625
Plant and Equipment	30	-	(30)	-	-
Infrastructure	-	5,714	-	-	5,714
	1,308	13,339	(1,308)	-	13,339

	Land under roads \$'000	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total Land \$'000	Heritage buildings \$'000	Buildings - specialised \$'000	Building improvements \$'000	Leasehold improvements \$'000	Total Buildings \$'000	Works in Progress \$'000	Total Property \$'000
At fair value 1 July 2015	522,418	560,076	230,903	32,364	1,345,761	35,501	405,252	4,512	1,867	447,132	1,278	1,794,171
Accumulated depreciation at 1 July 2015	-	-	-	(3,498)	(3,498)	(20,006)	(168,320)	(714)	(727)	(189,767)	-	(193,265)
Movements in fair value	522,418	560,076	230,903	28,866	1,342,263	15,495	236,932	3,798	1,140	257,365	1,278	1,600,906
Acquisition of assets at fair value	-	241	1,280	2,058	3,579	-	14,917	1,801	-	16,718	7,625	27,922
Revaluation increments/ decrements	14,524	(25,411)	(1,965)	-	(12,852)	800	2,780	-	-	3,580	-	(9,272)
Fair value of assets disposed	-	-	(704)	-	(704)	-	(5,219)	-	-	(5,219)	-	(5,923)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	1,278	-	-	1,278	(1,278)	-
Movements in accumulated depreciation	14,524	(25,170)	(1,389)	2,058	(9,977)	800	13,756	1,801	-	16,357	6,347	12,727
Depreciation and amortisation	-	-	-	(1,113)	(1,113)	(1,435)	(5,009)	(195)	(187)	(6,826)	-	(7,939)
Revaluation increments/ decrements	-	-	-	-	-	-	(3,665)	-	-	(3,665)	-	(3,665)
Accumulated depreciation of disposals	-	-	-	-	-	-	2,501	-	-	2,501	-	2,501
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(1,113)	(1,113)	(1,435)	(6,173)	(195)	(187)	(7,990)	-	(9,103)
At fair value 30 June 2016	536,942	534,906	229,514	34,422	1,335,784	36,301	419,008	6,313	1867	463,489	7,625	1,806,898
Accumulated depreciation at 30 June 2016	-	-	-	(4,611)	(4,611)	(21,441)	(174,493)	(909)	(914)	(197,757)	-	(202,368)
	536,942	534,906	229,514	29,811	1,331,173	14,860	244,515	5,404	953	265,732	7,625	1,604,530

Plant & Equipment

	Heritage plant and equipment \$ '000	Plant machinery and equip \$ '000	Leased Plant \$ '000	Library Books \$ '000	Work In Progress \$ '000	Total Plant and Equipment \$ '000
At fair value 1 July 2015	1,831	19,411	326	15,035	30	36,633
Accumulated depreciation at 1 July 2015	(473)	(16,201)	(279)	(14,109)	-	(31,062)
	1,358	3,210	47	926	30	5,571
Movements in fair value						
Acquisition of assets at fair value	-	1,830	-	946	-	2,776
Revaluation increments/ decrements	15	-	-	-	-	15
Fair value of assets disposed	-	(170)	(326)	-	-	(496)
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	30	-	-	(30)	-
	15	1,690	(326)	946	(30)	2,295
Movements in accumulated depreciation						
Depreciation and amortisation	(17)	(1,770)	(47)	(206)	-	(2,040)
Revaluation increments/ decrements	(12)	-	-	-	-	(12)
Accumulated depreciation of disposals	-	170	326	-	-	496
Transfers	-	-	-	-	-	-
	(29)	(1,600)	279	(206)	-	(1,556)
At fair value 30 June 2016	1,846	21,101	-	15,981	-	38,928
Accumulated depreciation at 30 June 2016	(504)	(17,801)	-	(14,315)	-	(32,620)
	1,342	3,300	-	1,666	-	6,308

Infrastructure

	Roads \$ '000	Bridges \$'000	Footpaths and cycleways \$ '000	Drainage \$ '000	Other infrastructure \$ '000	Work in progress \$'000	Total Infrastructure \$ '000
At fair value 1 July 2015	568,637	10,150	95,674	279,019	13,468	-	966,948
Accumulated depreciation at 1 July 2015	(199,821)	(8,119)	(66,679)	(139,510)	(13,468)	-	(427,597)
	368,816	2,031	28,995	139,509	-	-	539,351
Movements in fair value							
Acquisition of assets at fair value	6,449	280	1,168	1,170	-	5,714	14,781
Revaluation increments/ decrements	16,938	-	(4,068)	(8,460)	-	-	4,410
Fair value of assets disposed	-	-	-	-	-	-	-
Impairment losses recognised in operat-ing result	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
	23,387	280	(2,900)	(7,290)	-	5,714	19,191
Movements in accumulated depreciation							
Depreciation and amortisation	(8,876)	(103)	(1,604)	(2,796)	-	-	(13,379)
Revaluation increments/ decrements	3,791	-	3,625	6,441	-	-	13,857
Transfers	-	-	-	-	-	-	-
	(5,085)	(103)	2,021	3,645	-	-	478
At fair value 30 June 2016	592,024	10,430	92,774	271,729	13,468	5,714	986,139
Accumulated depreciation at 30 June 2016	(204,906)	(8,222)	(64,658)	(135,865)	(13,468)	-	(427,119)
	387,118	2,208	28,116	135,864	-	5,714	559,020

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Westlink Consulting Pty Ltd (CPV # 3878). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land under roads	-	-	536,942
Land - specialised	-	-	534,906
Land - non-specialised	-	229,514	-
Land improvements	-	-	29,811
Heritage buildings	-	-	14,860
Buildings	-	-	244,515
Building improvements	-	-	5,404
Leasehold improvements	-	-	953
Total	-	229,514	1,367,391

Valuation of infrastructure

Valuation of infrastructure assets was performed by qualified engineers at Council.

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 2016 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Roads	-	-	387,118
Bridges	-	-	2,208
Footpaths and cycleways	-	-	28,116
Drainage	-	-	135,864
Recreational, leisure and community facilities	-	-	-
Waste management	-	-	-
Parks, open space and streetscapes	-	-	-
Other infrastructure	-	-	-
Total	-	-	553,306

note 21: property, infrastructure, plant and equipment (cont)

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$6 and \$1,690 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 are calculated on a square metre basis and ranges from \$119 to \$4,000 per square metre. The remaining useful lives of buildings are determined on

the basis of the current condition of buildings and vary from 20 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 buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Reconciliation of specialised land		
Land under roads	536,942	522,418
Parks and reserves	534,906	559,119
Total specialised land	1,071,848	1,081,537

note 22: investment property

	2016 \$'000	2015 \$'000
Balance at beginning of financial year	3,041	2,940
Additions	-	-
Disposals	-	-
Fair value adjustments	1,682	101
Balance at the end of financial year	4,723	3,041

Investment Property Assets consist of buildings at Peter Scullin Reserve, Mordialloc that are leased by a third party to operate a commercial restaurant and land and buildings at 42 Florence Street Mentone that are leased by a third party for office accommodation.

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Westlink Consulting Pty Ltd who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

note 23: intangible assets

	2016 \$'000	2015 \$'000
Software	1,463	1,735
	1,463	1,735

	Software \$'000
Gross Carrying Amount	
Balance at 1 July 2014	4,331
Additions from internal developments	-
Other	376
Balance at 1 July 2015	4,707
Additions from internal developments	-
Other (i)	393
Balance at 30 June 2016	5,100

(i) Aged & Disability software replacement (\$180k), Corporate systems (\$121k).

	Software \$'000
Accumulated amortisation and impairment	
Balance at 1 July 2014	2,330
Amortisation expense	642
Balance at 1 July 2015	2,972
Amortisation expense	665
Balance at 30 June 2016	3,637
Net book value at 30 June 2015	1,735
Net book value at 30 June 2016	1,463

note 24: trade and other payables

	2016 \$'000	2015 \$'000
Trade payables	6,801	5,330
Salary accruals	1,641	1,191
Other accruals	4,636	4,456
Total Trade and other payables	13,078	10,977

note 25: trust funds and deposits

	2016 \$'000	2015 \$'000
Accommodation Bonds	-	10,482
Refundable deposits	192	94
Retention amounts	2,992	1,457
Total Trust funds and deposits	3,184	12,033

Purpose and nature of items

Accommodation Bonds - include deposits taken for aged care residents which are refundable (minus interest and retention) when the resident leaves the hostel. All Hostels were sold prior to 30 June 2016 and the balance of aged care resident bonds were transferred to Southern Cross.

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.

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

note 26: provisions

	2016 \$'000	2015 \$'000
Employee provisions		
Current provisions expected to be settled within 12 months		
Annual leave	5,228	5,469
Long service leave	759	676
	5,987	6,145
Current provisions expected to be wholly settled after 12 months		
Annual leave	220	529
Long service leave	8,309	7,951
	8,529	8,480
Total current employee provisions	14,516	14,625
Other provisions		
Current provisions expected to be wholly settled within 12 months		
Landfill restoration	414	-
Total current provisions	14,930	14,625
Non-current employee provisions		
Long Service Leave	863	1,322
Total non-current provisions	863	1,322
Aggregate carrying amount of provisions:		
Current	14,930	14,625
Non-current	863	1,322
Total aggregate carrying amount of provisions	15,793	15,947

note 27: interest-bearing loans and borrowings

	2016 \$'000	2015 \$'000
Current		
Loans - secured (i)	3,306	2,494
	3,306	2,494
Non-Current		
Loans - secured (i)	16,455	18,208
	16,455	18,208
Total	19,761	20,702
The maturity profile for Council's loans is:		
Not later than one year	3,306	2,494
Later than one year and not later than five years	12,320	10,189
Later than five years	4,135	8,019
Total Loans	19,761	20,702

(i) Loans are secured over the general rates of the Kingston City Council.

Leased Plant	2016 \$'000	2015 \$'000
Not later than one year:	-	55
Later than one year and not later than five years	-	-
Minimum future lease payments	-	55
Less: future finance charges	-	(1)
Present value of minimum lease payments	-	54
Current		
Leased Plant Liability	-	54
	-	54
Total Leased Plant Liability	-	54
Aggregate carrying amount of interest bearing loans and borrowings and leased plant liabilities:		
Current	3,306	2,548
Non-current	16,455	18,208
Total aggregate interest bearing loans and borrowings and leased plant liabilities	19,761	20,756

Council had an obligation under finance lease for the lease of gym equipment (the sum of which is recognised as a liability after deduction of future lease finance charges). The lease commenced in February 2012 for a period of 4 years until February 2016 (\$326k). No new finance leases have been entered into as at 30 June 2016.

note 28: reserves

	Balance at beginning of reporting period \$' 000	Increment (decrement) \$' 000	Balance at end of reporting period \$' 000
(a) Asset revaluation reserve			
2016			
Property:			
- Land	206,823	(27,376)	179,447
- Land under roads	122,154	14,524	136,678
- Buildings	143,533	(84)	143,449
	472,510	(12,936)	459,574
Infrastructure:			
- Transport	294,960	20,284	315,244
- Drainage	114,308	(2,019)	112,289
	409,268	18,265	427,533
Other:			
- Heritage and culture	1,314	2	1,316
- Other	3,966	-	3,966
	5,280	2	5,282
Total Asset revaluation reserve	887,058	5,331	892,389
2015			
Property:			
- Land	151,363	55,460	206,823
- Land under roads	86,021	36,133	122,154
- Buildings	141,675	1,858	143,533
	379,059	93,451	472,510
Infrastructure:			
- Transport	438,313	(143,353)	294,960
- Drainage	117,927	(3,619)	114,308
	556,240	(146,972)	409,268
Other:			
- Heritage and culture	1,300	14	1,314
- Other	3,966	-	3,966
	5,266	14	5,280
Total Asset revaluation reserve	940,565	(53,507)	887,058

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

	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) Other reserves				
2016				
Asset replacement reserve	2,019	92	(36)	2,075
Asset development reserve	9,717	4,556	(1,437)	12,836
Drainage contributions	88	-	-	88
Special rates	98	29	-	127
Aged care	1,166	543	(153)	1,556
Foreshore	1,260	1,256	(876)	1,640
Green wedge	6,959	1,483	(484)	7,958
Defined benefit call	1,000	-	-	1,000
Other	258	12	(23)	247
Total Other reserves	22,565	7,971	(3,009)	27,527
2015				
Asset replacement reserve	2,276	133	(390)	2,019
Asset development reserve	8,316	3,265	(1,864)	9,717
Drainage contributions	88	-	-	88
Special rates	95	3	-	98
Aged care	891	363	(88)	1,166
Foreshore	1,008	1,206	(954)	1,260
Green wedge	5,379	2,005	(425)	6,959
Defined benefit call	500	500	-	1,000
Other	255	14	(11)	258
Total Other reserves	18,808	7,489	(3,732)	22,565

The Asset replacement reserve is an appropriation to partially fund future costs associated with Council's Residential Aged Care Hostels.

The Asset development reserve recognises the cash contributions made by developers, pursuant to the requirements of the *Subdivision of Land Act*. Total open space cash contributions of \$4.3m were received in 2015/16 (2014/15: \$3.2m).

Other Reserves represent appropriations provided by the community to be used for specific purposes.

The Foreshore and Green Wedge reserves were reserves created in 2011 which are used to accelerate the renewal and improvement to Council's foreshore and non-urban green wedge area.

The Defined benefit call reserve was established in 2014 to provide for possible future calls on any unfunded liability of the Defined benefit superannuation fund.

Other reserves include reserves created in 2012 for Sundowner Neighbourhood House and Chelsea Senior Citizens Centre due to Council taking over the operation of these facilities.

note 29: reconciliation of cash flows from operating activities to surplus/(deficit)

	2016 \$'000	2015 \$'000
Surplus/(deficit) for the year	48,030	25,411
Depreciation/amortisation	24,023	24,543
Profit/(loss) on disposal of property, infrastructure, plant and equipment (note 8)	(13,459)	(165)
Found assets / other (note 9)	(6,817)	(1,090)
Fair value adjustments for investment property	(1,682)	(101)
Hostel interest and retention (non-cash)	-	(135)
Borrowing costs	591	661
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	961	(632)
Increase/(decrease) in accrued income	(533)	401
Increase/(decrease) in trade and other payables	2,520	(3,118)
Increase/(decrease) in trust funds and deposits	(8,849)	1,187
Increase/(decrease) in other liabilities	414	-
Increase/(decrease) in employee benefits	(568)	758
Net cash provided by/(used in) operating activities	44,631	47,720

note 30: financing arrangements

	2016 \$'000	2015 \$'000
Bank overdraft	5,000	5,000
Credit card facilities	93	86
Total facilities	5,093	5,086
Used facilities	35	27
Unused facilities	5,058	5,059

The municipality has an arrangement for offset of overdraft against bank balances including on-call accounts. As at balance date there was no use of the overdraft facility.

note 31: commitments

At the reporting date, the Council had entered into the following commitments. All totals include GST.

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2016					
Finance lease	-	-	-	-	-
Operating					
- Infrastructure works	3,949	1,629	432	-	6,010
- Parks, gardens, reserves	7,080	4,313	2,473	-	13,866
- Waste and cleansing	10,339	3,414	2,204	-	15,957
- Community sustainability	2,063	197	-	-	2,260
- Corporate services	1,862	1,508	1,039	-	4,409
	25,293	11,061	6,148	-	42,502
Capital					
- Buildings (i)	11,481	-	-	-	11,481
- Transport (i)	8,481	-	-	-	8,481
	19,962	-	-	-	19,962
Total	45,255	11,061	6,148	-	62,464

(i) Major capital expenditure commitments as at 30 June 2016 include: Westall Community Hub (\$6.7M); Carrum Children's Hub (\$1.6M); Fraser Avenue drainage works (\$2.9M); Roadworks in Bonbeach at Cannes Avenue, Patterson Street, Monaco Avenue and Toulon Court (\$1.3M); Main Rd Clayton South (0.9M)

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2015					
Finance lease	54	-	-	-	54
Operating					
- Infrastructure works	3,695	1,998	1,198	-	6,891
- Parks, gardens, reserves	6,293	5,209	4,945	-	16,447
- Waste and cleansing	6,767	1,256	-	-	8,023
- Community sustainability	2,076	2,325	-	-	4,401
- Corporate services	2,183	2,166	2,078	-	6,427
	21,014	12,954	8,221	-	42,189
Capital					
- Buildings	6,243	-	-	-	6,243
- Transport	5,423	-	-	-	5,423
	11,666	-	-	-	11,666
Total	32,734	12,954	8,221	-	53,909

note 32: operating leases

a) Operating lease commitments (incl GST)

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

	2016 \$'000	2015 \$'000
Not later than one year	1,534	1,189
Later than one year and not later than five years	2,982	1,901
Later than five years	1,490	1,782
	6,006	4,872

(b) Operating lease receivables (incl GST)

The Council has entered into commercial property leases. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 50 years. All leases include a CPI based revision of the rental charge annually.

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

	2016 \$'000	2015 \$'000
Not later than one year	2,108	1,864
Later than one year and not later than five years	2,740	3,614
Later than five years	1,568	1,691
	6,416	7,169

note 33: superannuation

Council makes all 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 benefits, 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 ending 30 June 2016, 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 Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

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

As at 30 June 2015, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 105.8%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net investment returns: 7.50% pa

Salary information: 4.25% pa

Price inflation (CPI) 2.5% pa

Vision Super has advised that the estimated VBI at June 2016 as 102%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2015 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries (9.5% in 2014/15). This rate will increase in line with any increase to the contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

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

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

2015 Interim actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2015 identified the following in the defined benefit category of which Council is a contributing employer:

- ▶ A VBI surplus of \$130.8 million; and
- ▶ A total service liability surplus of \$239 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of 30 June 2015 VBI during August 2015. The next actuarial review is to be undertaken as at 30 June 2016, available August 2016.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$704k.

note 34: contingent liabilities and contingent assets

Contingent liabilities

a) 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 in Note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

50 Council staff (2015: 60) are members of Vision Super's multi-employer defined benefits fund. Council established a Defined Benefit Call Reserve in 2014 to help provide for possible future calls on any unfunded liability of the fund.

b) Contingent liabilities arising from public liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council is regularly met with claims and demands allegedly arising from incidents which occur on land belonging to the Council. There are a number of outstanding claims against the Council in this regard. The Council carries \$120 million of public liability insurance and the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is CGU Insurance Limited. There are no claims, which Council is aware of which would fall outside the terms of the Council's policy.

c) Contingent liability arising from professional indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, the Council is met with claims and demands for damages allegedly arising from the actions of Council or its officers. The Council carries \$50 million of professional indemnity insurance and the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is CGU Insurance Limited. There are no instances or claims, which Council is aware of which would fall outside the terms of the Council's policy.

d) The Council has guaranteed the following overdraft facility.

Council has guaranteed an overdraft facility up to \$30,000 in favour of the Commonwealth Bank of Australia supporting an overdraft limit of \$30,000 to Southern Community Broadcasters Inc.

e) Other Contingent Liabilities

The Council is presently involved in several confidential legal matters which are being conducted through Council's solicitors. As these matters are yet to be finalised and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial statements.

Contingent assets

Estimated developer contributions of drainage and transport assets to be received (in the future for estates currently under development as at 30 June 2016 total \$1,347,438 (\$1,322,049 at 30 June 2015).

	2016/2017 \$'000	2017/2018 \$'000	2018/2019 \$'000	Total \$'000
Year Ended 30 June 2016				
	449	449	449	1,347
Year Ended 30 June 2015				
	441	441	441	1,323

note 35: financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements.

Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which expose 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 has exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- ▶ council has a policy for establishing credit limits for the entities Council deals with;
- ▶ council may require collateral where appropriate; and
- ▶ council only invests 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 provides a guarantee for another party. Details of our contingent liabilities are disclosed in Note 34.

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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 35, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 27.

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

(e) Fair value

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- ▶ A parallel shift of +2% and -2% in market interest rates (AUD).

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

note 36: related party transactions

(i) Responsible Persons

Names of persons holding the position of a Responsible Person at the Council at any time during the year are:

Councillors	Councillor G Gledhill	(Mayor - 01 July 2015 – 11 November 2015)
	Councillor T Bearsley	(Mayor - 12 November 2015 – 30 June 2016)
	Councillor J M Ronke	
	Councillor R A West OAM	
	Councillor S Staikos	
	Councillor T Barth	
	Councillor P Peulich	
	Councillor D Eden	
	Councillor R Brownlees OAM	
Chief Executive Officer	J A Nevins	

(ii) Remuneration of Responsible Persons

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

	2016 No.	2015 No.
\$30,000-\$39,999	7	7
\$50,000-\$69,999	1	1
\$70,000-\$79,999	1	1
\$350,000-\$359,999	1	1
	10	10
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible persons included above amounted to:	726	709

(iii) Senior Officer Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- (a) has management responsibilities and reports directly to the Chief Executive Officer; or
- (b) whose total annual remuneration exceeds \$139,000.

The number of Senior Officers other than the Responsible Persons are shown below in the relevant income bands:

	2016 No.	2015 No.
\$140,000-\$149,999	4	4
\$150,000-\$159,999	5	4
\$160,000-\$169,999	1	4
\$170,000-\$179,999	5	3
\$180,000-\$189,999	3	3
\$220,000-\$229,999	1	0
\$230,000-\$239,999	1	1
\$240,000-\$249,999	-	1
\$250,000-\$259,999	1	1
\$260,000-\$269,999	1	0
	22	21
	\$ '000	\$ '000
Total Remuneration for the reporting year of Senior Officers included above amounted to:	3,956	3,818

(iv) Responsible person's retirement benefits

The aggregate amount paid during the reporting period by Council in connection with the retirement of responsible person was Nil (2014/2015: Nil).

(v) Loans to responsible persons

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a responsible person of the council, or a related party of a responsible person is Nil (2014/2015: Nil).

(vi) Transactions with responsible persons

During the period the amount of transactions Council entered into with responsible persons or related parties of responsible persons are Nil (2014/2015: Nil).

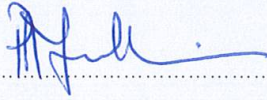
note 37: events occurring after balance date

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

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.

P A Franklin
Principal Accounting Officer



Date:

24.8.2016.

Location:

Cheltenham

In our opinion, the accompanying financial report presents fairly the financial transactions of Kingston City Council for the year ended 30 June 2016 and the financial position of the Council as of that date.

As at the date of signing, we are not aware of any circumstances that would render any particulars in the financial report 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.

T Bearsley
Mayor



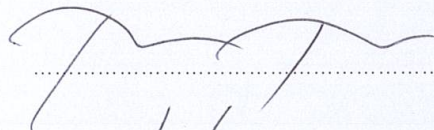
Date:

22.8.16

Location:

Cheltenham

P Peulich
Councillor



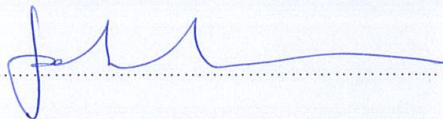
Date:

25/8/16

Location:

Cheltenham

J Nevins
Chief Executive Officer



Date:

22.8.16

Location:

Cheltenham



Victorian Auditor-General's Office

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Melbourne VIC 3000

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Facsimile 61 3 8601 7010

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Kingston City Council

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Kingston City Council which comprises the comprehensive income statement, balance sheet, statement of changes in equity, statement of cash flows, statement of capital works, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report.

The Councillors' Responsibility for the Financial Report

The Councillors of the Kingston City Council are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Independent Auditor's Report (continued)

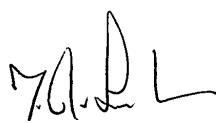
Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, I and my staff and delegates complied with the applicable independence requirements of the Australian Auditing Standards and relevant ethical pronouncements.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of the Kingston City Council as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

MELBOURNE
31 August 2016


Dr Peter Frost
Acting Auditor-General

Appendix 1 – O&HS performance

Number of Workcover claims accepted – 22

Number of notifiable incidents (employee) – 2

Number of notifiable incidents (non-employee) – 5

The frequency rate for Lost Time Injuries (LTIs) in 2015/16 was 7.79, which equates to an average of 2.2 LTIs each month.

Medically Treated Injuries (MTIs) had an average of 3.3 workers per month compared to 3.25 in 2014/15.

First Aid Injuries (FAIs) increased by 0.3 in 2015/16 to an average of 6.6 workers receiving First Aid treatment, compared to 6.3 in 2014/15.

While the goal is zero for each category, these numbers are at an acceptable level for the types of activities being undertaken within Kingston.

Appendix 2

Table 1: Number of Kingston employees by division

Employment type/gender	Executive Services FTE	Community Sustainability FTE	Corporate Services FTE	Planning & Development FTE	City Assets & Environment FTE	Total FTE
Permanent FT – female	3.0	119.94	44.00	32.60	26.75	226.29
Permanent FT – male	5.00	45.83	23.00	29.00	80.20	183.03
Permanent PT – female	0.00	165.13	33.70	35.89	29.85	264.57
Permanent PT – male	0.00	12.31	3.78	12.14	5.23	33.46
Temporary FT – female	0.00	8.00	2.50	3.00	4.19	17.69
Temporary FT – male	0.00	2.00	4.46	2.50	3.57	12.53
Temporary PT – female	0.00	13.59	1.20	0.00	0.00	14.79
Temporary PT – male	0.00	0.00	0.00	1.46	0.00	1.46
Casual – female	0.00	27.32	1.20	3.60	24.50	56.62
Casual – male	0.00	0.00	6.30	0.00	0.00	12.24
Total	8.00	400.42	113.84	120.19	186.53	828.98

Table 2: Number of Kingston employees by employment classification

Employment classification	Female FTE	Male FTE	Total FTE
Band 1	21.73	12.79	34.52
Band 2	119.66	24.74	144.40
Band 3	65.71	48.45	114.17
Band 4	120.52	24.05	144.58
Band 5	77.08	32.53	109.61
Band 6	90.12	52.98	143.09
Band 7	37.02	23.59	60.60
Band 8	13.16	10.13	23.28
Band not applicable	34.97	19.76	54.73
Total	579.96	249.02	828.98



City of
KINGSTON



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