



**GREATER
DANDENONG**
City of Opportunity

AGENDA

ORDINARY COUNCIL MEETING

MONDAY, 10 SEPTEMBER 2018

Commencing at 7:00 PM

COUNCIL CHAMBERS

225 Lonsdale Street, Dandenong VIC 3175

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1 MEETING OPENING

1.1 ATTENDANCE

Apologies

Cr Jim Memeti (Leave of Absence)

John Bennie PSM, Chief Executive Officer (Leave of Absence)

1.2 OFFERING OF PRAYER

As part of Council's commitment to recognising the cultural and spiritual diversity of our community, the prayer this evening will be offered by Venerable Ol Sam from Wat Buddharangsi, Springvale South, a member of the Greater Dandenong Interfaith Network.

1.3 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Ordinary Meeting of Council held 27 August 2018.

Recommendation

That the minutes of the Ordinary Meeting of Council held 27 August 2018 be confirmed.

1.4 ASSEMBLIES OF COUNCIL

The following assemblies of Council occurred in the period 27 August to 5 September 2018:

Date	Meeting Type	Councillors Attending	Councillors Absent	Topics Discussed & Disclosures of Conflict of Interest
27/08/18	Pre-Council Meeting	Roz Blades, Youhorn Chea, Tim Dark, Matthew Kirwan, Zaynoun Melhem, Sean O'Reilly, Maria Sampey, Heang Tak, Loi Truong (part)	Apologies – Angela Long, Jim Memeti	<ul style="list-style-type: none"> - Council facilities available for use by particular soccer clubs. - Invitation to join Welcoming Cities, a network of Local Government authorities committed to welcoming and inclusion. - Possible demolition of velodrome at Parkfield Reserve in Noble Park. - Agenda items for the Council Meeting of 27 August 2018.
03/09/18	Councillor Briefing Session	Roz Blades, Youhorn Chea, Tim Dark (part), Matthew Kirwan, Angela Long, Sean O'Reilly, Maria Sampey	Apologies – Jim Memeti, Zaynoun Melhem, Heang Tak, Loi Truong	<ul style="list-style-type: none"> - Options in lieu of the Greater Dandenong Charitable Fund. - Audit Advisory Committee Annual Report. - Melbourne Racing Club update on the proposed redevelopment of Sandown Racecourse. - Response to Notice of Motion 39 – Developing an efficiency and effectiveness program for capital works. - Proposed waste and community transport forums. - Team 11 update (CONFIDENTIAL). - Disaster relief donation by Council for communities affected by Kerala monsoons in India. - Greater Dandenong Multicultural Leadership Network – process for creating network. - Enterprise bargaining agreement update. - Agenda items for the Council Meeting of 10 September 2018.

Recommendation

That the assemblies of Council listed above be noted.

1.5 DISCLOSURES OF INTEREST

Any interest that a Councillor or staff member has deemed to be significant and has disclosed as either a direct or an indirect interest is now considered to be a conflict of interest. Conflict of Interest legislation is detailed in sections 77A, 77B, 78, 78A-E & 79 of the Local Government Act 1989. This legislation can be obtained by contacting the Greater Dandenong Governance Unit on 8571 5216 or by accessing the Victorian Legislation and Parliamentary Documents website at www.legislation.vic.gov.au.

If a Councillor discloses any interest in an item discussed at any Council Meeting (whether they attend or not) they must:

- complete a disclosure of interest form prior to the meeting.
- advise the chairperson of the interest immediately before the particular item is considered (if attending the meeting).
- leave the chamber while the item is being discussed and during any vote taken (if attending the meeting).

The Councillor will be advised to return to the chamber or meeting room immediately after the item has been considered and the vote is complete.

2 OFFICERS' REPORTS

2.1 DOCUMENTS FOR SEALING

2.1.1 Documents for Sealing

File Id: A2683601

Responsible Officer: Director Corporate Services

Report Summary

Under the Victorian Local Government Act, each Council is a body corporate and a legal entity in its own right. Each Council must therefore have a common seal (like any corporate entity) that is an official sanction of that Council.

Sealing a document makes it an official document of Council as a corporate body. Documents that require sealing include agreements, contracts, leases or any other contractual or legally binding document that binds Council to another party.

Recommendation Summary

This report recommends that the listed documents be signed and sealed.

2.1.1 Documents for Sealing (Cont.)

Item Summary

There is one [1] item being presented to Council's meeting of 10 September 2018 for signing and sealing as follows:

1. An Instrument of Appointment of Authorised Officer under the provisions of the Local Government Act 1989, Planning and Environment Act 1987, Environment Protection Act 1970, Subdivision Act 1988, Victorian Civil and Administrative Tribunal Act 1998, Sex Work Act 1994, Heritage Act 1995, Land Acquisition and Compensation Act 1986, any Rules, Regulations and other sub-ordinate instruments or delegated legislation (including the Greater Dandenong Planning Scheme) made under the provisions and enactments described; and any other Act, Rules, Regulations, Local Laws and other subordinate instruments or delegated legislation. This authorisation enables the following Council Officer to carry out the statutory responsibilities of the above Acts and is subject to policy and delegations previously adopted by Council:
 - Jason Gilbert.

Recommendation

That the listed documents be signed and sealed.

2.2 DOCUMENTS FOR TABLING

2.2.1 Petitions and Joint Letters

File Id:	qA228025
Responsible Officer:	Director Corporate Services
Attachments:	Petitions and Joint Letters

Report Summary

Council receives a number of petitions and joint letters on a regular basis that deal with a variety of issues which have an impact upon the City.

Issues raised by petitions and joint letters will be investigated and reported back to Council if required.

A table containing all details relevant to current petitions and joint letters is provided in Attachment 1. It includes:

1. the full text of any petitions or joint letters received;
2. petitions or joint letters still being considered for Council response as pending a final response along with the date they were received; and
3. the final complete response to any outstanding petition or joint letter previously tabled along with the full text of the original petition or joint letter and the date it was responded to.

Note: On occasions, submissions are received that are addressed to Councillors which do not qualify as petitions or joint letters under Council's current Meeting Procedure Local Law. These are also tabled.

2.2.1 Petitions and Joint Letters (Cont.)

Petitions and Joint Letters Tabled

Council received one (1) petition and no joint letters prior to the Council Meeting of 10 September 2018 as follows:

- A new petition from 42 parents and staff members of Dandenong West Primary School opposing the proposed sale of the old Dandenong West Kindergarten site, at Fifth Avenue, Dandenong. At the Ordinary meeting of Council on 27 August 2018, Council resolved not to proceed with the sale, deeming the petition redundant.

N.B: Where relevant, a summary of the progress of ongoing change.org petitions will be provided in the attachment to this report.

Recommendation

That the listed items detailed in Attachment 1, and the current status of each, be received and noted.

2.2.1 Petitions and Joint Letters (Cont.)

DOCUMENTS FOR TABLING

PETITIONS AND JOINT LETTERS

ATTACHMENT 1

PETITIONS AND JOINT LETTERS

PAGES 8 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

Date Received	Petition Text (Prayer)	No. of Petitioners		Responsible Officer Response
27 AUGUST 2018	<p>PETITION REQUEST</p> <p>Dear Mayor and Councillors</p> <p>Yesterday families at Dandenong West Primary School became aware that Council are considering a proposal to sell off the old Dandenong West Kindergarten site, 6 – 8 Fifth Avenue, Dandenong.</p> <p>When I mentioned this to the Community Hub participants at our Playgroups and Computer Class, the response from parents was an immediate and clear request that we create our own petition to voice our opinion, and that I then email the petition to you. It contains 42 signatures, and 2 comments, from parents and school staff.</p> <p>Every single person I spoke to today was in favour of Council keeping the site, to be used by the community as a small park.</p> <p>The attached document is a powerful example of our diverse Dandenong West community's faith in the Australian democratic system, and the rights and freedoms associated with voicing our opinion. I'm sure that your hearts will be warmed, as mine was, that our Dandenong West community members decided to 'have their say', and that they have confidence that their opinion will be considered.</p> <p>I plan to attend Monday's meeting to hear your deliberations on this issue, and we look forward to hearing your response.</p>	Signed by 42 parents & staff members of Dandenong West Primary School	NO ACTION REQUIRED	<p>FOR INFORMATION ONLY</p> <p>The subject of the petition went before Council in an item on the Agenda for Council meeting 27 August 2018.</p> <p>Item 2.6.2 – Proposed Sale of Land: 6-8 Fifth Avenue, Dandenong.</p> <p>Council resolved not to proceed with the sale therefore there is no further action required. Petition closed.</p> <p>Acknowledgement letter was sent to the head petitioner 29 August 2018 referencing Council's decision. Email followed 31 August 2018.</p>

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

Date Received	Petition Text (Prayer)	No. of Petitioners		Responsible Officer Response
17 JULY 2018	<p>PETITION REQUEST: To : City of Greater Dandenong</p> <p>Petition to add more street lighting in Noble St between Romsey St and Corrigan Rd, Noble Park.</p> <p>We the following named residents hereby request the City of Greater Dandenong Council re-consider seriously additional street lighting in Noble Street in-between Romsey St and Corrigan Rd, Noble Park. In this section of Noble Street there are cars parked on both sides of the road both day and night. This section of Noble Street does have a lot of traffic and at night it becomes especially dangerous when getting in and out of our homes whilst there are cars parked on both sides of the street. We all feel that installing extra street lighting will greatly improve the visibility in the street at night and thus become a lot safer for residents and traffic using Noble Street.</p>	Signed by 13 residents	In progress	<p>Tabled at Council Meeting 23 July 2018</p> <p>Referred to Engineering Services 17 July 2018</p> <p>Response 31 July 2018</p> <p>Thank you for your petition regarding a request for additional street lighting in Noble Street, Noble Park. Council have undertaken a lighting assessment of Noble Street and have confirmed that the lighting levels do comply with the Australian Standard and the street is considered well lit. At this stage, Noble Street does not require additional lighting.</p> <p>Parking is permitted on both sides of Noble Street to service adjacent residential properties. Road rules exist that govern the manner in which motorists are required to park their vehicles. Included in this ruling (but not limited to) is that parked vehicles are not permitted to obstruct the entry or exit into adjacent properties. If this is observed, you are encouraged to contact Councils Local Laws team on 8571 1000 who will be able to assist in correcting this issue.</p>

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

Date Received	Petition Text (Prayer)	No. of Petitioners	Status	Responsible Officer Response
9 JULY 2018	<p>PETITION HANDLED TO GOVERNANCE AT COUNCIL MEETING 9 JULY 2018</p> <p>PETITION REQUEST:</p> <p>We, the undersigned, residents and ratepayers of the Greater City of Dandenong Council, request Council to:</p> <p>Insert a traffic roundabout on the corner of Cheam Street, Loch Road/Surace Court Dandenong North.</p>	Signed by 109 proponents	In progress	<p>Tabled at Council Meeting 23 July 2018.</p> <p>Referred to Engineering Services 11 July 2018.</p> <p>Response provided at Council Meeting on 9/7</p> <p><i>Council's traffic engineers will investigate road safety the intersection of Loch Street and Cheam Street. The first step in this process will be to undertake traffic surveys at this location, which will occur in a few weeks following the end of the school holidays. If road safety issues are identified, this location will be considered within Councils Local Area Traffic Management Prioritisation Program.</i></p> <p>Further Response to the petitioner on following page.</p>

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

Date Received	Petition Text (Prayer)	No. of Petitioners	Status	Responsible Officer Response
9 JULY 2018 (contd)				<p>Response sent to resident 19/7</p> <p><i>I provide you with the following response to your questions. Council's traffic engineers will investigate road safety the intersection of Loch Street and Cheam Street. The first step in this process will be to undertake traffic surveys at this location, which will occur in a few weeks following the end of the school holidays. If road safety issues are identified, this location will be considered within Councils Local Area Traffic Management Prioritisation Program.</i></p> <p><i>With regards to Stud Road near the Dandenong Stadium, I can confirm that Council is advocating to VicRoads, who manage Stud Road, for a signalised crossing point near the Stadium. It is anticipated that such a crossing would improve safety for pedestrians that currently cross the road, and also encourage the use of public transport to access the stadium, as patrons would be able to safely cross Stud Road to access the bus stop.</i></p>

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

Date Received	Content	No of Co-Signatures	Status	Officer Response
6 July 2018	<p>PETITION – COVER LETTER</p> <p>To whom It may concern,</p> <p>There are far too many stray cats in our neighbourhood and I am writing to persuade you to grant a cat foster carer for Dandy Cat Rescue some money to help rescue and home stray cats around Melbourne.</p> <p>Too many stray cats are living on the streets of Melbourne. They are in serious danger. For example they can be hit by a car, starve and be attacked by other animals. I am writing to ask that you support this rescue by providing funds for vet bills, feeding and homing these cats.</p> <p>I have included a petition signed by many people who support this rescue and would like to see them receive more help from the local government.</p> <p>I have also included some pictures of the cats to help you to see what condition they are in. Please help this great rescue as they really really need it.</p> <p>Kind Regards,</p>	Signed by 50 residents	In progress	<p>Tabled at Council Meeting 23 July 2018.</p> <p>Referred to Planning - Residential Amenities Unit 9 July 2018.</p> <p>Response 16 July 2018</p> <p><i>Thank you for your correspondence of 5 July 2018. The CEO has noted your letter and has requested that I review and respond to the matters you raise therein.</i></p> <p><i>The City of Greater Dandenong has a community grants program in place, that Ms Mitchell may be able to access if she needs funds for her activities in cat rescue. There is a lot of information on Council's website: www.greaterdandenong.com that she can look at. That information also includes an on-line application form.</i></p> <p><i>Cat rescue programs are also undertaken by several of the larger animal welfare groups in Victoria including the RSPCA, The Lost Dogs Home and The Cat Protection Society. I would encourage Ms Mitchell to also contact those agencies who may be able to offer her other material aid in her efforts.</i></p>

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

Other/Submissions				
Date Received	Content	No of Co-Signatures	Status	Officer Response
				<p>Council acknowledges and commends you for your efforts in supporting this worthwhile cause. We also wish Ms Mitchell every success in pursuing support for her activities.</p> <p>If you have any further questions in relation to this matter please contact me on (03) 8571 1445 or by email: pshelt@cgd.vic.gov.au.</p>

If the details of the attachment are unclear please contact Governance on 8571 1000.

2.2.1 Petitions and Joint Letters (Cont.)

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2.3 CONTRACTS

2.3.1 Contract No.1718-84 Walker Street Streetscape Upgrade (Stage 2) Dandenong

File Id: qA386981

Responsible Officer: Director Engineering Services

Report Summary

This report outlines the tender process undertaken to select a suitably qualified and experience contractor for the Construction of Walker Street Streetscape Upgrade (Stage 2) Dandenong.

Recommendation Summary

It is recommended that Council awards Contract 1718-84 to Blue Peak Holdings Pty Ltd for a fixed lump sum price of eight hundred and thirty three thousand six hundred and nine dollars and seventy cents (\$833,609.70) including GST of \$75,782.70.

2.3.1 Contract No.1718-84 Walker Street Streetscape Upgrade (Stage 2) Dandenong (Cont.)**Introduction**

The Walker Street Streetscape Upgrade aims to strengthen the visual and physical connection between Lonsdale Street and the Dandenong Plaza Shopping Centre in Central Dandenong.

The project will upgrade the streetscape along Walker Street with a full width granite paved surface similar to Lonsdale Street. The upgrade will also include new street furniture, street lights, street trees, planted garden beds and utility pit lids that all match the style used in Lonsdale Street and throughout the Central Dandenong activity centre.

Works have been split into two stages, stage one is between the Dandenong Plaza and Langhorne Street and stage two is between Langhorne Street and Lonsdale Street. The stage two works will follow on from stage one creating an important link between Lonsdale Street and the Dandenong Plaza.

Tender Process

This tender was advertised on Saturday 7 July 2018 in the Age Newspaper and Tenders Online and closed at 2pm on Thursday 2 August 2018.

At the close of the tender advertising period submissions were received from three contractors as listed below:

1. Blue Peak Holdings Pty Ltd
2. CDN Constructors Pty Ltd
3. Delfino Paving Pty Ltd

Tender Evaluation

The evaluation panel comprised of Council's Coordinator Civil Projects, Project Engineer, Place Manager Activity Centre's Revitalisation and Senior Contracts Officer.

The tenders were evaluated using Council's Weighted Attributed Value Selection Method. The advertised evaluation criteria and the allocated weightings for evaluation are as follows:

	Evaluation Criteria	Weighting
1	Price	40%
2	Relevant Experience, Capability & Track Record	25%
3	Project Plan, Program & Methodology	25%
4	Social Procurement	5%
5	Local Industry	5%

2.3.1 Contract No.1718-84 Walker Street Streetscape Upgrade (Stage 2) Dandenong (Cont.)

Each criterion is ranked on a point score between 0 (fail) and 5 (excellent). These rankings are then multiplied by the weighting to give a weighted attribute ranking for each criterion and totalled to give an overall evaluation score for all criteria.

Following an evaluation of the tenders, the comparative point score based on the above criteria is as follows:

Tenderer	Price Points	Non-Price Points	Total Score
Blue Peak Holdings P/L	1.55	1.58	3.13
Delfino Paving P/L	1.00	1.58	2.58
CDN Constructors P/L	0.00	2.18	2.18

Note 1: The higher the price score – lower the tendered price.

Note 2: The higher the non-price score – represents better capability and capacity to undertake the service.

Relevant Experience/Track Record

Blue Peak has completed a number of civil projects for the City of Greater Dandenong. Past projects have been completed to a high standard and in a timely manner. Works are always planned well with a focus on minimising disturbance to the community.

Blue Peak is currently in the process of completing Construction of Walker Street Stage One works. The standard of work completed to date has been of a high standard.

Social Procurement

Social procurement was considered when assessing the tender responses.

Local Industry

Local industry was considered when assessing the tender responses.

Consultation

During the tender evaluation process and in preparation of this report relevant Council Officers have been consulted.

2.3.1 Contract No.1718-84 Walker Street Streetscape Upgrade (Stage 2) Dandenong (Cont.)

Conclusion

At the conclusion of the tender evaluation process, the evaluation panel agreed that the tender submission from **Blue Peak Holdings Pty Ltd** represented the best value outcome for Council and should be accepted due to:

1. Their conforming tender, which is within Council's budget estimate and allocation.
2. The very good references received.
3. The demonstrated level of experience of staff and sub-contractor resources available.
4. Currently undertaking Construction of Walker Street Stage One.
5. Their past experience working as a panel contractor for the City of Greater Dandenong and the high quality project outcomes achieved.

Recommendation

That Council:

1. **accepts the tender submission from Blue Peak Holdings Pty Ltd for a fixed lump sum price of eight hundred and thirty three thousand six hundred and nine dollars and seventy cents (\$833,609.70) including GST of \$75,782.70; and**
2. **signs and seals the contract documents when prepared.**

2.4 STATUTORY PLANNING APPLICATIONS

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015)

File Id:	205400
Responsible Officer:	Director City Planning, Design and Amenity
Attachments:	Submitted plans Location of objectors

Application Summary

Applicant:	T3 Architecture
Proposal:	Use and development of a child care centre
Zone:	Neighbourhood Residential Zone – Schedule 1
Overlay:	No overlays apply
Ward:	Paperbark

This application has been brought before the Council because it has received two (2) objections (including one (1) petition) during the advertising process.

The application proposes the use and development of a child care centre. A permit is required pursuant to Clause 32.09-2 of the Greater Dandenong Planning Scheme for the use of the site as a child care centre and Clause 32.09-8 of the Greater Dandenong Planning Scheme for buildings and works associated with a Section 2 Use.

Objectors Summary

The application was advertised to the surrounding area through the erection of two (2) notices on-site and the mailing of notices to adjoining and surrounding owners and occupiers. Two (2) objections (including one (1) petition) were received to the application. Issues raised generally relate to matters of:

- Parking provision for the proposed child care centre;
- The amount of vehicle movements to and from the site per day;
- Traffic congestion in surrounding roads; and
- Play areas located in close proximity to habitable rooms on adjoining properties.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

Assessment Summary

As assessed, the current application is considered appropriate for approval. The proposed use is appropriately located within the Neighbourhood Residential Zone which allows for a limited range of other non-residential uses to serve local community needs in appropriate locations. Furthermore the proposed built form outcome is double storey in nature and similar in scale to residential development.

Recommendation Summary

As assessed, the proposal is consistent with and appropriately responds to the provisions of the Greater Dandenong Planning Scheme. The proposal appropriately responds to strategic policy for development in the area with this report recommending that the application be supported, and that a **Notice of Decision to Grant a Permit** (which provides appeal rights to objectors) be issued containing the conditions set out in the recommendation.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

Subject Site and Surrounds

Subject Site

- The subject site is a corner lot situated on the west side of Chapel Road and the south side of Fabian Court.
- The site is rectangular in shape, with a frontage to Fabian Court of 33.5 metres and a frontage to Chapel Road of 47.76 metres, resulting in an overall area of 1,592.8 square metres.
- The subject site has a north-south orientation and has a slight rise from the east to the west of about 0.56 metres.
- The site is currently developed with a single storey brick dwelling and associated outbuildings, with vehicular access provided from Fabian Court adjacent the western boundary.
- Existing vegetation on site is limited to a few scattered shrubs and small trees throughout the site.

Surrounding Area

- The subject site is located within the Neighbourhood Residential Zone – Schedule 1. Chapel Road to the east of the site is zoned Road Zone Category 2.
- Surrounding residential development is predominantly of single and double storey brick dwellings with pitched roof form.
- Front fencing varies from medium height corrugated steel panel fencing or picket (steel and timber) fencing. A number of properties are not provided with front fencing.
- Currently the surrounding area is not experiencing development pressure, with the surrounding area characterised by single dwellings on a lot.
- The Dandenong Bypass is located about 70 metres to the south of the subject site, whilst Cheltenham Road is located about 300 metres to the north of the site.
- Multiple bus routes run along Cheltenham Road, about 300 metres to the north of the site.
- The Parkmore Shopping Centre is located about 815 metres to the northeast of the site.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

Locality Plan



Background

Previous Applications

A search of Council records revealed no previous planning applications have been considered for the subject site.

Subject Application

Proposal

The application proposes the use and development of a child care centre.

The proposed child care centre is double storey with a maximum height of 10.665 metres. The building will be finished in face brick, render and timber cladding finish, with pitched corrugated steel panel roof form.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

Pedestrian access is provided via Fabian Court located centrally to the Fabian Court frontage, with vehicular access provided via a double width crossover to Fabian Court located adjacent the western boundary.

Car parking is provided for the proposal in the form of thirty (30) car spaces located within the western portion of the site.

The ground floor of the child care centre provides:

- Reception;
- Amenities including kitchen, staff office, meeting room, laundry and toilets;
- Two (2) child care rooms and associated amenities; and
- An outdoor play area of 337.5 square metres.

The first floor of the child care centre provides:

- Four (4) child care room and associated amenities; and
- A balcony play area of 645 square metres.

The proposed child care centre provides care for one-hundred and forty (140) children and proposes to operate from 7am-7pm, Monday-Friday.

The proposal does not include signage for the child care centre.

The proposal includes acoustic fencing provided to the east and west boundaries and acoustic balustrading to the first floor balcony play area.

The existing buildings on site will be demolished to facilitate the development, and all trees on the site will be removed to facilitate the proposal. This work, including the removal of trees does not require a planning permit.

A copy of the submitted plans is included as Attachment 1.

Victorian Charter of Human Rights and Responsibilities

The Victorian Charter of Human Rights and Responsibilities has been considered in the preparation of this report but is not relevant to its contents.

Financial Implications

No financial resources are impacted by this report.

Planning Scheme and Policy Frameworks

Pursuant to the Greater Dandenong Planning Scheme, a planning permit is required:

- Under Clause 32.09-2 for the use of the site as a Child Care Centre; and
- Under Clause 32.09-8 for buildings and works associated with a Section 2 Use.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

The relevant controls and policies are as follows:

Zoning Controls

The subject site is located in a Neighbourhood Residential Zone – Schedule 1, as is the surrounding area, with the exception of Chapel Road itself, which is zoned Road Zone Category 2.

The purpose of the Neighbourhood Residential Zone outlined at Clause 32.09 is:

- *To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.*
- *To recognise areas of predominantly single and double storey residential development.*
- *To manage and ensure that development respects the identified neighbourhood character, heritage, environmental or landscape characteristics.*
- *To allow educational, recreational, religious, community and a limited range of other non-residential uses to serve local community needs in appropriate locations.*

Pursuant to Clause 32.09-2 and Clause 32.09-8, a permit is required for the use and development of a child care centre.

Overlay Controls

No overlays affect the subject site or surrounding area.

State Planning Policy Framework

The **Operation of the State Planning Policy Framework** outlined at Clause 10 seeks to ensure that the objectives of planning in Victoria are fostered through appropriate land use and development planning policies and practices which integrate relevant environmental, social and economic factors in the interests of net community benefit and sustainable development. The objectives of Planning in Victoria are noted as:

- (a) To provide for the fair, orderly, economic and sustainable use, and development of land.*
- (b) To provide for the protection of natural and man-made resources and the maintenance of ecological processes and genetic diversity.*
- (c) To secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria.*
- (d) To conserve and enhance those buildings, areas or other places which are of scientific, aesthetic, architectural or historical interest, or otherwise of special cultural value.*
- (e) To protect public utilities and other facilities for the benefit of the community.*
- (f) To facilitate development in accordance with the objectives set out in paragraphs (a), (b), (c), (d) and (e).*

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

(g) To balance the present and future interests of all Victorians.

In order to achieve those objectives, there are a number of more specific objectives contained within the State Planning Policy Framework that need to be considered under this application.

Clause 17 – Economic Development; of relevance to the proposal is Clause **17.02-1S Business** of which one of the objectives is;

“To encourage development which meet the communities’ needs for retail, entertainment, office and other commercial services.”

By undertaking the following strategy;

“Ensure commercial facilities are aggregated and provide net community benefit in relation to their viability, accessibility and efficient use of infrastructure.”

Local Planning Policy Framework

The Local Planning Policy Framework (LPPF) includes the Municipal Strategic Statement (MSS) and Local Policies.

The MSS is contained within Clause 21 of the Scheme.

A **Vision for Greater Dandenong** is outlined at **Clause 21.03**.

Included in the vision are the following points of relevance:

- A municipality where, central Dandenong, major activity centres, other neighbourhood and local centres function as activity centres where high quality, appropriate, high to medium housing exists in harmony with a thriving and well-managed retail and commercial sector.
- A municipality where, housing diversity and choice is promoted in its various attractive neighbourhoods.

The objectives and strategies of the MSS are under four (4) main themes including: land use; built form; open space and natural environment; and, infrastructure and transportation (considered individually under Clauses 21.04 to 21.07). Of particular relevance to this application is Clauses 21.05 (Built Form).

Clause 21.05 Built Form contains the following objectives and strategies which are of relevance to the current application:

1. To facilitate high quality building design and architecture.

1.1. Ensure building design is consistent with the preferred character of an area and fully integrates with surrounding environment.

1.2. Encourage high standards of building design and architecture, which allows for flexibility and adaptation in use.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

1.3. Encourage innovative architecture and building design.

2. To facilitate high quality development, which has regard for the surrounding environment and built form.

2.2. Promote all aspects of character – physical, environmental, social, and cultural.

2.3. Encourage planting and landscape themes, which complement and improve the environment.

2.4. Encourage developments to provide for canopy trees.

2.5. Recognising valued existing neighbourhood character and promoting desired future character as defined in the Residential Development and Neighbourhood Character Policy at Clause 22.09.

7. To protect and improve streetscapes.

7.1. Ensure that new developments improve streetscapes through generous landscape setbacks and canopy tree planting.

7.2. Ensure landscaping within private property that complements and improves the streetscapes and landscaping of public areas.

8. To ensure landscaping that enhances the built environment.

8.1. Encourage new developments to establish a landscape setting, which reflects the local and wider landscape character.

8.2. Encourage landscaping that integrates canopy trees and an appropriate mix of shrubs and ground covers and complements and integrates with existing or proposed landscaping in public areas.

Particular Provisions

Clause 52.06 – Car Parking

The purposes of this provision are:

- *To ensure that car parking is provided in accordance with the Municipal Planning Strategy and the Planning Policy Framework.*
- *To ensure the provision of an appropriate number of car parking spaces having regard to the demand likely to be generated, the activities on the land and the nature of the locality.*
- *To support sustainable transport alternatives to the motor car.*
- *To promote the efficient use of car parking spaces through the consolidation of car parking facilities.*
- *To ensure that car parking does not adversely affect the amenity of the locality.*

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

- *To ensure that the design and location of car parking is of a high standard, creates a safe environment for users and enables easy and efficient use.*

Clause 52.06-2 notes that a new use must not commence or the floor area of an existing use must not be increased until the required car spaces have been provided on the land.

As the subject site is identified as land within the Principal Public Transport Network Area as shown on the *Principal Public Transport Network Area Maps* (State Government of Victoria, 2018), the car parking rate in Column B applies as the car parking requirement in the Table to Clause 52.06-5.

The Table at Clause 52.06-5 – Column B specifies that the following car parking rate is required for the proposed uses:

Use	Rate	Proposed rate	Required spaces
Child Care Centre	0.22 to each child	140 children	30.8

Clause 52.06-5 also states that if in calculating the number of car parking spaces the result is not a whole number, the required number of car parking spaces is to be rounded down to the nearest whole number.

Therefore a total of thirty (30) car spaces are required for the proposed child care centre.

General Provisions

Clause 65 – Decision Guidelines needs to be considered, as is the case with all applications. For this application the requirements of Clause 65.01 for the approval of an application or plan is of relevance. This Clause outlines the requirements that the responsible authority must consider when determining the application.

Proposed Planning Scheme Amendments

There are planning scheme amendments which affect the subject site.

Restrictive Covenants

The subject site is not affected by any restrictive covenants.

Council Plan 2017-2021 – Strategic Objectives, Strategies and Plans

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. In accordance with the commitment in Council's Annual Plan, all applications are considered on their merits.

Diversity (Access & Equity)

It is not considered that the proposal raises any diversity issues affecting the planning assessment of this application.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)**Community Safety**

It is considered that there would be no adverse community safety implications in permitting the proposal subject to strict conditions on any planning permit issued.

Safe Design Guidelines

Consideration of the relevant requirements of these Guidelines has been undertaken within the Assessment of this application.

Referrals

The application was not required to be referred to any external referral authorities pursuant to Section 55 of the Planning and Environment Act 1987.

The application was referred to Melbourne Water for comment only.

Melbourne Water have no objection to the proposal subject to a condition relating to the finished floor levels being set no lower than 300mm above the natural surface level of the site.

Internal

The application was internally referred to:

Department	Comments
Asset Planning	No objection. Provided advice that the subject site was subject to flooding from Melbourne Water's drainage system and that a referral to Melbourne Water was required.
Building Services	No objection.
Health Department	No objection.
Transport Planning	No objection, subject to conditions.
Waste and Cleansing Services	No objection.

Advertising

The application has been advertised pursuant to Section 52 of the Planning and Environment Act 1987, by:

- Sending notices to the owners and occupiers of adjoining land.
- Placing two (2) signs on the site, one facing Chapel Road and one (1) facing Fabian Court.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

The notification has been carried out correctly.

Council has received two (2) objections (including a petition) to date.

The location of the objectors / submitters is shown in Attachment 2.

Consultation

A consultative meeting was held on Tuesday 22nd May 2018 at 5pm, with the applicant, objectors and Council representatives in attendance. Whilst the issues were discussed at length there was no resolution and the objections/submissions stand as received.

Summary of Grounds of Submissions/Objections

The objections are summarised below (**bold**), followed by the Town Planner's Response (in *italics*).

- **Parking provision for the proposed child care centre**

The car parking rate required for a child care centre at Clause 52.06 – Car parking is 0.22 car spaces per child.

The child care centre proposes a maximum of 140 children.

Therefore the number of car spaces required to be provided on site is 30 car spaces.

The proposal provides a total of 30 car spaces on site in accordance with the requirements of Clause 52.06 – Car parking.

- **The amount of vehicle movements to and from the site per day**

The applicant has provided a Traffic Impact Assessment Report which details the traffic generation and impacts of the proposed child care centre.

This report has been reviewed by Council's Senior Traffic Engineer who provides no concerns with the content of the report and provides no objection to the proposed development with respect to the number of vehicle movements to and from the site per day.

- **Traffic congestion in surrounding roads**

The application has been referred to Council's Transport Department, who have no objections to the proposal, subject to conditions. Council's Transport Department have advised that a single access point at the location proposed (Fabian Court as far as possible from the intersection with Chapel) is the most appropriate access arrangement for the development (in terms of both safety and traffic flow).

- **Play areas located in close proximity to habitable rooms on adjoining properties**

At ground floor level the outdoor play area is located to the southeast of the subject site, whilst at first floor level the outdoor play area is located to the south and west of the site.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

Residential properties directly abut the south and west boundaries of the subject site.

A 1.7 metre high acoustically treated timber fence is provided to the east and west boundaries, whilst a 1.7 metre high timber paling fence is provided to the south boundary.

A condition of permit will require the southern boundary fence to also be an acoustically treated fence.

At first floor level, the balustrading to the outdoor play area is provided at a height of between 1.7 and 2 metres and is noted to be acoustically treated.

Assessment

Use

The subject site is located within an established residential area and is strategically located and well suited for the proposed use given its corner position with dual frontages to Chapel Road and Fabian Court. The location of the site provides an easily identifiable site with convenient access for parents dropping off their children on their way to work.

The proposal is considered to be consistent with the objectives of the State & Local Planning Policies as the development has been designed to achieve a high standard of amenity whilst contributing to a cohesive community. The site is well-located in relation to infrastructure, services, facilities, and public transport options and will provide an overall positive contribution to the local economy.

Clause 21.04-1 of the Councils Local Planning Policy on land use identifies that *“it is important to recognise that there is a need for a balance between economic development, a vibrant and diverse community and a sustainable living environment”*.

A non-residential use on a site on a main road is also supported under Clause 21.04 of the Greater Dandenong Planning Scheme which focuses on land use where objectives look at ensuring residential amenity is protected.

In ensuring that amenity is protected, the hours of operation and potential off-site amenity impacts associated with such a use need to be considered.

The proposal for the child care centre on the subject site is considered appropriate in terms of hours of operation which are generally consistent with normal business hours (7am to 7pm Monday to Friday) this ensures that the amenity of the surrounding residential neighbourhood is not adversely affected by the proposed business.

In addition an acoustic assessment was submitted which has detailed acoustic attenuation measures which should be implemented in order to reduce any potential amenity impacts on the neighbouring residential properties. Conditions of permit will require compliance with these measures.

As mentioned the subject site is well placed in terms of access to a main road (Chapel Road).

Whilst the application proposes a non-residential use on residentially zoned land, these types of applications require a balance of sometimes competing policies to achieve a desirable outcome that is one of net community benefit.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

The siting of non-residential uses such as the proposed child care centre within established residential areas can be of some benefit to adjoining residences being that outside of their core business hours these facilities present as a benign use resulting in these uses being quieter than residential dwellings particularly outside of business hours.

However it is important that these types of proposals do not result in an unreasonable cluster of non-residential uses, and it is not considered that by supporting the proposal that it will result in a cumulative impact on the surrounding residential amenity given the established surrounding residential area.

The building is sufficiently setback from the adjoining residential interfaces to the south and west and conditions can be placed on any permit issued in relation to restrictions in terms of hours of operation and number of children to ensure the amenity of the surrounding residential area is maintained.

Development

Development of increased scale and density should have appropriate regard to the established and preferred neighbourhood character of the surrounding area and it is considered that the proposed child care centre is appropriate having regard to the surrounding residential environment. The subject site is devoid of any significant vegetation, is of a relatively flat land topography and located within an existing established residential area ensuring that there are minimal environmental impacts from the proposed development.

Whilst the development is not subject to the requirements of Clause 22.09 – Residential Development and Neighbourhood Character Policy it has been designed to be respectful of the existing neighbourhood character whilst also providing a clearly identifiable building appropriate for the proposed use.

The site is located within a residential area and sits adjacent to a Road Zone Category 2 (east - Chapel Road). As such, this interface is provided with a 1.8 metre high acoustic fence to limit impacts from traffic noise along Chapel Road. It is considered that the application has taken into account the massing of the abutting residential development to the south and west and in the general area in formulating a design response.

The proposal seeks to emulate the scale of a double storey residential built form.

The child care centre building is double storey with a maximum building height of 10.665 metres to the top of the roof pitch towards the centre of the site, which is a little higher than that set for the development of dwellings.

The Neighbourhood Residential Zone does have a maximum height requirement of 9 metres and no more than 2 storeys, however this only applies to dwellings and residential buildings. As the proposal is not a dwelling or residential building, there is no maximum height requirement specified.

The subject area has an existing neighbourhood character which is one of single and two storey developments. The design of the building maintains a consistent building height which is in keeping with the scale of existing residential development.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

The building is well articulated through the use of varying building materials and articulation provided, which will assist in breaking up the visual bulk of the building.

The first floor provides setbacks as follows:

	Wall	Balcony edge
North (Fabian Court)	5.133 metres	5.133 metres
East (Chapel Road)	5.149-7.94 metres	2.675-3.851 metres
South	10.744-17.376 metres	3.814 metres
West	10.107-12.77 metres	2.707 metres

The development is of a contemporary design reflective of the intended use of the site as a child care centre whilst also being mindful of the surrounding residential built form. The building has been designed with a mixture of external finishes and colours providing an appropriate degree of visual interest whilst also providing elements of articulation which minimise the perception of bulk and provide a level of visual interest to the street interfaces.

In addition the use of a pitched metal roof with generous window forms incorporated throughout the elevations helps articulate the building.

The building has been orientated mainly towards Fabian Court with a minimum setback of approximately 5.133 metres from the front boundary. It is identified that the street setback will be landscaped between the building and front boundary with areas of planting to enhance the streetscape.

The setback to Chapel Road at ground floor will be between 2.708 and 3.932 metres with landscaping provided within that setback.

All vegetation on the site is proposed to be removed. As the site is less than 0.4 hectares, a planning permit is not required to remove vegetation. The application is proposing to replace lost vegetation with additional plantings. A full detailed landscaping plan will be required by condition to make sure that all the landscaping to be provided is appropriate for the area and provide a good quality public realm.

The entry to the proposed building is easily identifiable from Fabian Court with appropriate glazed areas providing passive surveillance to the streetscape. It is therefore considered that the application is appropriate with regard to the pedestrian environment.

A condition of permit will require appropriate fencing between the car parking area to the rear and the ground floor outdoor play area, to ensure the safety and security of the children on site.

The design and built form of the development is sustainable, appropriately responding to the character of its location whilst also provoking a sense of community.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)**Car Parking**

Pursuant to Clause 52.06-5 the following table shows the required number of car spaces for the proposed development:

Type	Rate	Proposed No. Of children	Required spaces
Child Care Centre	0.22 to each child	140	30.8 Rounded down to 30
Total required spaces			30
Proposed spaces			30

The proposal provides an adequate number of well-located vehicle parking on site for the use which is consistent with the requirements of Clause 52.06 of the planning scheme.

The proposal provides 30 car spaces on site which meets the required number of spaces.

With respect to the disabled car space provided on site, (car space No. 1) this must be a minimum of 3.2 metres in width and a condition of permit requires this to be provided.

Access to and from the car parking will be from Fabian Court.

As the proposal meets the required car spaces and provides appropriate turning areas within the car parking area it is not expected that there will be a build-up of any queuing on site.

Overall the extent of traffic generated from the proposed development is predicted to be within the capacity of the existing local traffic network and it is not considered that the development will generate any adverse impacts on the safe and efficient operation of the surrounding road network.

The car parking is considered to satisfy the needs of the users without detriment to the local amenity. The land provides adequate access arrangements and the required onsite parking in accordance with the requirements of the Greater Dandenong Planning Scheme.

Conclusion

The application has been assessed against the relevant requirements of the Greater Dandenong Planning Scheme and is considered appropriate to the site in which it is located.

The proposed use and development of a child care centre is considered satisfactory with the relevant requirements of the Greater Dandenong Planning Scheme including the Planning Policy Framework, Local Planning Policy Framework including the Municipal Strategic Statement.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

Recommendation

That Council resolves to issue a Notice of Decision to grant a permit in respect of the land known and described as 32-36 Chapel Road, Keysborough, for the purpose of the use and development of a child care centre in accordance with the plans submitted with the application subject to the following conditions:

- 1. Prior to the endorsement of plans, two (2) copies of amended plans drawn to scale and dimensioned, must be submitted to the Responsible Authority for approval. No buildings or works must be commenced until the plans have been approved and endorsed by the Responsible Authority. The endorsed copy of the plans forms part of this permit. The plans must be in accordance with the plans submitted with the application, but modified to show:**
 - 1.1. The southern boundary fencing to be a minimum of 1.7 metres in height and acoustically treated.**
 - 1.2. A landscape plan in accordance with Condition 2.**
 - 1.3. Pedestrian sight splays which show letterboxes and all other structures (including visually obstructive fencing and landscaping) to be constructed to a maximum height of 900mm or relocated clear of a splayed area (2m x 2.5m) along the frontage road at access points in accordance with Dandenong Planning Scheme Clause 52.06-9.**
 - 1.4. Fencing between the car parking area to the rear and the ground floor outdoor play area annotated on the plans.**
 - 1.5. The disabled car space (can space No. 1) be increased to a minimum of 3.2 metres in width).**
 - 1.6. Floor levels to comply with Melbourne Water condition 26 of this permit.**
- When approved, these plans will be endorsed and will form part of this permit.**

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

- 2. Before the approved development starts, and before any trees or vegetation are removed, a landscape plan to the satisfaction of the Responsible Authority must be submitted to and approved by the Responsible Authority. The landscape plan must be prepared by a person or firm with suitable qualifications to the satisfaction of the Responsible Authority, drawn to scale with dimensions and 3 copies must be provided. The landscape plan must show:**
 - 2.1. Plans to accord with Condition 1 of this permit;**
 - 2.2. The site at a scale of 1:100/200, including site boundaries, existing and proposed buildings, neighbouring buildings, car parking, access and exit points, indicative topography and spot levels at the site corners, existing and proposed vegetation, nature strip trees, easements and landscape setbacks;**
 - 2.3. details of the proposed layout, type and height of fencing;**
 - 2.4. legend of all plant types, surfaces, materials and landscape items to be used including the total areas of garden and lawn;**
 - 2.5. a plant schedule giving a description of botanical name, common name, mature height and spread, pot size, purchase height (if a tree) and individual plant quantities;**
 - 2.6. at least two (2) advanced canopy tree with a minimum planting height of 1.5 metres within the front setback; and**
 - 2.7. any paving or deck areas within the secluded open space area of the proposed dwelling on a permeable base.**

When approved, the landscape plan will be endorsed and will form part of this permit.
- 3. The development as shown on the endorsed plans must not be altered without the further written consent of the Responsible Authority.**
- 4. Once the development has started, it must be continued and completed in accordance with the endorsed plans, to the satisfaction of the Responsible Authority.**

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

- 5. The building hereby approved must not be occupied until all buildings and works and the conditions of this permit have been compiled with, unless with the written consent of the Responsible Authority.**
- 6. Except with the prior written consent of the Responsible Authority, no more than one hundred and forty (140) children may be cared for at the approved Child Care Centre at any one time.**
- 7. Except with the prior written consent of the Responsible Authority, the approved Child Care Centre may only operate between the hours of:**
 - 7.1. Monday to Friday: 7:00am – 7:00pm.**
- 8. Goods, materials, equipment and the like associated with the use of the land must not be displayed or stored outside the building, without the further written consent of the Responsible Authority.**
- 9. Before the use can commence, the area(s) set aside for parking and vehicle access as shown on the application plans must be:**
 - 9.1. Constructed and available for use in accordance with the plan approved by the responsible authority;**
 - 9.2. Formed to such levels and drained so that they can be used in accordance with the plan;**
 - 9.3. Line-marked or provided with some other adequate means of showing the car parking spaces;**
 - 9.4. Surfaced with an all-weather sealcoat; and**
 - 9.5. Drained to the legal point of discharge.**

All to the satisfaction of the Responsible Authority.
- 10. Car spaces, access lanes, loading bays and driveways must be maintained (including line marking) and kept available for these purposes at all times.**
- 11. The car parking provided on the land must always be kept available for its intended purpose at all times. No measures must be taken to restrict access to the car park.**
- 12. In areas set aside for car parking, measures must be taken to prevent damage to fences or landscaping areas, all to the satisfaction of the Responsible Authority.**

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

- 13. The car parking area must be lit if in use of hours of darkness, and all lights must be designed, fitted with suitable baffles and located to prevent any adverse effect on adjoining land, all to the satisfaction of the Responsible Authority.**
- 14. The operator under this permit must make all reasonable attempts to ensure that no vehicle under the operators control, or the operator's staff, are parked in the streets nearby, all to the satisfaction of the Responsible Authority.**
- 15. The operator under this permit must make all reasonable endeavours to ensure that all vehicles entering and exiting the site do so in a forward direction, all to the satisfaction of the Responsible Authority.**
- 16. The loading and unloading of goods from or to vehicles must only be carried out on the land within the designated loading bay and must not disrupt the circulation and parking of vehicles on the land, all to the satisfaction of the Responsible Authority.**
- 17. Standard concrete vehicular crossing/s must be constructed to suit the proposed driveway/s in accordance with the Council's standard specifications. Any vehicle crossing/s no longer required must be removed and the land, footpath and kerb and channel reinstated, and the nature strip sown with grass, all to the satisfaction of the Responsible Authority.**
- 18. Floor levels shown on the endorsed plan(s) must not be altered or modified without the further written consent of the Responsible Authority.**
- 19. Provision must be made for the drainage of the site including landscaped and paved areas, all to the satisfaction of the Responsible Authority.**
- 20. The connection of the internal drainage infrastructure to the Legal Point of Discharge (LPD) must be to the satisfaction of the Responsible Authority. Collected stormwater must be retained onsite and discharged into the drainage system at pre development peak discharge rates as stated in the LPD approval letter. Approval of drainage plan including any retention system within the property boundary is required.**
- 21. The amenity of the area must not be detrimentally effected by the use or development on the land, through the:**
 - 21.1. Transport of materials, goods or commodities to or from the land.**

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

21.2. Appearance of any building, works or materials.

21.3. Emission of noise, artificial light, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, grit or oil.

21.4. Presence of vermin.

All to the satisfaction of the Responsible Authority.

22. The site shall be kept in a neat and tidy condition at all times, all to the satisfaction of the Responsible Authority.

23. Any service and plant equipment external to the building must be appropriately screened.

24. Before the occupation of the development starts, landscaping works as shown on the endorsed plan/s must be completed and then maintained, all to the satisfaction of the Responsible Authority.

25. The collection of waste from the site must be carried out in accordance with the endorsed Waste Management Plan.

26. The construction of all acoustic fencing and balustrading must be undertaken in accordance with the recommendations of the Marshall Day Acoustics Report endorsed under this permit.

26. Melbourne Water Condition

The building must be constructed with finished floor levels set no lower than 300mm above the natural surface level of the site.

27. This permit will expire if:

27.1. The development does not start within two (2) years of the date of this permit, or

27.2. The development is not completed within four (4) years of the date of this permit.

27.3. The use does not start within one (1) year of the completion of the development; or

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

27.4. The use is discontinued for a period of two (2) years.

Before the permit expires or within six (6) months afterwards, the owner or occupier of the land may in writing request the Responsible Authority to extend the expiry date.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

STATUTORY PLANNING APPLICATIONS

**TOWN PLANNING APPLICATION - NO. 32-36 CHAPEL ROAD,
KEYSBOROUGH (PLANNING APPLICATION NO. PLN18/0015)**

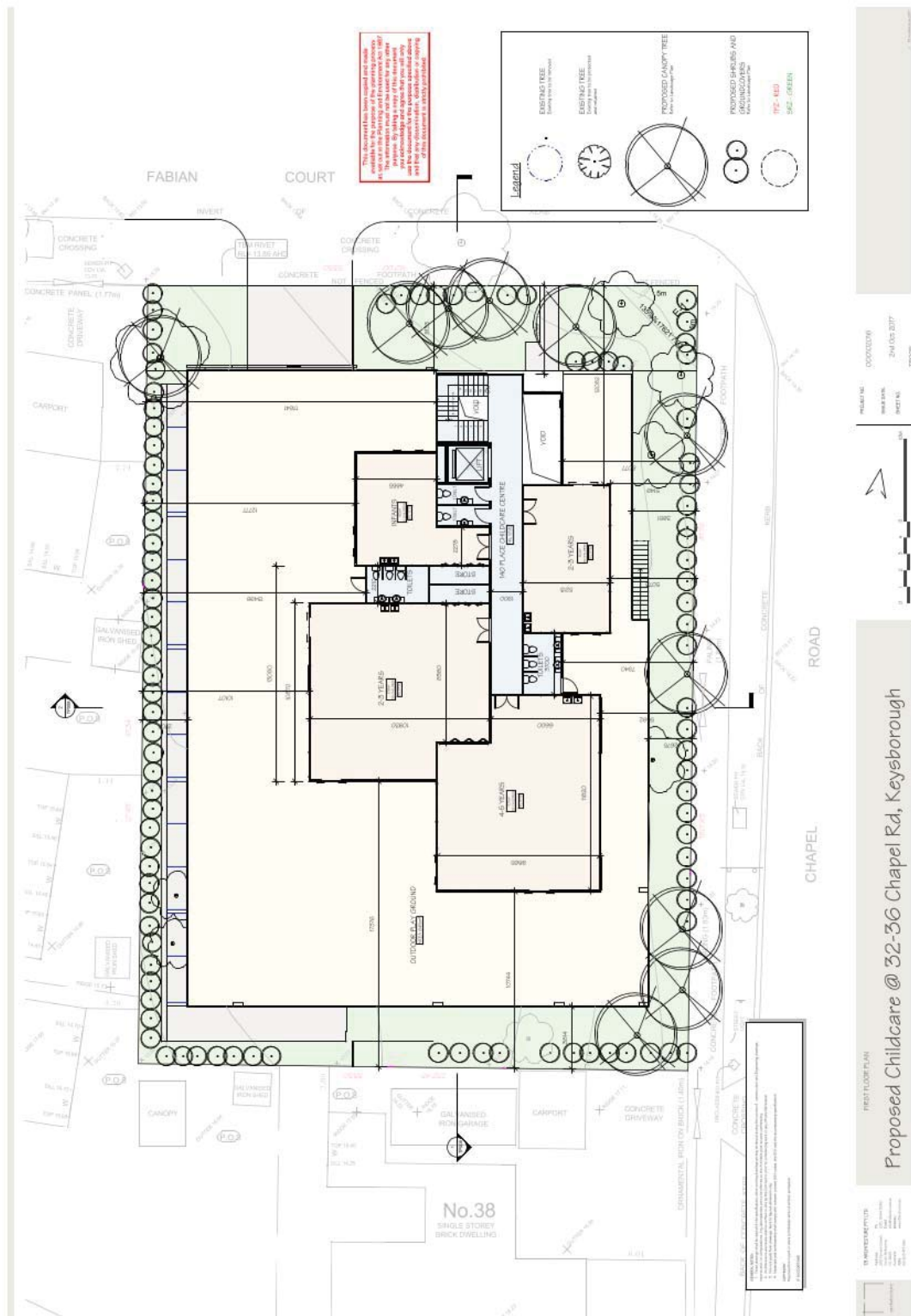
ATTACHMENT 1

SUBMITTED PLANS

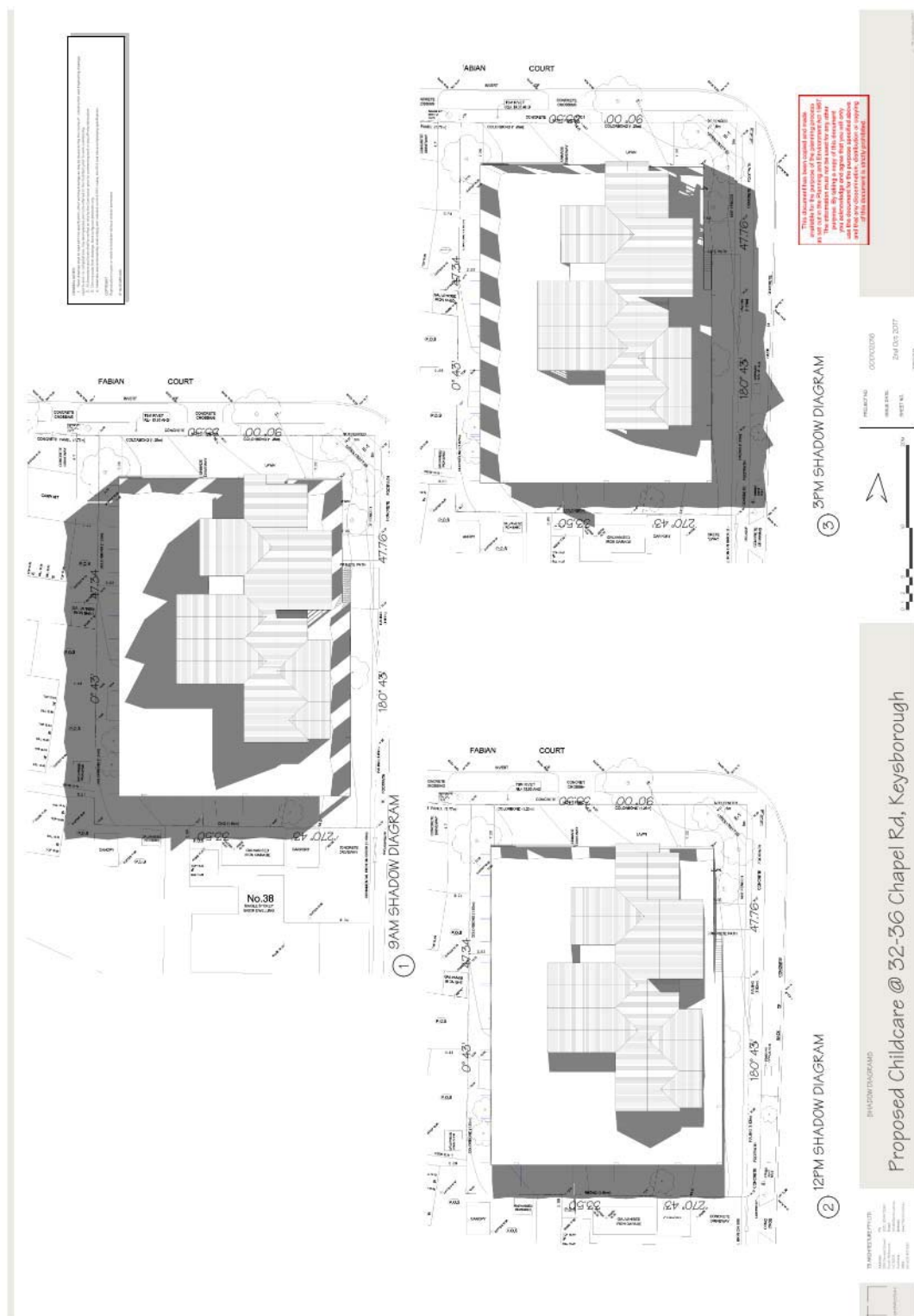
PAGES 7 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)



2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)



2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

STATUTORY PLANNING APPLICATIONS

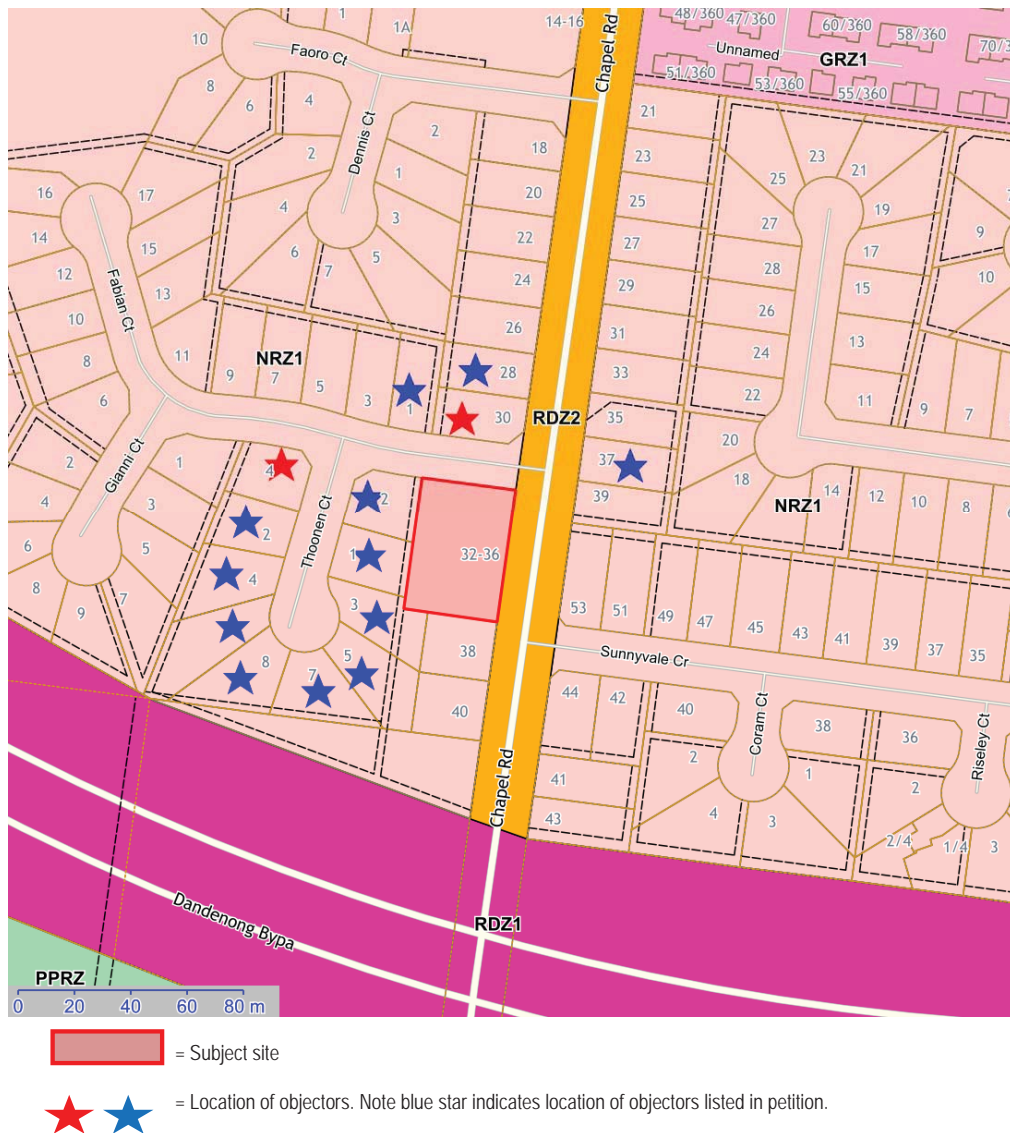
**TOWN PLANNING APPLICATION - NO. 32-36 CHAPEL ROAD,
KEYSBOROUGH (PLANNING APPLICATION NO. PLN18/0015)**

ATTACHMENT 2

LOCATION OF OBJECTORS

PAGES 2 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.4.1 Town Planning Application - No. 32-36 Chapel Road, Keysborough (Planning Application No. PLN18/0015) (Cont.)

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030)

File Id:	221200
Responsible Officer:	Director City Planning, Design and Amenity
Attachments:	Assessed Plans Location of objectors

Application Summary

Applicant:	Ollywood c/o KLM Spatial
Proposal:	Use and development of the land for solid fuel depot, a reduction in the car parking requirements and native vegetation removal.
Zone:	Green Wedge Zone
Overlay:	Vegetation Protection Overlay Schedule 1
Ward:	Red Gum

The application proposes use and development of the land for a solid fuel depot, a reduction in the car parking requirements and native vegetation removal. A permit is required pursuant to:

- Clause 35.04-1 (GWZ) A planning permit is required for the use of the land for a solid fuel depot.
- Clause 35.04-5 (GWZ) A planning permit is required for buildings and works.
- Clause 42.02-2 (VPO) A planning permit is required to remove vegetation.
- Clause 52.06 (Car parking) A planning permit is required to reduce the number of car parking spaces required under Clause 52.06-5
- Clause 52.17 (Native vegetation) A planning permit is required to remove native vegetation.

This application is brought before the Council as it received three (3) objections during the advertising process.

Objectors Summary

The application was advertised to the surrounding area through the erection of a notice on-site and the mailing of notices to adjoining and surrounding owners and occupiers. Three (3) objections were received to the application. Issues raised generally relate to matters of:

- Bushfire potential.
- Site access and traffic concerns.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

- Inconsistency with Green Wedge policy.
- Vegetation removal inconsistent with policy.
- Noise issues.
- Dust associated with loading and unloading.
- Presence of vermin.
- Concerns over fungus found in Red Gum species with potential to cause disease spreadable to humans.

Assessment Summary

The application is for the use and development of the land for a solid fuel depot.

Clause 73.03 of the Greater Dandenong Planning Scheme defines ‘solid fuel depot’ as;

land used to sell solid fuel, such as briquettes, coal and fire wood.

The proposed use will involve firewood being delivered to the site, where it will be temporarily stored until it is loaded onto light commercial vehicles to be delivered to customers. The application is also to reinstate the existing hard stand area, remove three trees within the existing hardstand area and allow for a reduction in the car parking requirements.

The proposed use, vegetation removal and car parking reduction have been assessed against the relevant decision guidelines and are considered appropriate for the area and are not considered to result in adverse amenity impacts, subject to permit conditions.

Recommendation Summary

As assessed, the proposal is consistent with and appropriately responds to the provisions of the Greater Dandenong Planning Scheme. The proposal appropriately responds to the State and Local policy as well as the purposes of the zones, overlays which apply to the subject site. This report recommends that the application be supported, and that a **Notice of Decision** (which provides appeal rights to objectors) be issued subject to conditions as set out in the recommendation.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

Subject Site and Surrounds

Subject Site

- The site is located on the south eastern side of the intersection of Soden Road and Pillars Road. The site is irregular in shape, with a total area of 5.026 hectares. The site is generally flat.
- The western portion of the subject site is generally flat and currently developed with a single storey building and associated storage sheds and surrounding hardstand. The eastern portion of the site is grassed paddocks.
- The site is mostly clear of vegetation, with the exception of three River Red Gum trees located within the western portion of the site and a number of trees and shrubs located along the property boundaries.
- Access is provided via two crossovers, one off Pillars Road and one off Soden Road.

Surrounding Area

- The surrounding area consists of a mix of lot sizes from large rural allotments, to smaller rural residential allotments.
- Land uses in the area include dwellings, agriculture, horse riding school (88 Pillars Road), solid fuel depot (43 Soden Road), Slovenian Club (11 Soden Road), Place of Worship (21 Soden Road).
- Buildings in the surrounding area are generally single storey and well setback from the property boundaries.

**2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030)
(Cont.)**

Locality Plan



2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

=Total subject site



= Area proposed to be used as a Solid Fuel Depot

Background

Previous Applications

A search of Council records revealed that Council has previously considered the following planning applications for the site:

- Planning Permit PLN12/0626 was issued on 15 January 2013 for the use of the land as a solid fuel depot. This permit expired because the use has discontinued for more than two (2) years.
- Planning Permit PLN17/0565 for use of the land for a solid fuel depot, buildings and works and reduction in car parking was submitted in August 2017, however, the application lapsed and therefore no decision was issued.

Subject Application

The subject application has been submitted as a result of enforcement action.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

Proposal

The application proposes the use and development of the land for solid fuel depot, a reduction in the car parking requirements and native vegetation removal.

Clause 73.03 of the Greater Dandenong Planning Scheme defines ‘solid fuel depot’ as;

land used to sell solid fuel, such as briquettes, coal and fire wood.

The use is proposed to operate in the following manner:

- Firewood will be delivered to the site a maximum of two times per week by B-double semi-trailers and temporarily stored in the designated solid fuel storage area located to the rear of the existing buildings. A maximum of 1000 tonnes will be stored on the site at any one time, with stock piles not exceeding 2 metres in height. No other materials or goods will be sold from the site.
- The fire wood will be loaded onto light commercial vehicles (largest is a 2 tonne tipper truck) for off-site delivery to customers. Orders are taken by phone or internet and delivered to customers, therefore no customers will attend the site.
- Maximum of 4 deliveries, generating 8 vehicle movements are anticipated to occur each day.
- The existing buildings will be used for administrative tasks and storage associated with the use of the land for solid fuel depot.
- Maximum of 5 staff will be present on site at any one time.
- Hours of operation are proposed to be Monday to Saturday 7am to 5pm. Deliveries will occur during business hours.

The existing buildings on the site will be used for administration and storage associated with the use and the existing hardstand area will be restored.

It is proposed to remove three native trees within the hardstand area. All three trees are Eucalyptus Camaldulensis (Red Gum).

Clause 52.06 of the Greater Dandenong Planning Scheme requires 10% of the site to be set aside for car parking. As the total site area is 5.026 hectares, the provision of 10% equates to 5026 square metres. The applicant is proposing 235.04 square metres to be set aside for car parking.

A copy of the submitted plans is included as Attachment 1.

Victorian Charter of Human Rights and Responsibilities

The Victorian Charter of Human Rights and Responsibilities has been considered in the preparation of this report but is not relevant to its contents.

Financial Implications

No financial resources are impacted by this report.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)**Planning Scheme and Policy Frameworks**

Pursuant to the Greater Dandenong Planning Scheme, a planning permit is required:

- Pursuant to Clause 35.04-1 (GWZ) a planning permit is required for the use of the land for a solid fuel depot.
- Pursuant to Clause 35.04-5 (GWZ) a planning permit is required for buildings and works associated with a section 2 use (solid fuel depot)
- Pursuant to Clause 42.02-2 (VPO) a planning permit is required to remove vegetation
- Pursuant to Clause 52.06 (Car parking) a planning permit is required to reduce the number of car parking spaces required under clause 52.06-5.
- Pursuant to Clause 52.17 (native vegetation) a planning permit is required to remove native vegetation.

The relevant controls and policies are as follows:

Zoning Controls

The subject site is located in a Green Wedge Zone, as is the surrounding area.

The purpose of the Green Wedge Zone outlined at Clause 35.04 is:

- *To implement the Municipal Planning Strategy and the Planning Policy Framework.*
- *To provide for the use of land for agriculture.*
- *To recognise, protect and conserve green wedge land for its agricultural, environmental, historic, landscape, recreational and tourism opportunities, and mineral and stone resources.*
- *To encourage use and development that is consistent with sustainable land management practices.*
- *To encourage sustainable farming activities and provide opportunity for a variety of productive agricultural uses.*
- *To protect, conserve and enhance the cultural heritage significance and the character of open rural and scenic non-urban landscapes.*
- *To protect and enhance the biodiversity of the area.*

Pursuant to Clause 35.04-1 and 35.04-5, a planning permit is required for the use and development of the land for a solid fuel depot.

Overlay Controls

The subject site is covered by a Vegetation Protection Overlay, as is the surrounding area.

The purpose of the Vegetation Protection Overlay outlined at Clause 42.02 is:

- *To implement the Municipal Planning Strategy and the Planning Policy Framework.*
- *To protect areas of significant vegetation.*

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

- *To ensure that development minimises loss of vegetation.*
- *To preserve existing trees and other vegetation.*
- *To recognise vegetation protection areas as locations of special significance, natural beauty, interest and importance.*
- *To maintain and enhance habitat and habitat corridors for indigenous fauna.*
- *To encourage the regeneration of native vegetation.*

Pursuant to Clause 42.02-2 a planning permit is required to remove, destroy or lop any vegetation specified in the schedule. However, this does not apply if the table to Clause 42.02-3 specifically states that a permit is not required.

Clause 3.0 of Schedule 1 to the Vegetation Protection Overlay states that a planning permit is required to remove, destroy or lop native vegetation.

Planning Policy Framework

The **Operation of the Planning Policy Framework** outlined at Clause 10 seeks to ensure that the objectives of planning in Victoria are fostered through appropriate land use and development planning policies and practices which integrate relevant environmental, social and economic factors in the interests of net community benefit and sustainable development. The objectives of Planning in Victoria are noted as:

- (a) To provide for the fair, orderly, economic and sustainable use, and development of land.*
- (b) To provide for the protection of natural and man-made resources and the maintenance of ecological processes and genetic diversity.*
- (c) To secure a pleasant, efficient and safe working, living and recreational environment for all Victorians and visitors to Victoria.*
- (d) To conserve and enhance those buildings, areas or other places which are of scientific, aesthetic, architectural or historical interest, or otherwise of special cultural value.*
- (e) To protect public utilities and other facilities for the benefit of the community.*
- (f) To facilitate development in accordance with the objectives set out in paragraphs (a), (b), (c), (d) and (e).*
- (g) To balance the present and future interests of all Victorians.*

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

In order to achieve those objectives, there are a number of more specific objectives contained within the Planning Policy Framework that need to be considered under this application.

Clause 11.01-1R2 Green Wedges – Metropolitan Melbourne

Clause 12.01-1S Protection of biodiversity

Clause 12.01-2S Native Vegetation Management

Clause 13.02-1S Bushfire planning

Clause 13.05-1S Noise abatement

Clause 13.06-1S Air quality management

Clause 13.07-1S Land use compatibility

Clause 14.01-1S Protection of agricultural land

Local Planning Policy Framework

The Local Planning Policy Framework (LPPF) includes the Municipal Strategic Statement (MSS) and Local Policies.

The MSS is contained within Clause 21 of the Scheme. The MSS at **Clause 21.02** focuses on the **Municipal Profile**.

A **Vision for Greater Dandenong** is outlined at **Clause 21.03**. Of particular relevance, is the following:

A city whose green wedge provides a green, spacious relief from the surrounding urban development and supports a range of activities including agriculture, water treatment, recreation, education, and rural living that are carefully located and designed to respect the important environmental, cultural heritage, water management, landscape, and amenity values and functions of the region.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

The objectives and strategies of the MSS are under four (4) main themes including: land use; built form; open space and natural environment; and, infrastructure and transportation (considered individually under Clauses 21.04 to 21.07). Of particular relevance to this application are Clauses 21.04-4 Green Wedge,

Land use:

Objectives of Clause 21.04-4 Green Wedge;

1. To support the expansion and diversification of agricultural activity.
2. To ensure new uses and development do not adversely impact on existing land uses or compromise the establishment of preferred land uses in the Green Wedge.

Built form:

Objectives of Clause 21.05-4 Green Wedge;

1. To ensure the open, landscape-dominated vistas throughout the Greater Dandenong Green Wedge are maintained and protected.
2. To identify, protect and promote existing heritage values.

Open space and natural environment:

Objectives of Clause 21.06-3 Green Wedge;

1. To protect and enhance the ecological values of the Green Wedge and improve connectivity.
2. To manage risks associated with potential soil and water contamination.
3. To improve flood and inundation management.
3. To enhance the role and function of the Greater Dandenong Green Wedge as a water management asset.

Relevant local planning policies include the following:

- 22.02 Green Wedge Policy

Particular Provisions**Clause 52.17 Native vegetation**

The purpose of Clause 52.17 Native Vegetation is:

- *To ensure that there is no net loss to biodiversity as a result of the removal, destruction or lopping of native vegetation. This is achieved by applying the following three step approach in accordance with the Guidelines for the removal, destruction or lopping of native vegetation (Department of Environment, Land, Water and Planning, 2017) (the Guidelines):*
 1. *Avoid the removal, destruction or lopping of native vegetation.*

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

2. Minimise impacts from the removal, destruction or lopping of native vegetation that cannot be avoided.

3. Provide an offset to compensate for the biodiversity impact if a permit is granted to remove, destroy or lop native vegetation.

- *To manage the removal, destruction or lopping of native vegetation to minimise land and water degradation.*

Pursuant to Clause 52.17 (native vegetation) a planning permit is required to remove native vegetation, however, this does not apply if the table to Clause 52.17-7 specifically states that a permit is not required.

The table to Clause 52.17 states that a planning permit is not required to remove native vegetation that is to be removed, destroyed or lopped that has naturally established or regenerated on land lawfully cleared of naturally established native vegetation and is less than 10 years old.

Decision guidelines are set out at clause 52.17-4 and within the *Guidelines for the removal, destruction or lopping of native vegetation (Department of Environment, Land, Water and Planning, 2017)*

Clause 52.06 Car parking

The purpose of Clause 52.06 Car Parking is:

- *To ensure that car parking is provided in accordance with the Municipal Planning Strategy and the Planning Policy Framework.*
- *To ensure the provision of an appropriate number of car parking spaces having regard to the demand likely to be generated, the activities on the land and the nature of the locality.*
- *To support sustainable transport alternatives to the motor car.*
- *To promote the efficient use of car parking spaces through the consolidation of car parking facilities.*
- *To ensure that car parking does not adversely affect the amenity of the locality.*
- *To ensure that the design and location of car parking is of a high standard, creates a safe environment for users and enables easy and efficient use.*

Pursuant to Clause 52.06-3 (car parking) a planning permit is required to reduce the number of car parking spaces required under Clause 52.06-5.

Decision guidelines are set out at Clause 52.06-7.

General Provisions

Clause 65 – Decision Guidelines needs to be considered, as is the case with all applications. For this application the requirements of Clause 65.01 for the approval of an application or plan is of relevance. This Clause outlines the requirements that the responsible authority must consider when determining the application.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

Restrictive Covenants

There are no covenants or agreements registered on title.

Council Plan 2017-2021 – Strategic Objectives, Strategies and Plans

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. In accordance with the commitment in Council's Annual Plan, all applications are considered on their merits.

Diversity (Access & Equity)

It is not considered that the proposal raises any diversity issues affecting the planning assessment of this application.

Community Safety

It is considered that there would be no adverse community safety implications in permitting the proposal subject to strict conditions on any planning permit issued.

Safe Design Guidelines

Consideration of the relevant requirements of these Guidelines has been undertaken within the Assessment of this application.

Referrals

The application was not required to be referred to any external referral authorities pursuant to Section 55 of the Planning and Environment Act 1987.

Internal

The application was internally referred to Council's Transport, Compliance, Asset, Strategic Planning and Environmental Health Departments for their consideration. Council's Environmental Health Department had no objection. Council's Transport Planning, Compliance and Asset Departments had no objection, subject to conditions. Council's Strategic Planning team raised concerns with the removal of vegetation in relation to the Green Wedge Management Plan and Vegetation Protection Overlay, however, consideration of the Decision Guidelines within the Greater Dandenong Planning Scheme has been given and will be further discussed in the assessment section below.

The comments provided will be considered in the assessment of the application.

External

The application was not required to be externally referred to any Authorities, however, the application was referred to the Environmental Protection Authority (EPA) as well as the Department of Health and Human Services (DHHS) for comment.

The EPA did not object to the application.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

DHHS did not object to the application.

Advertising

The application has been advertised pursuant to Section 52 of the Planning and Environment Act 1987, by:

- Sending notices to the owners and occupiers of adjoining land.
- Placing a sign on site facing Soden Road.

The notification has been carried out correctly.

Council has received three (3) objections to date.

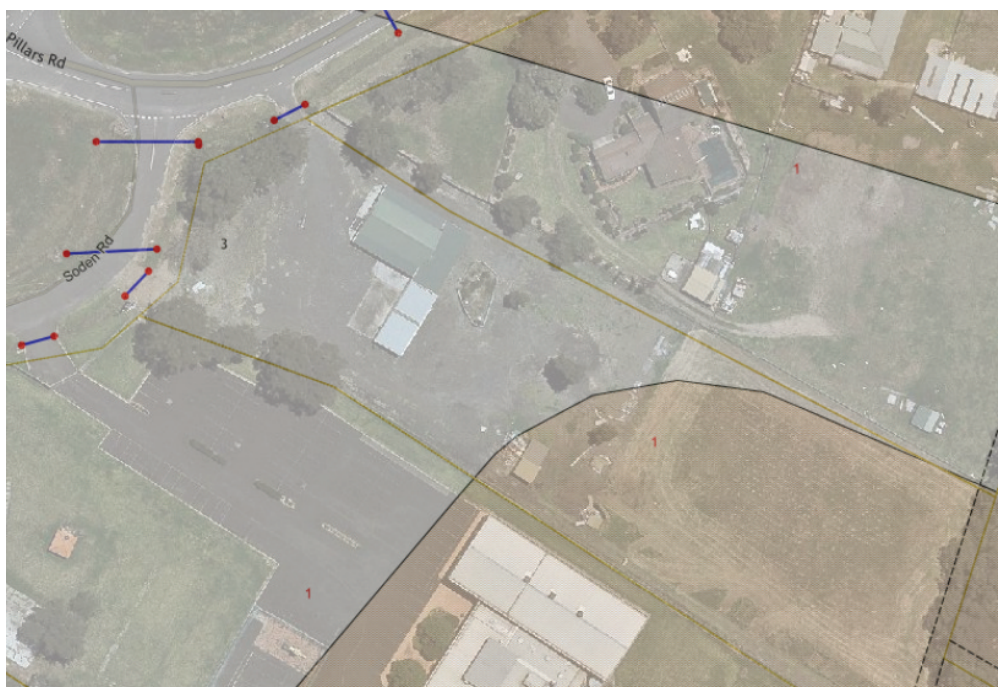
The location of the objectors / submitters is shown in Attachment 2.

Summary of Grounds of Submissions/Objections

The objections are summarised below (**bold**), followed by the Town Planner's Response (in *italics*).

- **Bushfire potential**

Concern has been raised in relation to a Designated Bushfire Prone Area being located in close proximity to the proposed site and the potential for fire given the flammable nature and quantity of the firewood proposed to be stored. The area proposed to be used for the solid fuel depot is slightly within a designated Bushfire Prone Area. Clause 13.02 applies to all planning and decision making under the Planning and Environment Act 1987 relating to land that is within a designated bushfire prone area or proposed to be used or developed in a way that may create a bushfire hazard.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

= Bushfire Prone Area

The proposed use is not a use which is listed in Clause 13.05 and is not a use which would result in large numbers of people congregating. The area proposed to be used for solid fuel storage is located on hard stand and is not surrounded by dense vegetation. Permit conditions can require that the applicant implement a management plan for minimising bushfire risk, including supply of firefighting equipment.

- **Site access and traffic concerns**

Concern has been raised in relation to whether or not Soden and Pillars Road are capable of handling B-Double trucks. Council's Transport Department have advised that B-double trucks are currently not able to access the site as there is a load limit on Pillars Road (4.5 tonnes) and the road manager (Council) does not permit any B-doubles travelling along Pillars Road. Council's Transport Department also advised that while B-doubles cannot currently access the site, this doesn't mean they couldn't in future. If the operator wished to pursue the use of B-doubles accessing the site, the operator would need to gain road manager approval for access by obtaining a B-double permit from the National Heavy Vehicle Regulator (NHVR). A note could be applied to the planning permit to advise the permit holder that trucks accessing the site must have appropriate permissions to travel on Soden and Pillars Road.

- **Inconsistency with Green Wedge policy**

The proposal has been assessed against the purposes and objectives of the Planning Policy Framework, including the Green Wedge Local Policy and the Green Wedge Management Plan and is considered to be acceptable. This will be further discussed below. The use will occupy an existing hardstand area, therefore, the proposal will have no impact on the sites current agricultural potential.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

The proposed use is limited to a small section in the western portion of the site. Approximately 10% of the site is proposed to be use for the solid fuel depot. The remaining 90% of the site is still able to be used for agricultural purposes.

- **Vegetation removal inconsistent with policy**

The removal of vegetation has been assessed against the purposes of the Vegetation Protection Overlay and Clause 52.17 (native vegetation) and is considered to be acceptable, subject to conditions requiring offsets and replanting. This will be further discussed in the assessment section below.

- **Noise issues**

Permit conditions can limit hours of operation to daylight hours. Permit conditions can also ensure that no chipping, cutting or sawing of wood to occur on site.

- **Dust associated with loading and unloading.**

Permit conditions can ensure that the operator takes all reasonable steps to ensure that nuisance dust is not discharged beyond the boundaries of the site.

- **Presence of vermin**

Permit conditions can ensure that the amenity of the area is not detrimentally affected by the use of land, including through the presence of vermin.

- **Concerns with a fungus, found in Red Gum wood, associated with a disease spreadable to humans**

The application is for the use of the land for a solid fuel depot. The species and origin of firewood sold in the solid fuel depot is not a consideration under the Planning and Environment Act 1987.

However, to address the issue raised, the application has been referred to Council's Environmental Health Department, who sought input from the Department of Health and Human Services Victoria (DHHS). DHHS did not object to the proposal. Council's Environmental Health Department have no objections to the proposal.

The application has also been referred to the Environmental Protection Authority (EPA). The EPA did not object to the proposal, subject to conditions.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)**Assessment****Use**

The Planning Policy Framework for Green Wedge aims to protect agricultural land in Metropolitan Melbourne's green wedges and peri-urban areas to avoid the permanent loss of agricultural land in those locations. The proposed use will occupy an existing hardstand area. Therefore, the proposal will have no impact on the site's current agricultural potential. The proposed use is limited to a small section in the western portion of the site, which is already occupied by buildings and hardstand. Approximately 10% of the site is proposed to be used for the solid fuel depot. The remaining 90% of the site is still able to be used for agricultural purposes.

The subject site is located adjacent to the Slovenian Club on the south and dwellings on the north. It is considered that the use can be suitably managed to limit amenity impact to the sensitive land uses to the north (the neighbouring dwellings) via permit conditions.

The site at 43 Soden Road (approximately 260 metres to the south of the subject site) currently operates under planning permit PLN13/0503 as a solid fuel depot, with permit conditions restricting hours of operation to 8am start on Monday to Saturday. It is considered that the proposed use at 3 Soden Road should be subject to the same start time and daylight hours only, via permit conditions. In addition, permit conditions can ensure that no chipping, sawing or cutting of wood occurs on site to limit noise. Permit conditions can also ensure that noise levels emanating from the subject land comply with the State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade), No. N-1.

Permit conditions can ensure that nuisance dust is not discharged beyond the property boundaries and that the amenity of the area is not negatively impacted by the presence of vermin.

The Green Wedge Management Plan identifies the subject site as being within the Bangholme Lowlands Precinct. This Green Wedge Management Plan contemplates the area as being suitable for a range of uses. It states *'this precinct could support a range of agricultural and non-residential activities which require buffers for odour, pesticides or noise issues.'* Therefore, it is considered that the proposed use is not contrary to the Green Wedge Management Plan.

Development

Development is limited to restoration of the existing hardstand area. The existing buildings will be utilised for administration and storage associated with the use of the land for solid fuel depot. No other buildings or works are proposed. Therefore, it is considered that the proposal will not impact on landscape features, major roads, views or vistas. It is considered that the restoration of the existing hardstand will have minimal visual impact on the landscape. A landscape plan can be required as a permit condition to ensure that visual impact of the hardstand area is softened by trees and shrubs.

Signage

No signage is proposed.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)**Car Parking**

Clause 52.06-2 of the Greater Dandenong Planning Scheme requires 10% of the site to be set aside for car parking. As the total site area is 5.026 hectares, the provision of 10% equates to 5026 square metres. The applicant is proposing 235.04 square metres to be set aside for car parking.

As the applicant is only proposing to utilise a small portion of the overall site for the solid fuel depot, it is considered that a reduction in car parking is acceptable. The proposed 235 square metres would allow 8 car parking spaces to be provided. This is considered reasonable given the maximum staff numbers proposed is 5 and that no customers will attend the site. Permit conditions can ensure a maximum of 8 staff and that customers are not permitted to collect from the site.

In addition, reducing the car parking area to be proportionate with the area proposed to be used for solid fuel depot is considered to be acceptable to meet the requirements of the Green Wedge Policy and Green Wedge Zone as it will maximise the area which is still available to be being used for agricultural use.

Loading and Unloading

The applicant has proposed that deliveries to the site will be a maximum of two times per week by B-double semi-trailers and temporarily stored in the designated solid fuel storage area located to the rear of the existing buildings. Firewood is then loaded onto light commercial vehicles for delivery to customers off site. A loading/unloading area is shown on the plan. Circulation of vehicles around the site is efficient, with a circular accessway provided.

Council's Transport Department Council's Transport Department have advised that B-double trucks are currently not able to access the site as there is a load limit on Pillars Road (4.5tonnes) and the road manager (Council) does not permit any b-doubles travelling along Pillars Road. Council's Transport Department also advised that while b-doubles cannot currently access the site, this doesn't mean they couldn't in future. If the operator wished to pursue the use of B-doubles accessing the site, the operator would need to gain road manager approval for access by obtaining a B-double permit from the National Heavy Vehicle Regulator (NHVR). A notation could be added to the planning permit to ensure that trucks accessing the site have appropriate permissions to travel on Soden and Pillars Road.

Vegetation & Tree Impact (Site & Surrounds)

The application proposes the removal of three native trees within the hardstand area.

Tree no.	Species	Requires a permit for removal under Clause 52.17?	Requires a permit for removal under the VPO?
Tree 1	Eucalyptus Camaldulensis (River Red Gum)	No. Tree is regrowth less than 10 years old. Meets exemption in Clause 52.17	Yes. The tree is more than 5 years old and therefore does not meet the exemption

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

			listed in Clause 3.0 to Schedule 1 of the Vegetation Protection Overlay
Tree 2	Eucalyptus Camaldulensis (River Red Gum)	Yes.	Yes.
Tree 3	Eucalyptus Camaldulensis (River Red Gum)	No. Tree is regrowth less than 10 years old. Meets exemption in Clause 52.17	Yes. The tree is more than 5 years old and therefore does not meet the exemption listed in Clause 3.0 to Schedule 1 of the Vegetation Protection Overlay

Trees 1 and 3 are regrowth less than 10 years old and therefore, do not require a permit for removal under Clause 52.17 of the Greater Dandenong Planning Scheme. However, these trees still require a planning permit for removal under the Vegetation Protection Overlay.

The following is consideration of the decision guidelines set out in Clause 52.17 and the Vegetation Protection Overlay for the removal of the three trees;

- The proposed use is sighted to make use of the existing building and hardstand areas on the site. This location minimises use of the overall property in order to maintain its potential for agricultural use and to support local policies and the objectives of the Green Wedge Zone. It is considered that the applicant has selected the most appropriate location on the site for the proposed use and that avoiding the removal of the trees would require more of the site to be constructed with hardstand and thereby further reducing the natural qualities of the site.
- The trees are not located near any waterways or land with significant slope, soil erosion or near any alpine or coastal areas. Therefore, it is not considered that the removal will contribute to land degradation, soil erosion, salination, instability or water logging. The trees are not an Aboriginal scar trees.
- A key strategy identified in Clause 12.01 is to ensure that there is to be no net loss in the contribution made by native vegetation to Victoria's Biodiversity. As the application is within the Intermediate Assessment pathway, this can be achieved through offset conditions on the planning permit for the removal of tree 2, and replanting on site for the removal of trees 1 and 3.
- The trees are scattered trees and are not located in a wildlife corridor or along fence lines or property boundaries. The trees are located in the middle of the existing hardstand area and do not have any nearby understory vegetation. Therefore, it is considered that their removal will not fragment any wildlife corridors.
- The Green Wedge Management Plan lists a number of notable patches of remnant native vegetation. The subject site is not within any of the listed sites. In addition, trees proposed to be removed are not located along a waterway or within a wetland area. The Green Wedge Management Plan vision for natural environment set out at section 4.5 (page 52) states that

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

priority should be given to protecting and managing highest value areas and retaining larger areas in preference to numerous smaller ones. Therefore, as the three trees proposed to be removed isolated, without understory and not in a wetland or near any waterways, it is considered that their removal, subject to conditions requiring replanting on the subject site, supports the vision of the Green Wedge Management Plan.

Aboriginal Cultural Heritage Sensitivity

The site is within an area of Aboriginal Heritage Sensitivity. An approved Preliminary Aboriginal Heritage Test (PAHT) has been submitted stating that a Cultural Heritage Management Plan is not required.

Conclusion

The application has been assessed against the relevant sections of the Greater Dandenong Planning Scheme, including the State and Local Planning Policy Framework, Municipal Strategic Statement, zones, overlays and Clause 65.

Overall it is considered that the proposed use, development, vegetation removal and car parking reduction is appropriate, subject to permit conditions.

Recommendation

That Council resolves to issue a Notice of Decision to grant a permit in respect of the land known and described as Lot 1 TP115757, 3 Soden Road, Bangholme, for the purpose of use and development of the land for solid fuel depot, a reduction in the car parking requirements and native vegetation removal in accordance with the plans submitted with the application subject to the following conditions:

- 1. Before the approved use and development starts, and before any trees or vegetation are removed, a landscape plan to the satisfaction of the Responsible Authority must be submitted to and approved by the Responsible Authority. The landscape plan must be prepared by a person or firm with suitable qualifications to the satisfaction of the Responsible Authority, drawn to scale with dimensions and 3 copies must be provided. The amended landscape plan must be generally in accordance with the site plan submitted with the application but modified to show:**
 - 1.1. the subject site, including site boundaries, existing buildings, neighbouring buildings, car parking, access and exit points, loading/unloading areas indicative topography and spot levels at the site corners, existing and proposed vegetation;**
 - 1.2. details of the proposed layout, type and height of fencing;**
 - 1.3. legend of all plant types, surfaces, materials and landscape items to be used including the total areas of garden and lawn;**

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

- 1.4. a plant schedule giving a description of botanical name, common name, mature height and spread, pot size, purchase height (if a tree) and individual plant quantities;**
- 1.5. at least one (1) advanced canopy tree with a minimum planting height of 1.5 metres;**
- 1.6. Planting along the northern side boundary capable of growing to a height and density to provide an effective visual screen.**

When approved, the amended landscape plan will be endorsed and will form part of this permit.

The provisions, recommendations and requirements of the landscape plan must be implemented and complied with to the satisfaction of the Responsible Authority.

Landscaping in accordance with the endorsed landscaping plan and schedule must be completed within 2 months of the commencement of the use.

At all times, the landscaping must be maintained in good order in accordance with the endorsed landscape plan and schedule to the satisfaction of the Responsible Authority.

- 2. Except with the prior written consent of the Responsible Authority, the layout of the use and development must always accord with the endorsed plan and must not be altered or modified.**
- 3. The operator must take all reasonable steps to minimise fire risk, including the management of surrounding grass, clearing loose bark, twigs and leaves, and storing flammable liquids away from firewood stock piles.**
- 4. Except with the prior written consent of the Responsible Authority, the use may only operate between the following hours:**
 - 4.1. Monday to Saturday 8am to 5pm.**
- 5. No more than 8 staff may be present on the site at any one time without the prior written consent of the Responsible Authority.**
- 6. Customer pick up from the subject site must not be permitted without the prior written consent of the Responsible Authority.**
- 7. No chipping, sawing or cutting of wood is to occur on site.**
- 8. The operator must take all reasonable steps to ensure that nuisance dust is not discharged beyond the boundaries of the site.**

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

- 9. Stockpiles must not exceed 2 metres without the prior written consent of the Responsible Authority.**
- 10. The site shall be kept in a neat and tidy condition at all times, all to the satisfaction of the Responsible Authority.**
- 11. Noise emitted from the premises must not exceed the permissible noise levels determined in accordance with the State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade) No. N-1.**
- 12. The amenity of the area must not be detrimentally affected by the use of land, including through the:**
 - 12.1. transportation of materials, goods or commodities to or from the land;**
 - 12.2. appearance of any building, works or materials;**
 - 12.3. emission of noise, artificial light, vibration, smell, fumes, smoke, vapour, steam, soot, ash, dust, waste water, waste products, girt or oil;**
 - 12.4. presence of vermin;**
 - 12.5. adverse behaviour of patrons to or from the land; or**
 - 12.6. in any other way.**
- 13. The loading and unloading of goods from vehicles must only be carried out on the land within the designated loading bay(s) and must not disrupt the circulation and parking of vehicles on the land.**
- 14. Car spaces, access lanes, loading bays and driveways must be maintained (including line marking) and kept available for these purposes at all times. No measures must be taken to restrict access to the car park.**
- 15. The site operator must endeavour to prevent site bound commercial vehicles queuing on arrival along the public access road. Accordingly, access driveways/roadways/aisles providing access to loading areas on-site must not be gated during operating hours or feature control points (i.e. boom gates, guardhouse or similar) without suitable queuing space on site, all to the satisfaction of the Responsible Authority.**
- 16. Before works start, the permit holder must advise all persons undertaking the vegetation removal or works on site of all relevant permit conditions and associated statutory requirements or approvals.**

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

- 17. To offset the removal of 0.070 hectares of native vegetation the permit holder must secure a native vegetation offset, in accordance with the Guidelines for the removal, destruction or lopping of native vegetation (DELWP 2017) as specified below:**
 - 17.1. A general offset of 0.014 general habitat units located within the Port Philip and Westernport Catchment Management Authority (CMA) boundary or Greater Dandenong City Council municipal district with a minimum strategic biodiversity score of at least 0.208.**

The offset(s) secured must provide protection of at least 1 large tree.
- 18. Before any native vegetation is removed, evidence that the required offset for the project has been secured must be provided to the satisfaction of the Responsible Authority. This evidence is one or both of the following:**
 - 18.1. an established first party offset site including a security agreement signed by both parties, and a management plan detailing the 10 year management actions and ongoing management of the site; and/or**
 - 18.2. credit extract(s) allocated to the permit from the Native Vegetation Credit Register.**
- 19. A copy of the offset evidence will be endorsed by the responsible authority and form part of this permit. Within 30 days of endorsement of the offset evidence by the responsible authority, a copy of the endorsed offset evidence must be provided to the Department of Environment, Land, Water and Planning.**
- 20. In the event that a security agreement is entered into as per the conditions above, the applicant must provide the annual offset site report to the responsible authority by the anniversary date of the execution of the offset security agreement, for a period of 10 consecutive years. After the tenth year, the landowner must provide a report at the reasonable request of a statutory authority.**

Environmental Protection Authority (EPA) conditions

- 21. All development and use of the premises involving the emission of dust and other air quality indicators must comply with the State Environment Protection Policy (Air Quality Management).**
- 22. Nuisance dust and/or nuisance airborne particles must not be discharged or emitted beyond the boundaries of the premises.**

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)

- 23. Should an incident occur in relation to fugitive dust and/or airborne particle emissions from operations, the activity generating the dust emissions must cease immediately and one or more of the following corrective actions must be implemented by the operator as appropriate prior to the recommencement of the activity:**
- 23.1. Undertake an investigation to determine the cause of the problem and assess processes to identify any significant sources of emissions and if required, modify activities/processes;**
- 23.2. Increase the use of dust control measures such as water spraying;**
- 23.3. Undertake additional monitoring if required.**
- 24. Vehicles leaving the site must have clay and soil removed from their wheels before entering public roads.**
- 25. Effective noise levels from the use of the premises must comply with the requirements of the State Environment Protection Policy (Control of Noise from Commerce, Industry and Trade) No. N-1.**

End of EPA conditions

- 26. This permit will expire if one of the following circumstances applies:**
- 26.1. the development or any stage of it does not start within two (2) years of the date of this permit, or**
- 26.2. The development or any stage of it is not completed within four (4) years of the date of this permit.**
- 26.3. the use does not start within one (1) year of the completion of the development, or**
- 26.4. the use is discontinued for a period of two (2) years.**

Before the permit expires or within six (6) months afterwards the owner or occupier of the land may in writing request the Responsible Authority to extend the expiry date.

The owner or occupier of the land may in writing request the Responsible Authority to extend the expiry date to complete the development or a stage of the development if:

- (a) the request for the extension is made within twelve (12) months after the permit expires; and**
- (b) the development or stage started lawfully before the permit expired.**

**2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030)
(Cont.)**

Notes:

Trucks used to deliver wood to and from the site must have appropriate permission to travel on Pillars and Soden Road. At the date of issue of this permit, B-double trucks require a permit from the National Heavy Vehicle Regulator (NHVR) to travel on Pillars Road.

**2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030)
(Cont.)**

STATUTORY PLANNING APPLICATIONS

**TOWN PLANNING APPLICATION - NO. 3 SODEN ROAD, BANGHOLME
(PLANNING APPLICATION NO. PLNPLN18/0030)**

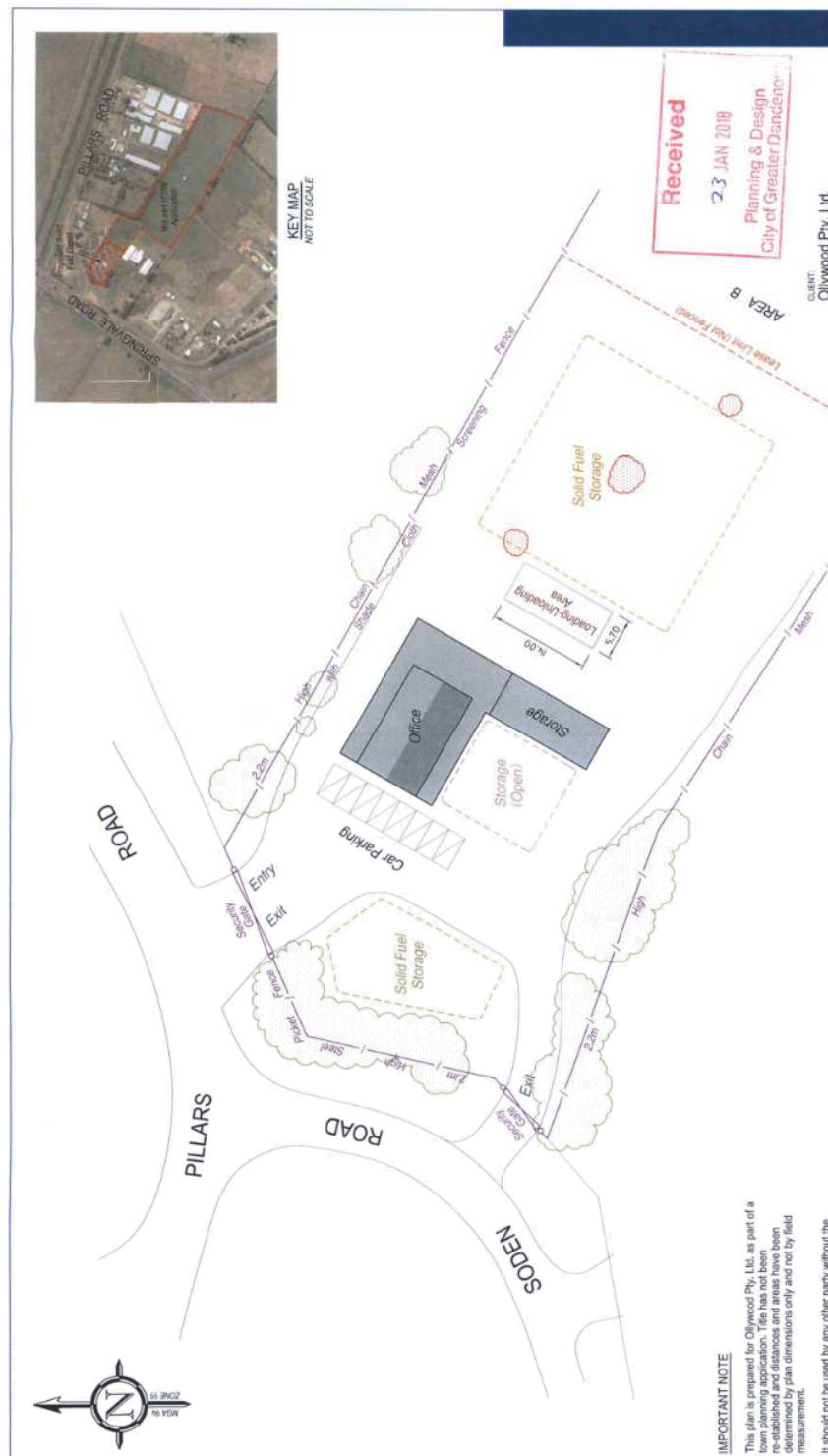
ATTACHMENT 1

ASSESSED PLANS

PAGES 2 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030)
(Cont.)



**2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030)
(Cont.)**

STATUTORY PLANNING APPLICATIONS

**TOWN PLANNING APPLICATION – NO. 3 SODEN ROAD, BANGHOLME
(PLANNING APPLICATION NO. PLN18/0030)**

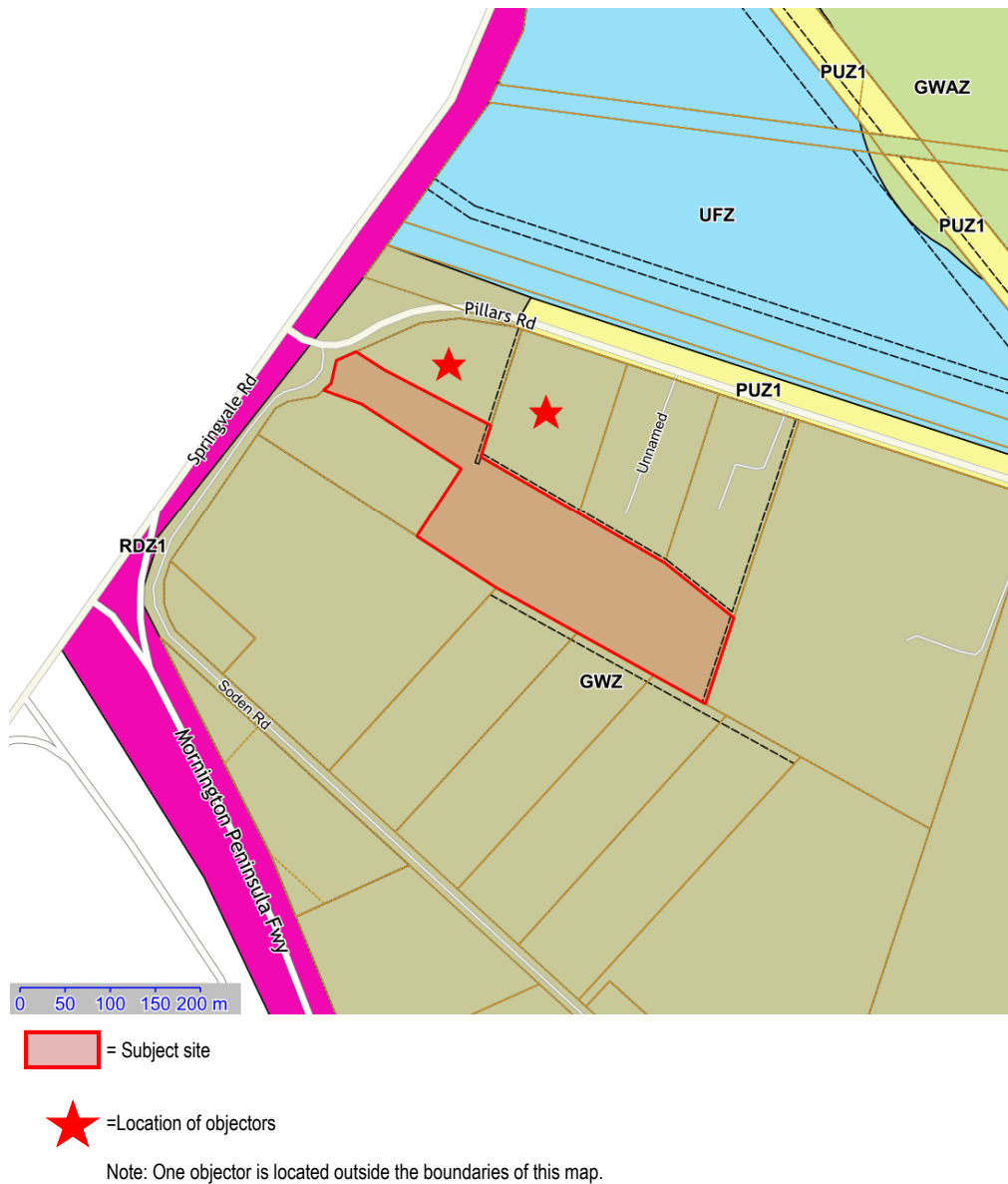
ATTACHMENT 2

LOCATION OF OBJECTORS

PAGES 2 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.4.2 Town Planning Application – No. 3 Soden Road, Bangholme (Planning Application No. PLN18/0030) (Cont.)



2.5 FINANCE AND BUDGET

2.5.1 June 2018 Financial Report (interim results)

File Id:

Responsible Officer:

Director Corporate Services

Attachments:

Financial Report – 1 July 2017 to 30 June 2018
(interim results)

Report Summary

The purpose of this report is to present to Council the June 2018 Financial Report. This report is designed to provide financial performance reporting against the Mid-Year Budget adopted by Council on 11 December 2017.

Status of financial information

The information in this report has been audited by Council audit agent however it has not yet been endorsed by the Victorian Auditor General (VAGO) and may be subject to further change. At the time of preparation, this report is presented as an interim result prior to the final Annual Report which will be available on 30 September in accordance with Section 131 of the *Local Government Act 1989*. The report has been presented in the quarterly financial report format that provides greater detail to Council on the respective variations between the actual outcomes compared to the Original Budget and the Mid-Year Budget amounts.

Recommendation Summary

This report recommends that the financial report for the year ended 30 June 2018 be noted by Council including the proposed capital and operating carry forwards from the 2017-18 financial year listed in (**Appendix 4**) of the financial report will form the basis of an 2018-19 Amended Budget for management reporting purposes.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Background

The attached financial report is designed to inform Councillors of the results of Council operations for the year ended 30 June 2018 including financial performance against the Mid-Year Budget adopted by Council on 11 December 2017.

At the time of preparation, this report is presented as an interim result. The information in this report has not been signed off by VAGO.

The financial report incorporates a set of financial statements and a Directorate analysis of financial performance by Business Unit. The following are contained in the Attachment:

- Income Statement
- Balance Sheet
- Cash Flow Statement
- Capital Expenditure Statement
- Capital Expenditure report
- Investment Report
- Directorate Analysis
- Capital and Operating Carry Over's from 2017-18 to 2018-19

Whilst the financial statements are prepared in accordance with Australian Accounting Standards, they contain several items which are "non-cash" in nature such as depreciation on assets and the written down (book) value of assets sold. They also exclude capital expenditure, new borrowings and loan repayments and as such, these Statements do not provide an accurate indication of the surplus/deficit cash position within a financial year.

The table on the following page provides a management accounting summary of the financial performance for the year ended 30 June 2018 which removes non-cash items and adds back cash items.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Management Accounting Summary as at 30 June 2018

Description	FULL YEAR ACTUAL \$'000	ANNUAL MID YEAR BUDGET \$'000	VARIANCE Fav (unfav) \$'000	FULL YEAR FORECAST \$'000	FORECAST v ACTUAL Fav (unfav) \$'000
Income Statement					
Income	222,438	208,724	13,714	205,365	17,073
Expenditure	175,536	177,883	2,347	175,902	368
Net surplus - ongoing operations	46,902	30,841	16,061	29,463	17,439
Management Accounting reconciliation					
<u>Add back (less) non cash items</u>					
Depreciation	28,190	29,758	(1,568)	29,758	1,568
Impairment loss/(reversal)	(238)	-	(238)	-	238
Narre Warren land fill debtor adjustment	9	-	9	-	(9)
Spring Valley land fill provision adjustment	895	-	895	-	(895)
Fair value adjustments - investment property	(1,025)	-	(1,025)	-	1,025
Contributions non-monetary assets	(19,169)	(15,000)	(4,169)	(15,000)	4,169
Assets written off	2,828	-	2,828	1,800	(1,228)
Prior year capital expenditure unable to be capitalised	3,006	-	3,006	-	(3,006)
Written down value of assets sold/disposed	507	131	376	416	(91)
Sub total	15,003	14,889	114	16,774	1,771
Net operating surplus	61,905	45,730	16,175	46,237	15,668
<u>Add (less) non operating cash items</u>					
Capital expenditure	37,141	61,241	24,100	61,321	24,180
Net transfers to (from) reserves	13,279	1,224	(12,055)	1,355	(11,924)
Loan repayments	3,086	3,086	-	3,086	-
Land acquisition - payment	1,255	1,255	-	1,255	-
Sub total	54,761	66,806	12,045	67,017	12,256
Cash surplus (deficit)	7,144	(21,076)	28,220	(20,780)	27,924
Accumulated surplus brought forward	21,076	21,076	-	21,076	-
Capital project carryovers (net)	(16,859)	-	(16,859)	-	(16,859)
Operating carryovers (net)	(3,673)	-	(3,673)	-	(3,673)
Financial Assistance Grants funding distributed in advance	(5,924)	-	(5,924)	-	(5,924)
Surplus (deficit) position	1,964	-	1,964	296	1,668

Results of the year ended 30 June 2018

The overall management accounting result for the period ended 30 June 2018 shows a positive financial outcome for Council with an accumulated cash surplus result of \$1.96 million after consideration of expenditure budgeted in 2017-18 which was unspent but required to be carried forward to the 2018-19 financial year. A full list of operating and capital carry overs is included in **Appendix 4** of this financial report.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

The favourable cash surplus result is mainly due to the following variations:

- Employee cost savings across the organisation due to position vacancies and a delay in recruitment.
- Favourable interest return on investments due to higher cash and investment balances due to a delay in capital and operating cash outflows.
- Savings in the capital program relating to a number of projects particularly in the building renewal and footpath renewal programs.

Mid-Year Budget cash surplus allocation

In terms of the accumulated outcome as at the end of 2017-18, the accumulated cash surplus result is \$1.96 million after consideration of capital and operating carry overs. The allocation of this surplus will be considered by Council as part of the Mid-Year Budget review in December 2018.

2017-18 Result (net surplus – ongoing operations)

The full year surplus for 2017-18 is \$46.90 million, which is \$16.06 million favourable to the Mid-Year Budget. Detailed comments about some of the significant variances contributing to the financial year outcomes are included below.

Income

Income for the period ended 30 June 2018 is favourable against budget by \$13.71 million. This is primarily due to the following:

Grants – operating (\$6.12 million favourable) – The favourable variance relates to:

- Early receipt of \$5.92 million (50%) of the 2018-19 Financial Assistance Grant via the Victorian Grants Commission in June 2018 (Corporate Services).
- Receipt of unbudgeted grants for Indian Cultural Precinct (Activity Centres Revitalisation \$500,000) and Community Revitalisation (Community Revitalisation Project \$125,000) which will be offset by matching expenditure.

This variance is partly offset by lower than anticipated grant funding, mainly in Family Day Care (FDC) (Community Services \$646,000). Matched by lower payments to educators.

Contributions – non-monetary (\$4.17 million favourable) – Better than anticipated income from gifted assets particularly subdivisions mainly relating to land, roads and drains. The nature of these receipts makes timing difficult to predict. This is a non-cash accounting entry.

Other income (\$2.12 million favourable) – Favourable variance is due to better than anticipated interest (Non Directorate \$1.16 million), recovery income relating to recycling rebates (provided for as a doubtful debt), median strip landscaping and building defects compensation (Engineering Services \$515,000), recovery and rental income for Council properties and facilities (Corporate Services \$245,000) and partial refund of Council's contribution in a previous financial year to the Princes Highway/Robinson Street intersection works (Capital Works Program \$227,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Fair value adjustments for investment property (\$1.03 million favourable) – Represents the adjustment to fair value of investment property assets in accordance with Australian Accounting Standards as these assets are not subject to depreciation. This is a non-cash accounting entry.

Statutory fees and fines (\$772,000 favourable) – Favourable variance due to greater than anticipated parking fine revenue, including fees added for unpaid penalty follow up (Parking Management \$735,000).

Rates and waste charges (\$661,000 favourable) – The favourable variance is mainly due to higher than anticipated supplementary rates (\$370,000), interest on rate arrears (\$247,000) and Keysborough South Development maintenance levy income - which is transferred to reserves (\$34,000).

Contributions - monetary (\$461,000 favourable) – Better than anticipated income from public open space contributions (Planning and Design \$920,000). This favourable variance is partly offset by the delay in recognition of contribution from the Developer Contribution Plan for the Keysborough South Industrial Buffer project (Capital Works Program \$474,000), which will occur when the project completed in 2018-19.

These favourable variances are partly offset by unfavourable variances in:

Grants – capital (\$630,000 unfavourable) – Unfavourable variance due to delay in receipt of grant funding for Yarraman Oaks Primary School New Early Years Learning Facility (\$650,000), Safe City CCTV – Round 2 (\$255,000) and the Dandenong Park Master Plan project (\$30,000).

This unfavourable variance is partly offset by the receipt of grants in advance for Springvale Community Precinct (\$205,000), Robert Booth Reserve Baseball Lighting (\$90,000) and Safe System Road Infrastructure Program (\$36,000).

User fees (\$536,000 unfavourable) – Due to lower than expected income from client based services such as Family Day Care (matched by lower payment to educators) and Home and Community Care (Community Services \$308,000), as well as lower income from parking ticket machines and meters (City Planning, Design and Amenity \$264,000).

Net gain (loss) on disposal of property, infrastructure, plant and equipment (\$451,000 unfavourable) – The carrying amount of assets disposed is higher than anticipated comprising Springvale parking meter assets (\$230,000) and plant, machinery and fleet assets sold (Fleet Management \$140,000). This is a non-cash accounting entry.

Expenditure

The actual expenditure at 30 June 2018 is favourable to the Mid-Year Budget by \$2.35 million. The major variances contributing to this result are lower employee costs and depreciation (non-cash) partly offset by prior year capital expenditure unable to be capitalised (non-cash) and asset write offs (non-cash).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Employee costs (\$7.14 million favourable) – This favourable variance is due to leave patterns, vacant positions and recruitment occurring later than planned across all directorates (Community Services \$3.60 million, Corporate Services \$998,000, Engineering Services \$843,000, Greater Dandenong Business \$439,000 and City Planning, Design and Amenity \$364,000) and year-end adjustments to employee entitlement provisions (Non-Directorate \$902,000).

Depreciation and amortisation (non-cash) (\$1.57 million favourable) – Favourable variance due to the finalisation of fixed asset capitalisations and revaluations for the 2017-18 financial year (Corporate Accounting). This is a non-cash accounting entry. The decrement recognised in the building revaluation and asset write offs were contributing factors to lower than anticipated depreciation in 2017-18.

Materials and services (\$998,000 favourable) – The major items contributing to this variance are:

- Contract services – lower expenditure than anticipated due to delays in works including remediation works at Spring Valley landfill (Engineering Services \$1.27 million) and lower payments to educators in Family Day Care matched by lower program income (Community Services \$843,000).
- Utilities – lower expenditure for street lighting, gas and telephone costs across Council (Corporate Services \$98,000, Community Services \$77,000 and Engineering Services \$22,000).
- Administration costs – mainly events and exhibitions (Community Services \$206,000) postage, promotions, printing, events and publications (Corporate Services \$155,000 and Greater Dandenong Business \$151,000).

These favourable variances are partly offset by current year expenses incurred in the CIP program that were unable to be capitalised to the asset register as they do not satisfy the asset recognition criteria because they were under the capitalisation threshold, not capital in nature or related to non-Council controlled assets (Capital Works Program \$2.94 million).

These favourable variances are partly offset by unfavourable variances in:

Prior year capital expenditure unable to be capitalised (non-cash) (\$3.01 million unfavourable) – This unfavourable variance is due to works in progress (prior year capital expenditure) that is not able to be capitalised to the asset register because it is not capital in nature, does not meet the capitalisation threshold or relates to non-Council controlled assets (Corporate Accounting \$3.01 million).

Asset write offs (non-cash) (\$2.83 million unfavourable) - The unfavourable variance is due mainly to higher than anticipated asset write offs as a result of building demolitions at 144 Thomas Street, Dandenong, Robert Booth Reserve and Alex Nelson Reserve and land at 44 Hope Street, Springvale which is no longer owned by Council.

Bad and doubtful debts (\$770,000 unfavourable) – The majority of the unfavourable variance is due recyclables recovery income and parking infringement debtors provided as a doubtful debt at 30 June 2018 due to an assessment as to their collectability (Engineering Services \$542,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Other expenses (\$758,000 unfavourable) - Mainly due to recognition of a provision for remediation at Spring Valley landfill (Non-Directorate \$991,000) and Council's contributions to assets that are not Council controlled and therefore cannot be capitalised to the asset register, but were budgeted in the Capital program (Capital Works Program \$291,000).

Capital expenditure

Full year capital works gross expenditure achieved is \$37.14 million, which is \$24.10 million favourable against Mid-Year Budget. Capital project carry over's totalling \$16.66 million (net) are included in Appendix 4 – 'Capital and Operating Carry Over's from 2017-18 to 2018-19'. The full year capital works expenditure also includes \$1.19 million of operating expenditure as it meets the asset recognition criteria.

Community Plan 'Imagine 2030' and Council Plan 2017-2021 – Strategic Objectives, Strategies and Plans

After consultation with the Greater Dandenong community on what kind of future they wanted to see for themselves and the City in 2030, the result was the Greater Dandenong Community Plan 'Imagine 2030'. This report is consistent with the following community visions:

Community Plan 'Imagine 2030'Opportunity

- *Leadership by the Council* – The leading Council

Council Plan 2017-2021

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following goals:

Opportunity

- An open and effective Council

Financial Implications

The City of Greater Dandenong completed the 2017-18 financial year in a sound financial position. This will now allow Council to further consider the allocation of surplus funds through the Mid-Year Budget review process in the 2018-19 financial year.

Conclusion

The financial operation of Council is a significant business with Council overseeing operational expenditures of around \$175 million combined with capital works and debt repayments of another \$41 million. Council actively manages the financial performance of Council over the course of the financial year and it is pleasing on these significant dollar amounts, that Council has delivered a result that is within budget with a resulting surplus that is equivalent to 1.12% of our total spend.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Recommendation

That Council notes the financial report for the year ended 30 June 2018 including the proposed capital and operating carry over's from the 2017-18 financial year listed in (Appendix 4) of the financial report which will form the basis of the 2018-19 amended budget for management reporting purposes.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

FINANCE AND BUDGET

JUNE 2018 FINANCIAL REPORT (INTERIM RESULTS)

ATTACHMENT 1

**FINANCIAL REPORT
1 JULY 2017-30 JUNE 2018 (INTERIM
RESULTS)**

PAGES 62 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

A large rectangular box with a dark blue-to-purple gradient background. It has a thin gold-colored horizontal bar at the top. The text is white and centered within the box.

Financial Report

1 July 2017 – 30 June 2018
(interim results)

2.5.1 June 2018 Financial Report (interim results) (Cont.)

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2.5.1 June 2018 Financial Report (interim results) (Cont.)**Contents****Financial Report**

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Non-current assets

Current liabilities

Non-current liabilities

Net assets and equity

Cash Flow Statement**Statement of Capital Works****Capital Expenditure****Investment analysis****Directorate analysis****Capital and Operating Carry Over's
from 2017-18 to 2018-19****Reference****A****B1****B2****C****C1****C2****C3****C4****C5****D****E****Appendix 1****Appendix 2****Appendix 3****Appendix 4**

2.5.1 June 2018 Financial Report (interim results) (Cont.)

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2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

CGD – Operating Result

For the period 1 July 2017 – 30 June 2018

	Note	FULL YEAR					ORIGINAL BUDGET \$'000
		ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income	B1						
Rates and charges		132,919	132,258	661	132,702	217	132,258
Statutory fees and fines		8,730	7,958	772	8,021	709	7,610
User fees		8,655	9,191	(536)	8,831	(176)	9,203
Grants - operating		33,029	26,909	6,120	24,459	8,570	30,085
Grants - capital		4,281	4,911	(630)	4,911	(630)	2,932
Contributions - monetary		3,375	2,914	461	2,915	460	2,000
Contributions - non-monetary		19,169	15,000	4,169	15,000	4,169	15,000
Net gain (loss) on disposal of property, infrastructure, plant and equipment		141	592	(451)	316	(175)	522
Fair value adjustments for investment property		1,025	-	1,025	-	1,025	-
Other income		11,114	8,991	2,123	9,810	1,304	9,120
Total income		222,438	208,724	13,714	206,965	15,473	208,730
Expenses	B2						
Employee costs		71,478	78,620	7,142	76,139	4,661	76,265
Materials and services		59,416	60,414	998	60,474	1,058	58,374
Prior year capital expenditure unable to be capitalised (non-cash)		3,006	-	(3,006)	-	(3,006)	-
Bad and doubtful debts		1,649	879	(770)	1,254	(395)	879
Depreciation and amortisation		28,190	29,758	1,568	29,758	1,568	29,758
Borrowing costs		3,419	3,419	-	3,419	-	3,419
Asset write offs (non-cash)		2,828	-	(2,828)	1,600	(1,228)	-
Other expenses		5,550	4,793	(757)	4,858	(692)	4,792
Total expenses		175,536	177,883	2,347	177,502	1,966	173,487
Net surplus (deficit)		46,902	30,841	16,061	29,463	17,439	35,243

Overview

As at 30 June 2018, Council's net surplus result recorded a favourable variance to the Mid-Year Budget of \$16.06 million due to:

- Favourable income variances:
 - Grants – operating, with early receipt of \$5.92 million (50%) of the 2018-19 Financial Assistance grant funding via the Victorian Grants Commission in June 2018 (Corporate Services) and receipt of unbudgeted grants (Greater Dandenong Business \$753,000 and Engineering Services \$195,000). This is partly offset by grants not received (Community Services \$646,000 and City Planning, Design and Amenity \$104,000).
 - Contributions – non-monetary (Non Directorate \$4.17 million) for the receipt of gifted assets (non-cash accounting entry).
 - Other income - mainly due to higher interest returns on cash balances during the financial year, resulting from the timing and delay of operating and capital cash outflows (Non Directorate \$1.16 million).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

- Fair value adjustments for investment property - represents the adjustment to fair value of investment property assets in accordance with Australian Accounting Standards as these assets are not subject to depreciation (Non Directorate \$1.03 million). This is a non-cash accounting entry.
- Better than anticipated income from statutory fees and fines, mainly parking infringements (City Planning, Design and Amenity \$687,000).
- Greater than anticipated rates and charges, mainly due to supplementary valuations as a result of a more buoyant property market and interest on rate arrears (Non-Directorate \$659,000).
- Better than anticipated contributions income, primarily from public open space contributions (Non-Directorate \$461,000).
- The favourable income variances are partly offset by:
 - Grants – capital – delay in receipt of Yarraman Oaks Primary School Early Learning Facility project grant (\$650,000).
 - Lower than anticipated user fees from client based services (Community Services \$308,000) and parking ticket machines and meters (City Planning, Design and Amenity \$264,000).
 - A loss on the disposal of fixed assets caused by higher than anticipated carrying amount of assets disposed/written off (non-cash item) (Engineering Services \$228,000 and Non Directorate \$228,000).
- Expenditure items contributing to the favourable variance to Mid-Year Budget include:
 - Employee costs across the organisation (Community Services \$3.60 million, Corporate Services \$998,000, Non Directorate \$902,000, Engineering Services \$843,000, Greater Dandenong Business \$439,000 and City Planning, Design and Amenity \$364,000).
 - Lower than anticipated depreciation (Non-directorate \$1.57 million). This is a non-cash accounting entry.
 - Materials and services (Community Services \$1.62 million, Engineering Services \$1.34 million, Corporate Services \$371,000, City Planning, Design and Amenity \$363,000 and Greater Dandenong Business \$237,000).
- The favourable expenditure variance is partly offset by:
 - Prior year capital expenditure unable to be capitalised (Non Directorate \$3.01 million), which is a non-cash accounting entry.
 - Asset write offs (non-cash) (Non Directorate \$2.83 million).
 - Other expenses (Non Directorate \$757,000 and Capital Works Program \$291,000).
 - Bad and doubtful debts (Engineering Services \$542,000 and City Planning, Design and Amenity \$220,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Balance Sheet

As at 30 June 2018

	Note	2017-18 ACTUAL 30 Jun 2018 \$'000	2017-18 MID YEAR BUDGET \$'000	2017-19 ORIGINAL BUDGET \$'000	2016-17 ACTUAL 30 Jun 2017 \$'000
ASSETS					
Current assets	C1				
Cash and cash equivalents		153,578	108,507	89,264	125,304
Trade and other receivables		19,324	17,724	17,119	19,703
Other assets		3,723	2,151	1,968	2,601
Total current assets		176,625	128,382	108,351	147,608
Non-current assets	C2				
Property, infrastructure, plant and equipment		2,160,742	2,202,162	1,985,155	2,155,810
Investment property		11,330	10,305	10,320	10,305
Other financial assets		230	230	230	230
Trade and other receivables		325	334	331	334
Total non-current assets		2,172,627	2,213,031	1,996,036	2,166,679
Total assets		2,349,252	2,341,413	2,104,387	2,314,287
LIABILITIES					
Current liabilities	C3				
Trade and other payables		20,864	18,248	15,703	17,954
Trust funds and deposits ¹		40,013	34,268	28,595	34,268
Provisions		16,361	16,718	18,027	16,399
Other interest-bearing liabilities		-	-	-	1,255
Interest-bearing loans and borrowings		3,301	3,301	3,301	3,086
Total current liabilities		80,539	72,535	65,626	72,962
Non current liabilities	C4				
Provisions		1,313	638	725	625
Trust funds and deposits		1,287	1,103	1,024	1,103
Interest-bearing loans and borrowings		48,525	48,525	48,525	51,826
Total non-current liabilities		51,125	50,266	50,274	53,554
Total liabilities		131,664	122,801	115,900	126,516
NET ASSETS	C5	2,217,588	2,218,612	1,988,487	2,187,771
EQUITY					
Accumulated surplus		856,958	852,865	840,886	823,248
Asset revaluation reserve		1,290,865	1,308,037	1,103,891	1,308,037
Reserves		69,765	57,710	43,710	56,486
TOTAL EQUITY		2,217,588	2,218,612	1,988,487	2,187,771

1. Trust funds and deposits include fire services property levies collected by Council on behalf of the State Government. These monies are remitted to the State Revenue Office 28 days after each quarterly rate instalment date. The majority of the trust funds and deposits balance relates to Development Contribution Plan levies totalling \$32.51 million at 30 June 2018.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Cash Flow Statement

For the period 1 July 2017 – 30 June 2018

	2017-18 ACTUAL 30 Jun 2018 Inflows/ (Outflows) \$'000	2017-18 ANNUAL MID YEAR BUDGET Inflows/ (Outflows) \$'000	2017-18 ANNUAL ORIGINAL BUDGET Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges	132,863	132,258	131,977
Statutory fees and fines	6,630	6,992	6,531
User fees ⁽⁴⁾	9,876	12,626	10,038
Grants - operating	33,085	28,998	32,036
Grants - capital ⁽⁴⁾	6,449	4,911	2,932
Contributions	3,353	2,914	2,000
Interest	2,909	1,759	1,756
Trust funds and deposits taken	39,003	30,000	25,500
Other receipts	7,887	8,027	8,162
Net GST refund	8,301	8,841	6,906
Employee costs	(73,205)	(78,288)	(75,460)
Materials and services	(65,628)	(72,285)	(67,886)
Trust funds and deposits repaid	(32,491)	(30,000)	(27,500)
Other payments	(5,389)	(5,272)	(5,271)
Net cash provided by operating activities	73,643	51,481	51,721
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	(38,231)	(61,241)	(42,624)
Proceeds from sale of property, plant and equipment	648	723	653
Net cash used in investing activities	(37,583)	(60,518)	(41,971)
Cash flows from financing activities			
Finance costs	(3,445)	(3,419)	(3,419)
Repayment of other interest-bearing liabilities	(1,255)	(1,255)	(1,255)
Repayment of interest-bearing loans	(3,086)	(3,086)	(3,086)
Net cash used in financing activities	(7,786)	(7,760)	(7,760)
Net increase (decrease) in cash	28,274	(16,797)	1,990
Cash and cash equivalents at the beginning of the year	125,304	125,304	87,274
Cash and cash equivalents at the end of the period	153,578	108,507	89,264
Represented by:			
Operating cash	25,734	(1,930)	(2,817)
Restricted cash	127,844	110,437	92,081
Total	153,578	108,507	89,264

- Details regarding Council's cash movements are contained in **Note D - Cash Flow Statement**.
- The dissemination of Council's restricted and operating cash is provided in the graph "Restricted and Unrestricted Cash" in **Appendix 2 Investment Analysis** in this report.
- Cash inflows and outflows are inclusive of GST where applicable.
- The annual Mid Year Budget for user fees incorporates the movement in general debtors. Approximately \$2 million of this budget relates to a capital grant debtor at 30 June 2017 which has since been received and is reflected in the 2017-18 capital grant inflows. Any variance in these two lines needs to be considered together.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



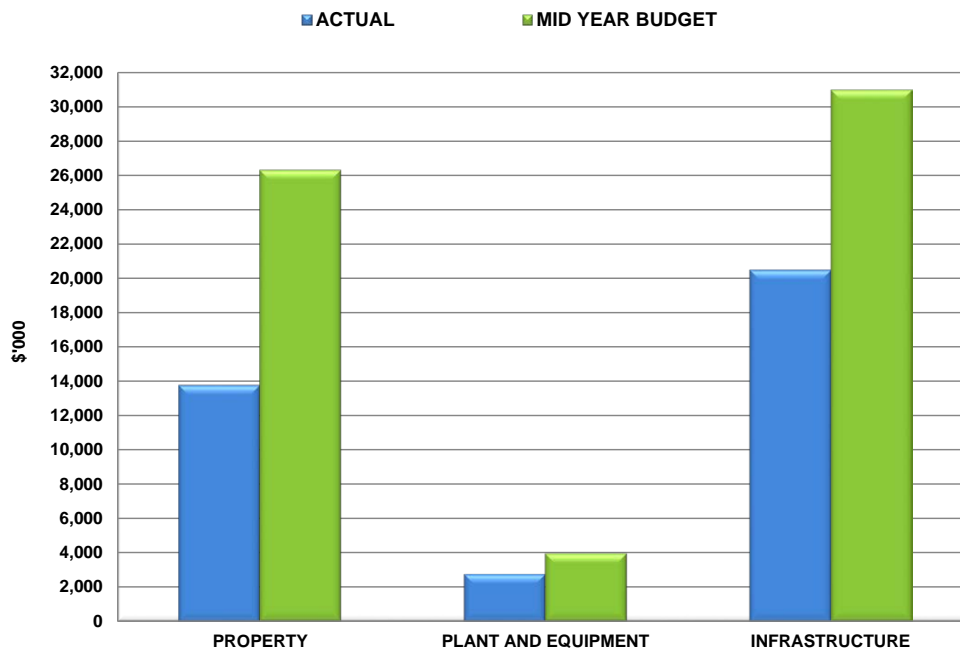
Financial Report for the period 1 July 2017 – 30 June 2018

Capital Expenditure Statement

For the period 1 July 2017 - 30 June 2018

The detailed program under each of the capital groups is contained in **Appendix 1 – Capital Expenditure**.

	FULL YEAR				
	ACTUAL	MID YEAR BUDGET	VARIANCE	FORECAST	ORIGINAL BUDGET
	\$'000	\$'000	\$'000	\$'000	\$'000
PROPERTY	13,813	26,306	12,493	26,306	16,790
PLANT AND EQUIPMENT	2,839	3,966	1,128	3,966	4,102
INFRASTRUCTURE	20,489	30,969	10,480	31,049	21,733
TOTAL EXPENDITURE	37,141	61,242	24,100	61,321	42,624



2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Notes to the Financial Statements

A. Accounting Policy Notes

The financial report is prepared on the principles of accrual accounting. Accrual accounting recognises income when earned and expenditure when incurred, regardless of whether cash settlement has taken place. The basis of recognition of major income and expenditure in these statements are defined below.

1. **Rate revenue:** Rate revenue (excluding supplementary rates) is accrued evenly over the year, although cash is received in quarterly instalments or a lump sum, depending on how the ratepayer chooses to pay. Rate revenue in the Income Statement is a monthly accrual of the rates determined for the year in July.
2. **Grants revenue:** Council receives two types of grants, namely a General Purpose Grant (Financial Assistance Grant Funding allocation from the Victoria Grants Commission) which is not tied to any programs and Special Purpose Grants for various programs. All grants are recognised as income when cash is received. Grants comprise of operating and capital (recurrent and non-recurrent in nature).
3. **Fees and charges:** Most fees and charges are recognised when cash is received. Where Council raises a debtor's invoice, income is recognised at the point of the invoice and not when cash is received.
4. **Contributions - cash:** Cash contributions are essentially from developers towards open space works. These monies are treated as income when received. Council is obligated to spend these monies for the purpose for which they are given by the developers. Council also receives external contributions for other capital projects. Cash contributions received are held in reserves and treated as "restricted cash" until they are spent (see **note 9** below).
5. **Employee costs:** Salaries expenditure is based on fortnightly salaries paid and accruals for salary on-costs such as leave entitlements, superannuation and workcover.
6. **Capital expenditure:** The two broad areas of capital are the capital improvement program (CIP) (which includes infrastructure and major projects) and 'other' which includes fleet, computers, plant and furniture. Expenditure is recognised as capital if it exceeds the capitalisation threshold and results in assets which have a useful life in excess of one year.
7. **Budget information:** The Original Budget information contained in the report is the budget approved by Council on 26 June 2017. The budget in this report reflects the Mid Year Budget as adopted by Council on 11 December 2017. The Mid Year Budget represents the adopted budget incorporating net carry forward capital and operating amounts from 2016-17 and any adjustments identified since the 2017-18 Original Budget was approved in June 2017. The Mid Year Budget represents the latest financial position for Council.
8. **Cash Flow Statement:** Reflects the actual cash movements during the year.
9. **Restricted cash:** These are monies set aside for specific purposes and are not readily available for day to day operations or general capital works. They include funds set aside towards meeting long service leave commitments (required by government regulations), statutory reserves (eg. open space contributions) and other funds that are committed towards specific purposes.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

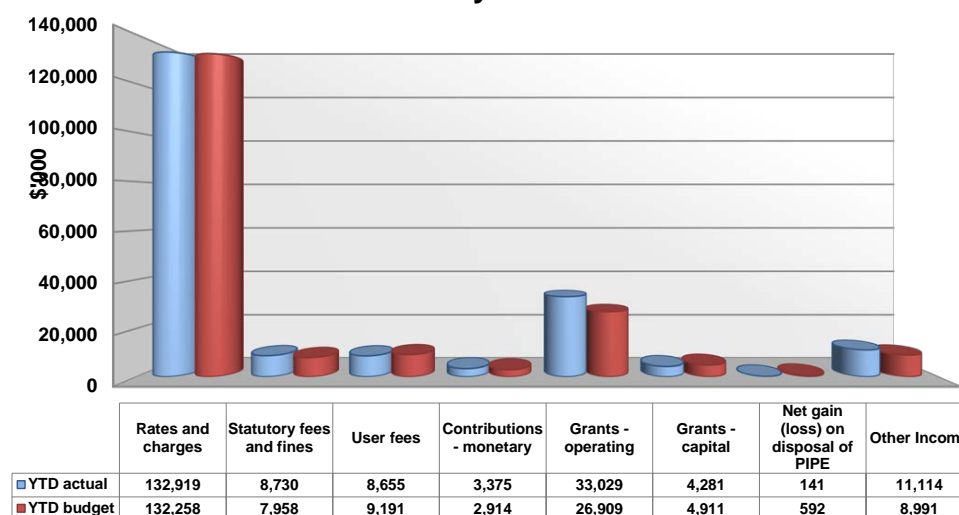


Financial Report for the period 1 July 2017 – 30 June 2018

B1. Operating Income

The chart below shows the categories of operating income against their respective budgets (excludes non-monetary contributions or gifted assets and fair value adjustments for investment property which represent non-cash accounting entries).

**Income from operating activities
for 1 July 2017 - 30 June 2018**



Income for the period ended 30 June 2018 is favourable against budget. This is primarily due to the following:

Grants – operating (\$6.12 million favourable) – The favourable variance relates to:

- Early receipt of \$5.92 million (50%) of the 2018-19 Financial Assistance Grant via the Victorian Grants Commission in June 2018 (Corporate Services).
- Receipt of unbudgeted grants for Indian Cultural Precinct (Activity Centres Revitalisation \$500,000) and Community Revitalisation (Community Revitalisation Project \$125,000) which will be offset by matching expenditure.

This variance is partly offset by lower than anticipated grant funding, mainly in Family Day Care (FDC) (Community Services \$646,000). Matched by lower payments to educators.

Contributions – non-monetary (\$4.17 million favourable) – Better than anticipated income from gifted assets particularly subdivisions mainly relating to land, roads and drains. The nature of these receipts makes timing difficult to predict. This is a non-cash accounting entry.

2.5.1 June 2018 Financial Report (interim results) (Cont.)Financial Report for the period 1 July 2017 – 30 June 2018

Other income (\$2.12 million favourable) – Favourable variance is due to better than anticipated interest (Non Directorate \$1.16 million), recovery income relating to recycling rebates (provided for as a doubtful debt), median strip landscaping and building defects compensation (Engineering Services \$515,000), recovery and rental income for Council properties and facilities (Corporate Services \$245,000) and partial refund of Council's contribution in a previous financial year to the Princes Highway/Robinson Street intersection works (Capital Works Program \$227,000).

Fair value adjustments for investment property (\$1.03 million favourable) – Represents the adjustment to fair value of investment property assets in accordance with Australian Accounting Standards as these assets are not subject to depreciation. This is a non-cash accounting entry.

Statutory fees and fines (\$772,000 favourable) – Favourable variance due to greater than anticipated parking fine revenue, including fees added for unpaid penalty follow up (Parking Management \$735,000).

Rates and waste charges (\$661,000 favourable) – The favourable variance is mainly due to higher than anticipated supplementary rates (\$370,000), interest on rate arrears (\$247,000) and Keysborough South Development maintenance levy income - which is transferred to reserves (\$34,000).

Contributions - monetary (\$461,000 favourable) – Better than anticipated income from public open space contributions (Planning and Design \$920,000). This favourable variance is partly offset by the delay in recognition of contribution from the Developer Contribution Plan for the Keysborough South Industrial Buffer project (Capital Works Program \$474,000), which will occur when the project completed in 2018-19.

These favourable variances are partly offset by unfavourable variances in:

Grants – capital (\$630,000 unfavourable) – Unfavourable variance due to delay in receipt of grant funding for Yarraman Oaks Primary School New Early Years Learning Facility (\$650,000), Safe City CCTV – Round 2 (\$255,000) and the Dandenong Park Master Plan project (\$30,000).

This unfavourable variance is partly offset by the receipt of grants in advance for Springvale Community Precinct (\$205,000), Robert Booth Reserve Baseball Lighting (\$90,000) and Safe System Road Infrastructure Program (\$36,000).

User fees (\$536,000 unfavourable) – Due to lower than expected income from client based services such as Family Day Care (matched by lower payment to educators) and Home and Community Care (Community Services \$308,000), as well as lower income from parking ticket machines and meters (City Planning, Design and Amenities \$264,000).

Net gain (loss) on disposal of property, infrastructure, plant and equipment (\$451,000 unfavourable) – The carrying amount of assets disposed is higher than anticipated comprising Springvale parking meter assets (\$230,000) and plant, machinery and fleet assets sold (Fleet Management \$140,000). This is a non-cash accounting entry.

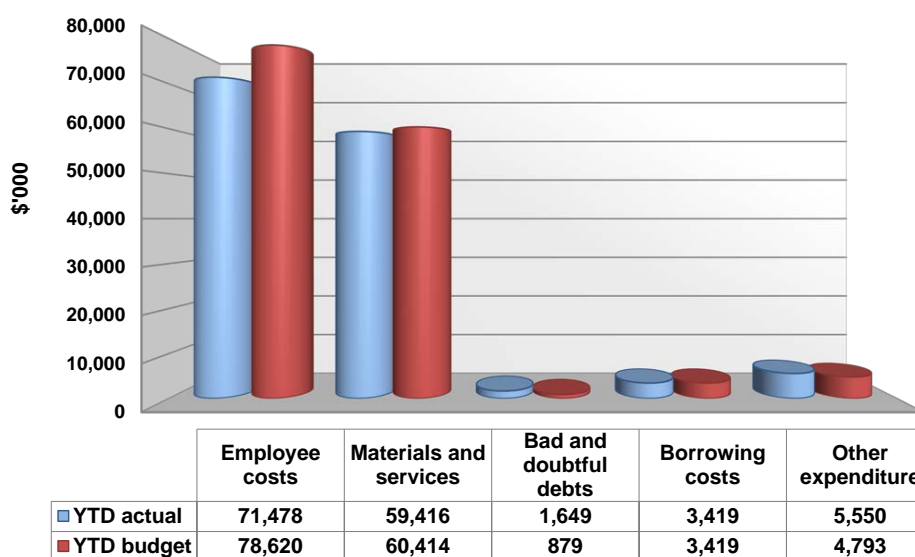
2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

B2. Operating Expenditure

The chart below shows the categories of operating expenditure against their respective budget (excluding depreciation, prior year capital expenditure unable to be capitalised and asset write offs which are non-cash accounting entries).

**Expenditure from operating activities
for 1 July 2017 to 30 June 2018**



The actual expenditure at 30 June 2018 is favourable to the Mid Year Budget by \$2.35 million. The major variances contributing to this result are lower employee costs and depreciation (non-cash) partly offset by prior year capital expenditure unable to be capitalised (non-cash) and asset write offs (non-cash).

Employee costs (\$7.14 million favourable) – This favourable variance is due to leave patterns, vacant positions and recruitment occurring later than planned across all directorates (Community Services \$3.60 million, Corporate Services \$998,000, Engineering Services \$843,000, Greater Dandenong Business \$439,000 and City Planning, Design and Amenity \$364,000) and year end adjustments to employee entitlement provisions (Non-Directorate \$902,000).

Depreciation and amortisation (non-cash) (\$1.57 million favourable) – Favourable variance due to the finalisation of fixed asset capitalisations and revaluations for the 2017-18 financial year (Corporate Accounting). This is a non-cash accounting entry. The decrement recognised in the building revaluation and asset write offs were contributing factors to lower than anticipated depreciation in 2017-18.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Materials and services (\$998,000 favourable) – The major items contributing to this variance are:

- Contract services – lower expenditure than anticipated due to delays in works including remediation works at Spring Valley landfill (Engineering Services \$1.27 million) and lower payments to educators in Family Day Care matched by lower program income (Community Services \$843,000).
- Utilities – lower expenditure for street lighting, gas and telephone costs across Council (Corporate Services \$98,000, Community Services \$77,000 and Engineering Services \$22,000).
- Administration costs – mainly events and exhibitions (Community Services \$206,000) postage, promotions, printing, events and publications (Corporate Services \$155,000 and Greater Dandenong Business \$151,000).

These favourable variances are partly offset by current year expenses incurred in the CIP program that were unable to be capitalised to the asset register as they do not satisfy the asset recognition criteria because they were under the capitalisation threshold, not capital in nature or related to non-Council controlled assets (Capital Works Program \$2.94 million).

These favourable variances are partly offset by unfavourable variances in:

Prior year capital expenditure unable to be capitalised (non-cash) (\$3.01 million unfavourable) –

This unfavourable variance is due to works in progress (prior year capital expenditure) that is not able to be capitalised to the asset register because it is not capital in nature, does not meet the capitalisation threshold or relates to non-Council controlled assets (Corporate Accounting \$3.01 million).

Asset write offs (non-cash) (\$2.83 million unfavourable) - The unfavourable variance is due mainly to higher than anticipated asset write offs as a result of building demolitions at 144 Thomas Street, Dandenong, Robert Booth Reserve and Alex Nelson Reserve and land at 44 Hope Street, Springvale which is no longer owned by Council.

Bad and doubtful debts (\$770,000 unfavourable) – The majority of the unfavourable variance is due to recyclables recovery income and parking infringement debtors provided as a doubtful debt at 30 June 2018 due to an assessment as to their collectability (Engineering Services \$542,000).

Other expenses (\$758,000 unfavourable) - Mainly due to recognition of a provision for remediation at Spring Valley landfill (Non-Directorate \$991,000) and Council's contributions to assets that are not Council controlled and therefore cannot be capitalised to the asset register, but were budgeted in the Capital program (Capital Works Program \$291,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

C. Balance Sheet

Council's net assets are valued at \$2.22 billion at the end of June 2018.

C1. Current assets (cash and other assets that can be readily converted to cash)

Cash and cash equivalents (\$153.58 million) – This represents the amount held by Council in cash or term deposits. Please note that this amount includes \$127.84 million of funds “restricted” for various purposes. These are detailed in the notes to the cash flows that follow in **section D** and a graphical presentation in **Appendix 2**.

Funds are invested in accordance with Council's Investment Policy. The policy requires Council to invest with prudence, consideration of acceptable risks and relevant legislation.

The details of Council's investments are contained in **Appendix 2**. In selecting investment products, Council has paid due consideration to risk by investing in products that have a minimum Standard and Poor's (S&P) rating of “A”.

Trade and other receivables (\$19.32 million) – This balance includes:

- Rate debtors \$7.13 million
- General debtors \$6.97 million (net of provision for doubtful debts).
- Infringement debtors of \$5.22 million (net of provision for doubtful debts).

Other assets (\$3.72 million) – This balance includes:

- Accrued income \$738,000 – income earned but cash not yet received at 30 June 2018.
- Prepayments \$2.77 million - expenses prepaid at 30 June 2018.
- Other deposits \$220,000 – deposit for purchase of property at 266-270 Lonsdale Street, Dandenong.

C2. Non-current assets

Non-current assets (\$2.17 billion) – Includes \$2.16 billion of Council roads, drains, buildings, plant and other fixed assets. These values are reflected after recognising the depreciation allowed against each asset.

Investment property (\$11.33 million) is separately classified from 'Property, infrastructure, plant and equipment' in accordance with Australian Accounting Standards. Any adjustment to the fair value of these assets is recorded in the Comprehensive Income Statement and these assets are not depreciated.

Other non-current debtors include:

- Other financial assets - \$230,000 shares relating to Regional Kitchen Pty Ltd.
- Trade and other receivables - \$252,000 for Council's share of funds held in trust by Whitehorse City Council relating to the former Narre Warren landfill site and \$73,000 refundable deposit paid to Community Chef for the supply of meals to Council's Meals on Wheels operation.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

C3. Current liabilities (debts due to be repaid within 12 months)

Trade and other payables (\$20.86 million) - Comprises trade creditors arising from operations and capital works.

Trust funds and deposits (\$40.01 million) – Trust funds and deposits includes other refundable monies in respect of:

- Development Contribution Plans (DCP) (\$32.51 million).
- Open space contributions (\$2.68 million).
- Other deposits (\$2.18 million).
- Fire services property levy funds collected but not yet paid on to the State Revenue Office (\$1.20 million). These amounts are due to be remitted to the State Revenue Office in accordance with legislative timeframes.
- Landscape deposits (\$1.04 million).
- Road deposits (\$402,000).

Provisions (\$16.36 million) – This balance represents the provision for employee entitlements and landfill restoration works.

- Long service leave entitlements - \$10.09 million.
- Annual leave entitlements - \$5.77 million.
- Rostered days off (RDO) - \$407,000.
- Landfill provision - \$96,000 - provision for the restoration and aftercare management of the former Spring Valley landfill site (closed). The former closed landfill is owned by the Council and is used as recreational open space.

Interest-bearing loans and borrowings (\$3.30 million) – Represents the outstanding amount to be repaid on borrowings during 2018-19.

C4. Non-current liabilities (debts due to be repaid in future years)

Provisions (\$1.31 million) – Represents the provisions estimated to be paid beyond the 2017-18 financial year and comprises long service leave entitlements for employees (\$514,000) and landfill provision for restoration of Spring Valley landfill site (\$799,000).

Trust funds and deposits (\$1.29 million) – Represents deposits that are payable beyond the 2017-18 financial year and comprises landscape deposits of \$1.18 million and contractor deposits of \$110,000.

Interest-bearing loans and borrowings (\$48.53 million) – Comprises the amount of outstanding borrowings to be repaid beyond the next 12 months.

C5. Net assets and equity

Net assets - Represents the difference between total assets and total liabilities. It is the Council's net worth to the City's ratepayers.

Reserves – Includes both statutory reserves (S) and discretionary reserves (D). The statutory reserves apply where funds are gained from the application of legislative requirements to contribute – and where expenditure of the funds is not entirely discretionary (i.e. the funds need to be used for certain expenditure only). The reserves listed below are explained in the notes to the cash flows that follow.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

The discretionary reserves are:

- Major projects reserve (D)
- Insurance fund reserve (D)
- Council funded – Development Contribution Plans reserve (D)
- Spring Valley landfill rehabilitation reserve (D)
- Local Government Funding Vehicle (LGFV) – sinking fund (D)
- Springvale Activity Precinct – Parking and Development reserve (D)
- Native re-vegetation reserves (D)
- Keysborough South Maintenance Levy reserve (D)
- General reserve (Aged Care) (D)
- Dandenong Activity Precinct – Parking and Development reserve (D)

The statutory reserves are:

- Open space – planning, development and improvements (S)
- Open space – land acquisitions (S)

D. Cash Flow Statement

Cash and investment holdings total \$153.58 million as at 30 June 2018 which has increased by \$28.27 million since 30 June 2017. Total cash and investment holdings are made up of operating cash (\$25.74 million) and restricted cash (\$127.84 million).

Please refer to the next page for a detailed listing of Restricted Cash which is set aside for specific purposes.

Cash flows from operating activities – net inflow of \$73.64 million. The major inflows are rates \$132.86 million, trust funds and deposits taken \$39 million, grants \$39.53 million, user fees \$9.88 million and statutory fees and fines \$6.63 million. The major outflows are employee costs \$73.21 million, materials and services \$65.63 million and trust funds and deposits repaid \$32.49 million. Trust funds and deposits taken and repaid mainly relate to developer contribution funds and fire services property levies. The remittance of the fire services property levy (FSPL) and FSPL levy interest amounts are made to the State Revenue Office (SRO) in four payments in accordance with Section 41(1) of the FSPL Act. An instalment is due and payable to the Commissioner of State Revenue 28 days after the due date of rates instalments. Council collects FSPL on behalf of the State Government.

Cash flows from investing activities – are a net outflow of \$37.58 million and include:

- \$38.23 million for capital works expenditure. The detailed capital works schedule is included in this report as **Appendix 1**. Please note the difference between the two capital expenditure amounts is due to the movement in capital trade creditors at the start and end of the reporting period. Appendix 1 is on an accrual basis.
- \$648,000 proceeds on asset sales mainly relating to the fleet replacement program.

Cash flows from financing activities – is an outflow of \$7.79 million. Council incurred \$3.45 million in finance costs on its borrowings, repaid \$3.09 million on existing loans and paid the final instalment of \$1.26 million in relation to the VicTrack land instalment contract.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Restricted cash - Restricted cash represents funds that are set aside for specific purposes, as detailed in the following tables.

Type	30 June 2018 \$'000	Notes
Reserve funds		
Council funded Development Contribution Plans (DCP) reserve	12,702	Reserved for specific expenditure in accordance with the published DCP.
Open space – planning, development and improvements	9,220	Reserved for enhancing the City's open space by planning, development and improvements.
Open space – acquisitions	6,000	To fund acquisitions of new open space land.
Major projects reserve	28,663	Holds funds realised from the sale of Council's property assets and will be utilised for investing in other properties.
Keysborough South Maintenance Levy	1,508	Reserve for specific maintenance expenditure relating to this area.
Spring Valley landfill rehabilitation	1,064	This reserve is for the rehabilitation of the Spring Valley landfill site.
Re-vegetation reserves	334	These funds are to meet native re-vegetation requirements on Council's reserves.
Insurance fund reserve	876	This fund has been created to meet large and unexpected policy excesses on multiple insurance claims.
Local Government Funding Vehicle (LGFV) – sinking fund	4,900	The purpose of this reserve is to provide for the \$4.90 million principal repayment required on maturity of the interest-only Local Government Funding Vehicle (LGFV) in 2019-20 and to provide future borrowing capacity for major infrastructure projects.
Springvale Activity Precinct Parking and Development reserve	166	This reserve is to fund development in the Springvale Activity Centre.
Dandenong Activity Precinct Parking and Development reserve	452	This reserve is to fund development in the Dandenong Activity Centre.
General reserve (Aged Care)	3,880	Funds set aside for the aged care reforms.
Total reserve funds	69,765	

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Type	30 June 2018 \$'000	Notes
Employee provisions		
Long service leave	10,599	Funds set aside to meet long service leave commitments.
Annual leave and other	6,180	Funds set aside to meet annual leave and rostered days off (RDO) commitments.
Employee provisions	16,779	
Trust funds and deposits		
Development Contribution Plans	32,510	Pending completion of works.
Fire services property levy collected and due	1,194	Payable to State Revenue Office – legislative requirement.
Open space contributions	2,683	Pending completion of works.
Landscape deposits	2,220	Pending completion of works.
Road deposits	511	Pending completion of works.
Other trust funds and deposits	2,182	Refundable upon finalisation of programs.
Total trust funds and deposits	41,300	
Total restricted cash	127,844	

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

E. Statement of Capital Works

Total capital expenditure at 30 June 2018 was \$37.14 million. Appendix 1 contains the expenditure status of each of the approved capital projects.

The timing of cash outflows and project completion can differ for capital projects. Commentary on the status of each project with major year to date variances is provided below (i.e. variances greater than \$300,000). Please note that the variances detailed below are the total of all asset classes by capital project whereas the Capital Expenditure report details the variances separately by asset class and capital project.

A number of capital projects listed below have been carried over to the 2018-19 financial year. A total of \$16.66 million (net) in capital works has been identified as proposed carry forward commitments to 2018-19. These projects are listed in Appendix 4 – Capital and Operating Carry Over's from 2017-19 to 2018-19.

Plant and Equipment

- **1445 Fleet Purchases (\$840,000 favourable)** - Annual program complete (awaiting delivery of final items in July 2018) except for the purchase of a drainage jet truck that will occur in 2018-19. \$700,000 has been proposed as a carry over to 2018-19 to facilitate this purchase. The current market offerings were assessed and a general specification to go to tender for a replacement vehicle was developed. It became aware of a new product/vehicle soon to be released to the market (Whale). This additional information took several months to eventuate and given the relatively long deliver lead times for these vehicles. Procurement will now occur in the 2018-19 financial year.

Property

- **3043 Springvale Community Precinct (\$5.38 million favourable)** – Contractor has been awarded and construction works have commenced. This project is a proposed carry over to 2018-19.
- **3251 Building Large Renewal Projects (\$1.57 million favourable)** – The favourable variance was due to a number of factors including savings in procurement method, engagement with community groups, need to extend the tender process and delays due to master planning and consultation. For example an aggregation of small tasks into a larger contract yielded savings of approximately \$200,000, engagement with community groups such as at Police Paddocks yielded greater value for money but at the expense of some delay, one large tender for the renewal energy works had a poor response and had to be retendered to ensure greater competition and works at Dandenong Stadium were delayed while the masterplan for that site underwent a review. \$400,000 has been proposed as a carry over to 2018-19 to fund the completion of works at Alex Wilke Reserve.
- **3235 Alex Nelson Reserve (\$1.14 million favourable)** - Construction progressing against program, roofing now being installed, followed by services *rough in*. Large water tank located in front of the pavilion is being relocated to the back of the oval (near model stream train). This project is a proposed carry over to 2018-19.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

- **3363 Wal Turner Reserve Pavilion Extension (\$934,000 favourable)** – After some initial design review it was concluded that works on the pavilion would impact the broader Wal Turner Reserve so a decision was made to defer these works until the completion of a master plan for this site and the nearby Barry J Powell Reserve. As a result works on the pavilion will not proceed until Council has approved the related master plans. The funds are being carried over and will be directed to related works on or near these reserves.
- **3255 Yarraman Oaks Primary School New Early Years Learning Facility (\$720,000 favourable)** - Fabrication works complete. Delivery to site of prefabricated building components is underway. This project is a proposed carry over to 2018-19.
- **3015 Robert Booth Reserve Pavilion (\$616,000 favourable)** – Roof installed and ceiling and wall finishes currently being installed, services *rough in* complete and gas meter being installed. This project is a proposed carry over to 2018-19.
- **3792 Dandenong Market Back of House Coolroom (\$432,000 favourable)** – Stage two Back of House design. Consultants have been engaged to provide Quantity Surveying. Service and to audit the cooling units capacity. This project is a proposed carry over to 2018-19.
- **3069 Property Acquisition (\$375,000 favourable)** – Acquisition delayed.

Infrastructure

- **3631 Dandenong Park Master Plan (\$1.71 million favourable)** – The shared user access pathway including lighting and furniture has been completed. The next stage in the overall Master Plan implementation is the construction of a new toilet facility which has commenced and is expected to take until July to complete. Stage two of the landscaping phase has been tendered and is currently being assessed and will be submitted to Council for consideration in August 2018 with the view to commencing works soon after. This project is a proposed carry over to 2018-19.
- **3794 Tatterson Park Masterplan – Car Park and Access Road (\$1.46 million favourable)** – Kerb and channel works, laying of electrical conduits and laying of final crushed rock layer have commenced. Light poles and electrical switch board have been ordered. Relocation of water services and high voltage electrical conduits have been organised. This project is a proposed carry over to 2018-19.
- **3490 Springvale Road Boulevard (\$1.10 million favourable)** – An internal review of the detailed design package has been completed and feedback provided to the consultant. The design requires approval from VicRoads prior to being able to go to tender. Council has in-principle approval for the project and is working through details with VicRoads prior to tender. This project is a proposed carry over to 2018-19.
- **3129 Drainage Program (\$1.08 million favourable)** – Stage two concept design for Elanora Road is complete. Catchment 11 drainage upgrade is currently out to tender. This has been divided into 4 separate portions that will be delivered over the next three financial years. A carry forward in this program is proposed to 2018-19. The award of this contract will fully commit the remaining 2017-18 and 2018-19 allocated budgets. This project is a proposed carry over to 2018-19.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

- **3498 Walker Street Dandenong - Streetscape (\$1.07 million favourable)** – The paving on the south side of Walker Street is currently underway. Granite kerbs are being installed and then work will commence on concrete base slabs. Work to modify all the existing service authority pit lids is nearing completion. Project bulletins have been circulated to all the traders with advice around disturbance and access. The contractor is programming works to avoid peak trade times where possible. This project is a proposed carry over to 2018-19.
- **3355 Municipal Wide-Footpath Renewal (\$489,000 favourable)** – Annual program completed and savings have been recognised.
- **3141 Thomas Street Precinct Enhance (Afghan) (\$436,000 favourable)** – Contractor has submitted all relevant project documentation and is awaiting approval from United Energy to commence construction. A carry over to 2018-19 has been proposed and works will be completed next financial year.
- **3171 Thomas and Scott Street Signalisation (\$382,000 favourable)** - Blackspot funding grant application has been submitted for this project. Construction has been put on hold subject to the outcome of the grant application expected October 2018.
- **3248 DCP Keysborough South Industrial Buffer (\$310,000 favourable)** - Earthworks and construction of the footpath including the bridge (stage 1) have been completed. Trees, grassing and plants for the garden beds have also been planted therefore completing stage 1 works. Stage 2 works will commence after the adjacent developer has completed their obligations. Stage 2 works will be undertaken in the 2018-19 financial year. This project is a proposed carry over to 2018-19.
- **3747 Streetscape – Activity Centres (\$300,000 favourable)** – Project delayed due to completion of nearby infrastructure works. Project proposed to be carried over to 2018-19 financial year.

General

- **0000 Not Applicable (\$1.19 million unfavourable)** – Relates to items that have been transferred from operating because they meet the asset capitalisation criteria. For instance, building and road works allocated to operating but assessed as being capital in nature. Offset by favourable variance in operating expenditure in these areas.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Appendix 1

Capital Expenditure

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

CIP Expenditure

For the period 1 July 2017 – 30 June 2018

	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
PROPERTY						
Buildings						
0000. Not Applicable	200,533	-	(200,533)	-	(200,533)	-
3004. Dandenong Oasis	-	5,000	5,000	5,000	5,000	5,000
3015. Robert Booth Reserve Pavilion	1,425,189	2,041,122	615,933	2,041,122	615,933	-
3037. Jan Wilson Cctr	298,288	300,000	1,712	300,000	1,712	300,000
3043. Springvale Community Precinct	2,795,623	8,179,800	5,384,177	8,179,800	5,384,177	6,449,125
3068. Lyndale Pavilion	-	30,989	30,989	30,989	30,989	-
3079. Disability Building Audit Works	182,569	200,000	17,431	200,000	17,431	200,000
3100. Pilot Renewable Energy Program	10,750	100,000	89,250	100,000	89,250	100,000
3132. Keysborough Reserve	-	65,000	65,000	65,000	65,000	-
3146. Kindergarten Expansion Grant	-	15,716	15,716	15,716	15,716	-
3151. Community Facilities Security Impro	6,240	37,500	31,260	37,500	31,260	37,500
3199. IT System - Tom Houlahan Centre	-	31,386	31,386	31,386	31,386	-
3200. Masonic Hall	228,672	230,786	2,114	230,786	2,114	-
3219. Thomas Carroll Pavilion	116,553	60,000	(56,553)	60,000	(56,553)	60,000
3235. Alex Nelson Reserve	869,578	2,209,087	1,339,509	2,209,087	1,339,509	-
3251. Building Large Renewal Projects	2,472,912	4,045,000	1,572,088	4,045,000	1,572,088	4,045,000
3255. Yarraman Oaks Primary NEYLF	543,793	1,263,880	720,087	1,263,880	720,087	-
3263. Noble Park Aquatic Centre	2,220	15,000	12,780	15,000	12,780	15,000
3300. Dnong Basketball/Volleyball Ctr	-	61,111	61,111	61,111	61,111	-
3305. Tatterson Park Pavilion	2,984,591	3,211,000	226,409	3,211,000	226,409	3,211,000
3315. D'nong Indoor Sports Stad MPIn Imp	16,500	125,000	108,500	125,000	108,500	125,000
3316. D'nong Indoor Sports Stad MasterPl	18,650	23,100	4,450	23,100	4,450	-
3359. Shepley Oval (Pultney St)	46,245	197,233	150,988	197,233	150,988	-
3361. Springers-Various Works	11,276	80,000	68,724	80,000	68,724	80,000
3363. Wal Turner Res-Pav. Extension	14,560	948,691	934,131	948,691	934,131	900,000
3541. Kitchen Upgrade Program-Various	209,430	200,000	(9,430)	200,000	(9,430)	200,000
3548. Keysborough South Community Hub Dev	-	144,691	144,691	144,691	144,691	-
3590. Bilbungra Kindergarten	17,266	25,000	7,734	25,000	7,734	-
3593. Corrigan Rex Kindergarten	17,630	25,000	7,370	25,000	7,370	-
3594. Dandenong Day Nursery	14,806	25,000	10,194	25,000	10,194	-
3597. Heatherhill Kindergarten	13,607	22,000	8,393	22,000	8,393	-
3617. Tom Houlahan Ctre - Improv. Works	14,995	90,000	75,005	90,000	75,005	90,000
3633. Dandenong CAD Seagull Control	53,571	70,000	16,429	70,000	16,429	-
3638. Menzies Avenue	264,755	222,566	(42,189)	222,566	(42,189)	222,566
3703. Clow Street Maternal & Child Health	180	-	(180)	-	(180)	-
3711. Springvale North Tennis Club	140,940	206,246	65,306	206,246	65,306	30,000
3783. Dandenong Market Alfresco	143,966	175,000	31,034	175,000	31,034	175,000
3788. Dandenong Oasis Plant Works	33,600	30,907	(2,693)	30,907	(2,693)	15,000
3789. Dandenong Civic Ctr Minor Office	-	20,000	20,000	20,000	20,000	-
3792. Dandenong Mkt Back of House-Coolrm	586,154	1,018,266	432,112	1,018,266	432,112	350,000
3793. Dandenong Market Utility Srv Infra	24,318	100,000	75,682	100,000	75,682	100,000
Leasehold Improvements						
3165. Police Paddocks Pavilion	33,448	80,000	46,552	80,000	46,552	80,000
Land						
3069. Property Acquisition	-	375,000	375,000	375,000	375,000	-
Total property	13,813,411	26,306,077	12,492,666	26,306,077	12,492,666	16,790,191

Note – "0000 Not applicable" projects relate to items that have been transferred from operating because they meet the asset capitalisation criteria and are too minor for the establishment of individual project numbers. These items have been budgeted for in the Income Statement.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

CIP Expenditure

For the period 1 July 2017 - 30 June 2018

	FULL YEAR					
	ACTUAL	MID YEAR	VARIANCE		FORECAST	ORIGINAL
	\$'000	BUDGET	\$'000	FORECAST	vs ACTUAL	BUDGET
		\$'000	\$'000	\$'000	VARIANCE	\$'000
				\$'000	\$'000	\$'000
PLANT AND EQUIPMENT						
Plant, machinery and equipment						
1445. Fleet Purchases	1,691,907	2,531,500	839,593	2,531,500	839,593	2,728,500
3740. Drum Theatre Improvements	-	45,000	45,000	45,000	45,000	45,000
Library books						
3104. Library Resources	979,568	1,160,712	181,144	1,160,712	181,144	1,160,712
Computers and telecommunications						
3167. Mobile Version of Jobs At Dnong Web	-	20,000	20,000	20,000	20,000	20,000
3168. Health Manager Software	102,250	102,650	400	102,650	400	102,650
3521. GIS Software Website Integration	27,592	40,000	12,408	40,000	12,408	-
3596. Trapeze I T S/ware Statutory Plan.	9,449	21,473	12,024	21,473	12,024	-
Fixtures, fittings and furniture						
3314. Public hall equipment	27,934	45,000	17,066	45,000	17,066	45,000
Total plant and equipment	2,838,702	3,966,335	1,127,633	3,966,335	1,127,633	4,101,862
INFRASTRUCTURE						
Parks, open space and streetscapes						
0000. Not Applicable	127,800	-	(127,800)	-	(127,800)	-
3028. Park Furniture Renewal	35,218	50,000	14,782	50,000	14,782	50,000
3135. Sandown Rd. streetscape S/vale Rd.	209,244	172,074	(37,170)	172,074	(37,170)	-
3141. Thomas St Precinct Enhance(Afghan)	33,547	469,151	435,604	469,151	435,604	400,000
3166. Comm.Safe-Hemmings Park Upg Light	9,504	15,000	5,496	15,000	5,496	-
3192. Douglas st. s/scape improv.proj.	-	290,482	290,482	290,482	290,482	-
3205. Safe City CCTV System - Round 2	329,098	551,826	222,728	551,826	222,728	455,137
3208. Local Passive Res.(Park Land)-Var.	141,605	205,000	63,395	205,000	63,395	205,000
3243. Little India	-	11,476	11,476	11,476	11,476	-
3245. Greaves Reserve Floodlight	461,472	600,000	138,528	600,000	138,528	600,000
3248. DCP Keysb. Sth Industrial Buffer	390,486	700,000	309,514	700,000	309,514	-
3253. CCTV Implementation	49,648	120,000	70,352	120,000	70,352	-
3256. Safer Community Fund Mobile CCTV	61,471	81,788	20,317	81,788	20,317	-
3324. Springers Leisure Centre,Keysbor.	26,516	50,000	23,484	50,000	23,484	50,000
3332. Lonsdale Street Streetscapes	90,466	85,000	(5,466)	85,000	(5,466)	85,000
3432. Car Park Lighting Program	78,646	189,772	111,126	189,772	111,126	110,000
3490. Springvale Road Boulevard	219,872	1,317,040	1,097,168	1,317,040	1,097,168	1,150,000
3498. Walker St D'ngong-Streetscape	530,594	1,600,000	1,069,406	1,600,000	1,069,406	1,600,000
3603. Metro 3175 Open Space Stage 1	-	9,500	9,500	9,500	9,500	-
3612. Keysborough Bowls Club	57,220	50,000	(7,220)	50,000	(7,220)	50,000
3614. DCP Sarah Lands Keysborough Sth	448,562	527,328	78,766	527,328	78,766	-
3615. George Andrews Ticket Box & Light.	37,516	40,000	2,484	40,000	2,484	40,000
3618. Springvale Act. Ctr-Pits Gdns Strat	2,450		(2,450)		(2,450)	-
3631. Dandenong Park Master Plan	660,743	2,369,566	1,708,823	2,369,566	1,708,823	1,500,000
3649. Open Space Master plan	9,000	245,000	236,000	245,000	236,000	-
3651. Springvale Activity Centre-Laneways	113,574	100,000	(13,574)	100,000	(13,574)	100,000
3717. Springvale Reserve	-	5,000	5,000	5,000	5,000	-
3747. Streetscapes - Activity Centres	-	300,000	300,000	300,000	300,000	-
3790. Harmony Square Add. Table & Seat	48,304	46,412	(1,892)	46,412	(1,892)	-

Note – "0000 Not applicable" projects relate to items that have been transferred from operating because they meet the asset capitalisation criteria and are too minor for the establishment of individual project numbers. These items have been budgeted for in the Income Statement.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

CIP Expenditure

For the period 1 July 2017 – 30 June 2018

	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Recreational, leisure and community facilities						
0000. Not Applicable	21,275	-	(21,275)	-	(21,275)	-
3029. Playground Improvements	392,470	510,000	117,530	510,000	117,530	510,000
3047. Noble Park Reserve	95,648	230,000	134,352	230,000	134,352	230,000
3056. 8 Balmoral Ave - S/Vale	18,359	95,259	76,900	95,259	76,900	-
3193. Warner & Greaves Reserve Sub Surfac	193,616	201,000	7,384	201,000	7,384	201,000
3207. D'nong Indoor Sports Stadium MultiP	4,891	15,000	10,109	15,000	10,109	15,000
3209. Active Reserves Program	14,049	21,405	7,356	21,405	7,356	-
3210. Turf Wicket Table Renewal Works	228,646	251,000	22,354	251,000	22,354	251,000
3244. Extension of Public Place Recycling	-	8,951	8,951	8,951	8,951	-
3305. Tattersson Park Pavilion	1,651,457	1,685,000	33,543	1,685,000	33,543	1,685,000
3332. Lonsdale Street Streetscapes	64,643	70,000	5,357	70,000	5,357	70,000
3459. Frank Holohan Reserve	20,706	21,096	390	21,096	390	-
3612. Keysborough Bowls Club	-	10,945	10,945	10,945	10,945	-
3622. Rosswood Tennis Club	155,435	200,000	44,565	200,000	44,565	200,000
Roads						
0000. Not Applicable	521,142	-	(521,142)	-	(521,142)	-
3161. Black Spot Prog.-Athol Rd/Noble St	183,889	239,051	55,162	239,051	55,162	-
3171. Thomas & Scott St Signalisation	17,980	400,000	382,020	400,000	382,020	400,000
3187. Black Spot Prog.-Ellen St, S/Vale	94,440	8,371	(86,069)	8,371	(86,069)	-
3188. Black Spot Prog.- Halton Rd, D/nong	450	-	(450)	-	(450)	-
3189. Black Spot Prog. Lightwood Rd,S/val	15,992	195,480	179,488	195,480	179,488	-
3190. Black Spot Prog.- Oakwood Ave,D/non	22,253	37,194	14,941	37,194	14,941	-
3246. Black Spot Prog-Birdwood & Wilma Av	220,022	406,600	186,578	406,600	186,578	-
3247. Black Spot Prog-River End Rd	68,310	119,700	51,390	119,700	51,390	-
3287. Menzies Ave Safety	62,547	98,758	36,211	98,758	36,211	-
3373. Municipal wide, Kerb and Channel	220,433	300,000	79,567	300,000	79,567	300,000
3418. Municipal Wide,LATM post audit	289,505	450,000	160,495	450,000	160,495	450,000
3495. Safe System Road Infrastructure Prg *	59,758	-	(59,758)	-	(59,758)	-
3651. Springvale Activity Centre-Laneways	23,764	15,452	(8,312)	15,452	(8,312)	-
3752. Local Road Rehab.Prg-Implement R2R	1,340,114	1,348,010	7,896	1,348,010	7,896	674,005
3753. Local Road Surf./Rehabit. Prg.	2,915,323	2,925,995	10,672	2,925,995	10,672	2,925,995
3756. Local Road Rehab.Program-Bangholme	3,678,010	3,928,666	250,656	3,928,666	250,656	1,955,050
3994. DCP - Abbotts Road	7,792	-	(7,792)	-	(7,792)	-
Bridges						
0000. Not Applicable	191,390	-	(191,390)	-	(191,390)	-
Footpath and cycleways						
0000. Not Applicable	10,437	-	(10,437)	-	(10,437)	-
3172. Park Paths Upgrade Program	-	30,000	30,000	30,000	30,000	30,000
3174. Active Transport Infra.Priority Pat	215,476	485,631	270,155	485,631	270,155	300,000
3355. Municipal Wide-Footpath Renewal	910,827	1,400,000	489,173	1,400,000	489,173	1,400,000
3461. Arena Square shared path	6,765	29,757	22,992	29,757	22,992	-

* Matched by grant funding.

Note – "0000 Not applicable" projects relate to items that have been transferred from operating because they meet the asset capitalisation criteria and are too minor for the establishment of individual project numbers. These items have been budgeted for in the Income Statement.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

CIP Expenditure

For the period 1 July 2017 – 30 June 2018

	FULL YEAR					
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	ORIGINAL BUDGET \$'000
Off street car parks						
3257. 144 Thomas Street Car Park	76,534	-	(76,534)	79,207	2,673	-
3303. Noble Park Community Centre	-	50,000	50,000	50,000	50,000	-
3463. Dandenong City Soccer Club	389,126	376,534	(12,592)	376,534	(12,592)	-
3662. Metro 3175	25,810	155,937	130,127	155,937	130,127	-
3794. Tatterson Park Masterplan	764,715	2,226,962	1,462,247	2,226,962	1,462,247	2,000,000
Drainage						
0000. Not Applicable	119,363	-	(119,363)	-	(119,363)	-
3129. Drainage program	365,998	1,445,206	1,079,208	1,445,206	1,079,208	965,000
3176. Meridian Estate Drainage	75,000	75,000	-	75,000	-	75,000
3558. Pit Cover Replacement Program	100,678	100,000	(678)	100,000	(678)	100,000
3728. Minor S/water Renewal Works	117,707	200,000	82,293	200,000	82,293	200,000
3729. Major stormwater works	343,948	400,000	56,052	400,000	56,052	400,000
Total infrastructure	20,489,249	30,969,375	10,480,126	31,048,582	10,559,333	21,732,187
GRAND TOTAL	37,141,362	61,241,787	24,100,425	61,320,994	24,179,632	42,624,240

Note – "0000 Not applicable" projects relate to items that have been transferred from operating because they meet the asset capitalisation criteria and are too minor for the establishment of individual project numbers. These items have been budgeted for in the Income Statement.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Appendix 2

Investment Analysis

2.5.1 June 2018 Financial Report (interim results) (Cont.)

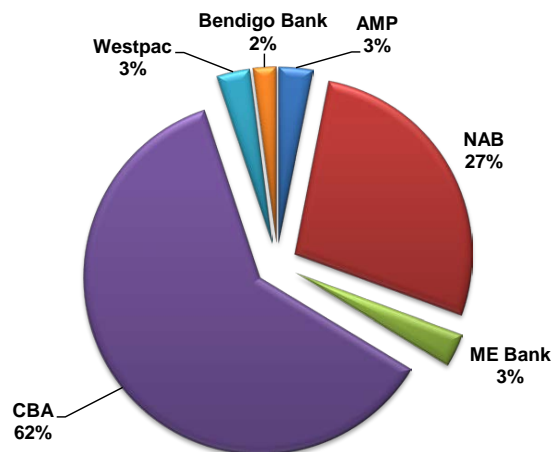


Financial Report for the period 1 July 2017 – 30 June 2018

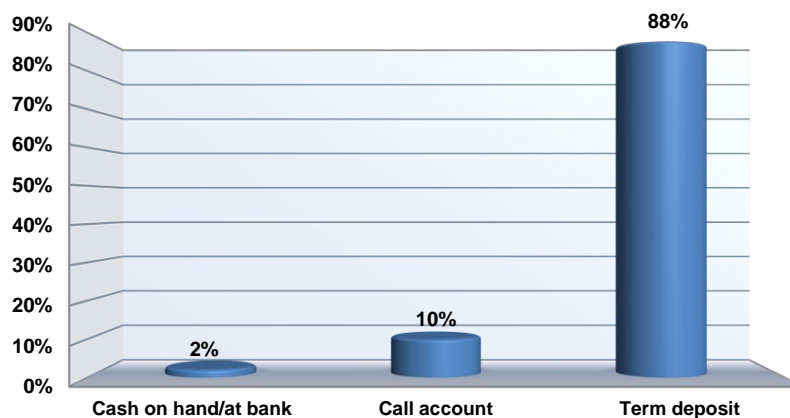
Cash and Investments

For the period 1 July 2017 - 30 June 2018

Investment Institutions



Portfolio Products



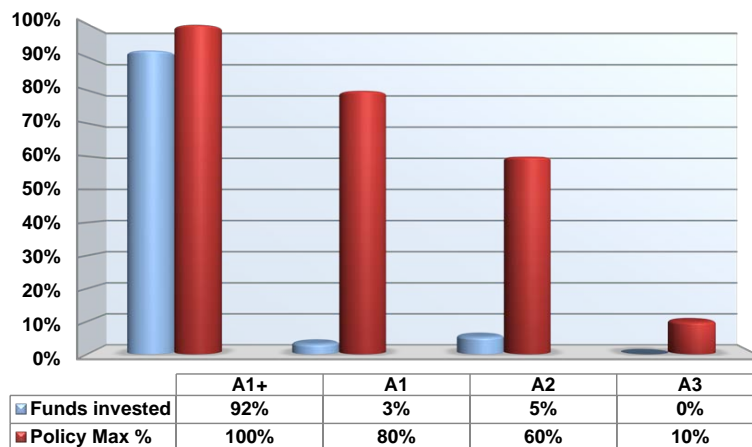
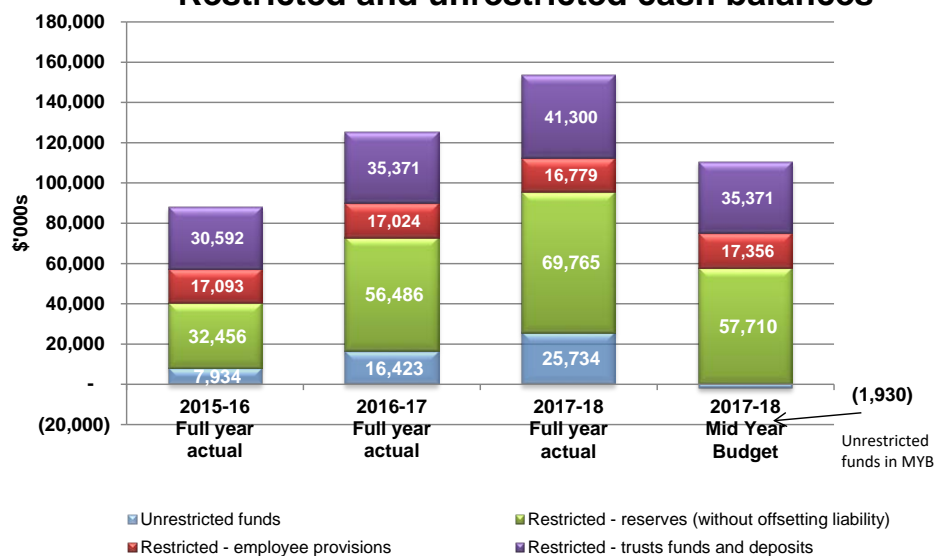
2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Cash and Investments

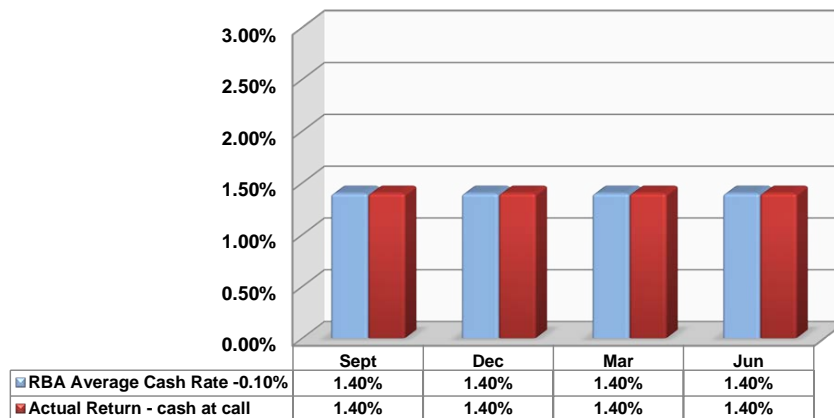
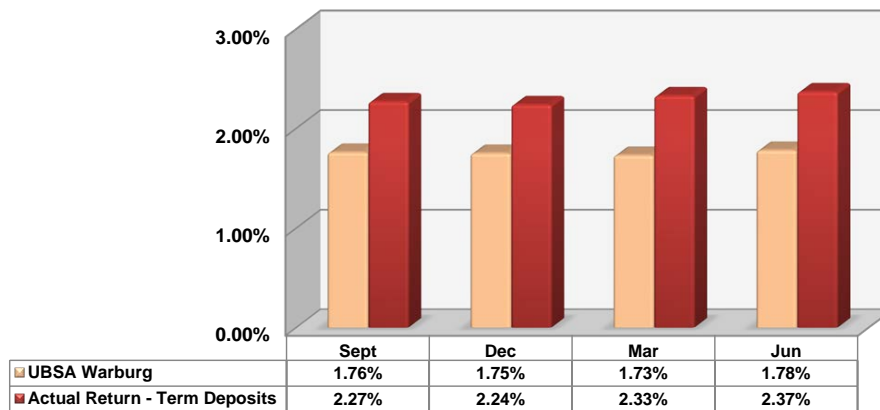
For the period 1 July 2017 - 30 June 2018

Investment Credit Rating**Restricted and unrestricted cash balances**

2.5.1 June 2018 Financial Report (interim results) (Cont.)

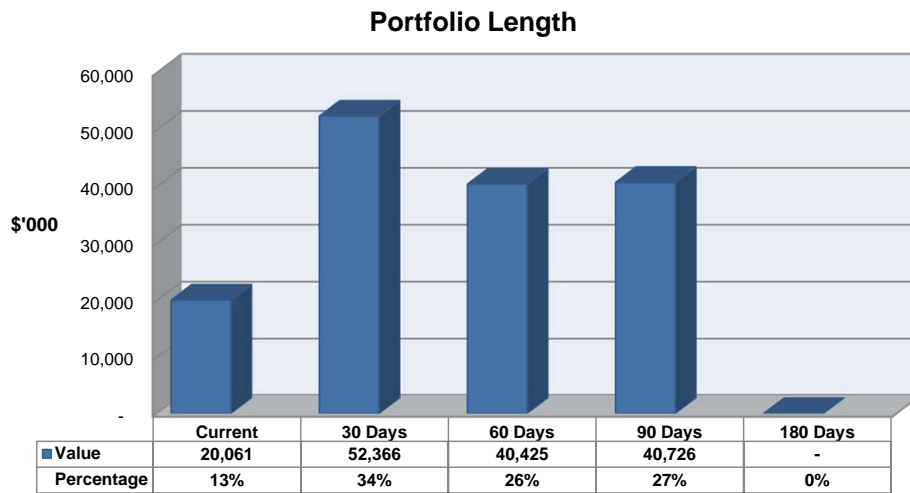


Financial Report for the period 1 July 2017 – 30 June 2018

Benchmark Indicator - Cash at Call**Benchmark Indicator - Term Deposits**

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018



2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Appendix 3

Directorate Analysis

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Total Operating Results

For the period 1 July 2017 - 30 June 2018

CGD BY DIRECTORATE

	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Chief Executive Office	-	-	-	-	-	-
Greater Dandenong Business	1,099	325	774	481	618	75
Corporate Services	4,086	3,819	267	3,766	320	3,814
Engineering Services	19,681	19,045	636	19,184	497	19,689
City Planning Design and Amenity	14,279	13,995	284	13,840	439	13,616
Community Services	23,508	24,445	(937)	21,736	1,772	23,188
Non-Directorate ^(a)	155,373	141,432	13,941	142,579	12,794	145,548
Capital Works Program	4,918	5,795	(877)	5,795	(877)	2,932
Total income	222,944	208,856	14,088	207,381	15,563	208,862
Expenses						
Chief Executive Office	613	618	5	618	5	574
Greater Dandenong Business	3,201	3,923	722	3,843	642	3,398
Corporate Services	19,921	21,311	1,390	20,847	926	21,119
Engineering Services	52,976	54,488	1,512	55,203	2,227	54,499
City Planning Design and Amenity	15,622	16,127	505	15,932	310	15,634
Community Services	41,132	46,455	5,323	44,711	3,579	43,302
Non-Directorate ^(a)	39,341	35,093	(4,248)	36,764	(2,577)	35,093
Capital Works Program	3,236	-	(3,236)	-	(3,236)	-
Total expenses	176,042	178,015	1,973	177,918	1,876	173,619
Net surplus (deficit)	46,902	30,841	16,061	29,463	17,439	35,243

^(a) Non Directorate includes non-attributable items such as rates income, developer's contributions, interest income, non-monetary assets, finance costs and depreciation.

Note - Total income and expenditure differs to the operating result on page 1 due to the treatment of proceeds from asset sales and associated written down value.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

CEO Directorate Operating Results

For the period 1 July 2017 - 30 June 2018

CEO DIRECTORATE							
Notes	FULL YEAR						ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000		
Income							
Rates and charges	-	-	-	-	-	-	-
Statutory fees and fines	-	-	-	-	-	-	-
User fees	-	-	-	-	-	-	-
Grants - operating	-	-	-	-	-	-	-
Grants - capital	-	-	-	-	-	-	-
Contributions - monetary	-	-	-	-	-	-	-
Contributions - non-monetary	-	-	-	-	-	-	-
Asset sales	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-
Expenses							
Employee costs	509	504	(5)	504	(5)		504
Materials and services	98	108	10	108	10		64
Bad and doubtful debts	-	-	-	-	-		-
Depreciation and amortisation	-	-	-	-	-		-
Borrowing costs	-	-	-	-	-		-
Carrying amount of assets sold	-	-	-	-	-		-
Other expenses	6	6	-	6	-		6
Total expenses	613	618	5	618	5		574
Net surplus (deficit)	(613)	(618)	5	(618)	5		(574)

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS							
Notes	FULL YEAR						ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000		
Income							
CEO	-	-	-	-	-	-	-
Total income	-	-	-	-	-	-	-
Expenses							
CEO	613	618	5	618	5		574
Total expenses	613	618	5	618	5		574
Net surplus (deficit)	(613)	(618)	5	(618)	5		(574)

Notes:

No comments required for this directorate.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Greater Dandenong Business Group Operating Results

For the period 1 July 2017 - 30 June 2018

GREATER DANDENONG BUSINESS GROUP

		FULL YEAR					
		ACTUAL	MID YEAR BUDGET	VARIANCE	FORECAST	FORECAST vs ACTUAL VARIANCE	ORIGINAL BUDGET
	Notes	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Rates and charges		-	-	-	-	-	-
Statutory fees and fines		-	-	-	-	-	-
User fees		17	5	12	20	(3)	5
Grants - operating	1	972	220	752	348	624	-
Grants - capital		-	-	-	-	-	-
Contributions - monetary		43	30	13	30	13	-
Contributions - non-monetary		-	-	-	-	-	-
Asset sales		-	-	-	-	-	-
Other income		67	70	(3)	83	(16)	70
Total income		1,099	325	774	481	618	75
Expenses							
Employee costs	2	1,945	2,384	439	2,315	370	2,021
Materials and services	3	1,127	1,364	237	1,334	207	1,202
Bad and doubtful debts		-	-	-	-	-	-
Depreciation and amortisation		-	-	-	-	-	-
Borrowing costs		-	-	-	-	-	-
Carrying amount of assets sold		-	-	-	-	-	-
Other expenses		129	175	46	194	65	175
Total expenses		3,201	3,923	722	3,843	642	3,398
Net surplus (deficit)							
		(2,102)	(3,598)	1,496	(3,362)	1,260	(3,323)

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS

	FULL YEAR					ORIGINAL BUDGET \$'000
	Notes	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Greater Dandenong Business Executive	9	-	9	9	-	-
Business Networks	545	300	245	427	118	50
Activity Centres Revitalisation	537	6	531	35	502	6
Economic Development	8	19	(11)	10	(2)	19
Total income	1,099	325	774	481	618	75
Expenses						
Greater Dandenong Business Executive	309	319	10	331	22	318
Business Networks	824	1,151	327	1,292	468	626
Activity Centres Revitalisation	987	963	(24)	925	(62)	964
Economic Development	1,081	1,490	409	1,295	214	1,490
Total expenses	3,201	3,923	722	3,843	642	3,398
Net surplus (deficit)	(2,102)	(3,598)	1,496	(3,362)	1,260	(3,323)

Notes:

Income

Note 1 Grants – operating (\$752,000 favourable) – The favourable variance is due to:

- Receipt of unbudgeted grant for Indian Cultural Precinct, which will be offset by matching expenditure (Activity Centres Revitalisation \$500,000). The majority of this grant is a proposed carry over to the 2018-19 year.
- Receipt of additional grant funding for Community Revitalisation (\$125,000).
- Receipt of unbudgeted grant for Career Education Association (Community Revitalisation Project \$60,000).
- Receipt of unbudgeted grant for Kitchen Challenge (Business Networks \$48,000).

Unspent funding will be carried forward to the 2018-19 financial year (see Appendix 4).

Expenditure

Note 2 Employee costs (\$439,000 favourable) – The favourable variance is due to lower than anticipated salary costs caused by vacant positions (Community Revitalisation Project \$232,000, Economic Development \$108,000 and Activity Centres Revitalisation \$96,000). The favourable variance in the Community Revitalisation Project at 30 June 2018 is proposed as a carry over to the 2018-19 financial year.

Note 3 Materials and services (\$237,000 favourable) – The favourable variance is due to delay in commencement of projects (Economic Development \$226,000 and Business Networks \$138,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Corporate Services Directorate Operating Results

For the period 1 July 2017 - 30 June 2018

CORPORATE SERVICES DIRECTORATE							
FULL YEAR							
	Notes	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	ORIGINAL BUDGET \$'000
Income							
Rates and charges		-	-	-	-	-	-
Statutory fees and fines		111	102	9	102	9	102
User fees		24	12	12	14	10	12
Grants - operating		40	40	-	40	-	55
Grants - capital		-	-	-	-	-	-
Contributions - monetary		-	-	-	-	-	-
Contributions - non-monetary		-	-	-	-	-	-
Asset sales		-	-	-	-	-	-
Other income	4	3,911	3,665	246	3,610	301	3,645
Total income		4,086	3,819	267	3,766	320	3,814
Expenses							
Employee costs	5	12,094	13,093	999	12,642	548	12,954
Materials and services	6	6,347	6,718	371	6,686	339	6,651
Bad and doubtful debts		-	-	-	-	-	-
Depreciation and amortisation		-	-	-	-	-	-
Borrowing costs		-	-	-	-	-	-
Carrying amount of assets sold		-	-	-	-	-	-
Other expenses		1,480	1,500	20	1,519	39	1,514
Total expenses		19,921	21,311	1,390	20,847	926	21,119
Net surplus (deficit)		(15,835)	(17,492)	1,657	(17,081)	1,246	(17,305)

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS						
Notes	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Corporate Services Executive	7	-	7	7	-	-
Communications and Customer Service	677	638	39	689	(12)	638
Governance	2,925	2,817	108	2,689	236	2,797
Information Technology	5	-	5	4	1	-
Financial Services	357	306	51	306	51	306
People and Procurement Services	115	58	57	71	44	73
Total income	4,086	3,819	267	3,766	320	3,814
Expenses						
Corporate Services Executive	511	558	47	560	49	558
Communications and Customer Service	5,315	5,959	644	5,640	325	5,959
Governance	2,763	3,003	240	2,939	176	2,983
Information Technology	4,080	4,316	236	4,284	204	4,262
Financial Services	2,899	2,917	18	2,919	20	2,917
People and Procurement Services	4,353	4,558	205	4,505	152	4,440
Total expenses	19,921	21,311	1,390	20,847	926	21,119
Net surplus (deficit)	(15,835)	(17,492)	1,657	(17,081)	1,246	(17,305)

Notes:**Income****Note 4 Other income (\$246,000 favourable) – The favourable variance is due to:**

- Higher than anticipated rental and recovery income received from tenants (Property Management \$102,000).
- Better than anticipated recovery of rates debtors (Property Revenue \$42,000).
- Higher than anticipated rental income across a number of venues including Springvale Town Hall, Springvale Reserve, Menzies Hall, Palm Plaza and Dandenong Civic Centre (Civic Facilities \$38,000).
- Unbudgeted recovery income from South East Water for over charging across the municipality (Contracts \$31,000).
- Better than anticipated rental income received from Senior Citizen Centres (\$28,000).
- Unbudgeted income from recovery of motor vehicle claims (Risk Management \$22,000) which is offset by matching expenditure.

This favourable variance is partly offset by lower than anticipated rental income (Paddy O'Donoghue Centre \$27,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Expenditure

Note 5 Employee costs (\$999,000 favourable) – The favourable variance is primarily due to lower salary costs caused by vacant positions (Community Facilities Management \$333,000, Civic Facilities \$63,000 and Communications and Customer Service Executive \$33,000), lower than anticipated program delivery costs (Occupational, Health and Safety \$155,000), vacancies and leave taken (Information Technology \$100,000, Call and Service Centres \$77,000, Finance \$71,000, Governance \$72,000, Records \$59,000, Contracts \$24,000 and Corporate Services Executive \$12,000).

This favourable variance has been offset by higher than anticipated corporate training program costs (Organisational Development Executive \$40,000).

Note 6 Materials and services (\$371,000 favourable) – The main items contributing to the favourable variance include:

- Administration costs (\$155,000) – lower than anticipated costs for council publications, postage, printing and stationery, commercial records storage, promotions and community education (Communications and Customer Service Executive \$100,000, Records Management \$27,000, Governance \$24,000, Members of Council \$18,000 and Technical Services \$11,000). These favourable variances are partly offset by higher than anticipated expenditure for subscriptions and advertising (Organisational Development Executive \$35,000).
- Insurance (\$87,000) – lower than anticipated claims expenditure (Risk Management).
- Utilities (\$98,000) – lower than anticipated utilities, rates and land tax relating to Council's commercial properties (Property Management Administration \$28,000), utilities for community centres (Paddy O'Donoghue Centre \$8,000 and Senior Citizen Facilities \$7,000) and telephone costs (Technical Services \$37,000 and Members of Council \$9,000).
- Information technology (\$93,000) – lower than anticipated expenditure for software licences and maintenance (Business Systems \$50,000, Technical Services \$24,000, Organisational Development Executive \$10,000 and Occupational, Health and Safety \$8,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Engineering Services Directorate Operating Results

For the period 1 July 2017 - 30 June 2018

ENGINEERING SERVICES DIRECTORATE

	Notes	FULL YEAR					ORIGINAL BUDGET \$'000
		ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income							
Rates and charges		16,520	16,519	1	16,529	(9)	16,519
Statutory fees and fines		-	-	-	-	-	-
User fees		984	972	12	923	61	972
Grants - operating	7	338	143	195	143	195	122
Grants - capital		-	-	-	-	-	-
Contributions - monetary		1	-	1	-	1	-
Contributions - non-monetary		-	-	-	-	-	-
Asset sales	8	566	653	(87)	653	(87)	653
Other income	9	1,272	758	514	936	336	1,423
Total income		19,681	19,045	636	19,184	497	19,689
Expenses							
Employee costs	10	15,599	16,442	843	16,015	416	16,601
Materials and services	11	36,416	37,760	1,344	38,631	2,215	37,612
Bad and doubtful debts	12	558	16	(542)	226	(332)	16
Depreciation and amortisation		-	-	-	-	-	-
Borrowing costs		-	-	-	-	-	-
Carrying amount of assets sold	13	271	131	(140)	186	(85)	131
Other expenses		132	139	7	145	13	139
Total expenses		52,976	54,488	1,512	55,203	2,227	54,499
Net surplus (deficit)		(33,295)	(35,443)	2,148	(36,019)	2,724	(34,810)

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS

Notes	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Engineering Services Executive	-	-	-	-	-	-
Infrastructure Services	18,453	17,923	530	17,995	458	18,567
City Projects and Asset Improvement	115	-	115	116	(1)	-
Infrastructure Planning	1,113	1,122	(9)	1,073	40	1,122
Total income	19,681	19,045	636	19,184	497	19,689
Expenses						
Engineering Services Executive	399	384	(15)	384	(15)	384
Infrastructure Services	41,754	43,069	1,315	43,490	1,736	43,090
City Projects and Asset Improvement	9,018	9,032	14	9,360	342	9,032
Infrastructure Planning	1,805	2,003	198	1,969	164	1,993
Total expenses	52,976	54,488	1,512	55,203	2,227	54,499
Net surplus (deficit)	(33,295)	(35,443)	2,148	(36,019)	2,724	(34,810)

Notes:

Income

Note 7 Grants – operating (\$195,000 favourable) - The favourable variance is due to receipt of unbudgeted grants for recycling relief (Waste Services \$124,000) and Dandenong Creek Habitat Enhancement Program, combined with additional funding for the Peri Urban Weed Management Project (Parks Services \$71,000).

Note 8 Asset sales (\$87,000 unfavourable) - Unfavourable variance due to lower than anticipated plant and equipment disposal proceeds at 30 June.

Note 9 Other income (\$514,000 favourable) – Favourable variance due to receipt of unbudgeted income for Princes Highway median landscaping works which will be offset by associated expenditure (Parks Services \$242,000), income relating to outstanding building defects for Dandenong Civic Centre and Noble Park Aquatic Centre (Building Maintenance \$115,000) and Polytrade recycling rebates (this income is provided for as a doubtful debt), partly offset by lower recovery income for Spring Valley landfill as a result of lower expenditure (Waste Management \$154,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Expenditure

Note 10 Employee costs (\$843,000 favourable) - The favourable variance is due to a delay in recruitment (Roads and Drains \$308,000, Asset Management \$158,000, CIP Implementation \$151,000, Parks Services \$168,000, Asset Protection \$89,000, Infrastructure Services and Planning Executive \$79,000) and lower fringe benefits tax expense (Fleet Management \$73,000).

This favourable variance is partly offset by higher than anticipated temporary staff costs (City Projects and Asset Improvement Executive \$104,000 and Cleansing \$51,000) and project management costs unable to be transferred to capital (CIP Major Projects \$59,000).

Note 11 Materials and services (\$1.34 million favourable) - The favourable variance is due to:

- Lower expenditure for street lighting, traffic signals and consultants (Asset Management \$392,000).
- Lower demand for hard waste, garden waste and lower expenditure associated with the aftercare management works for Spring Valley Landfill (Waste Services \$227,000).
- The transfer of expenditure items over \$20,000 to the Capital Works Program because they satisfy the asset capitalisation criteria, as well as lower expenditure for contractor services (Roads \$970,000, Building Maintenance \$201,000 and Parks Services \$21,000).
- Lower consultancy costs (Strategic Transport \$30,000 and Strategic Asset Planning \$29,000).
- Lower contractor expenditure (Cleansing \$206,000 and Fleet Management \$41,000).
- Lower expenditure for software and application support (Asset Management \$56,000).

Note 12 Bad and doubtful debts (\$542,000 unfavourable) - The unfavourable variance is due to recyclables recovery income being provided as a doubtful debt as 30 June 2018 (Waste Services \$549,000).

Note 13 Carrying amount of assets sold (\$140,000 unfavourable) - The unfavourable variance is due to higher than anticipated carrying amount of fleet sold (Fleet Management \$140,000). This is a non-cash accounting entry.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

City Planning, Design & Amenity Directorate Results

For the period 1 July 2017 - 30 June 2018

CITY PLANNING, DESIGN & AMENITY

FULL YEAR							
	Notes	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	ORIGINAL BUDGET \$'000
Income							
Rates and charges		-	-	-	-	-	-
Statutory fees and fines	14	8,478	7,791	687	7,790	688	7,508
User fees	15	5,032	5,295	(263)	5,275	(243)	5,308
Grants - operating	16	404	509	(105)	400	4	496
Grants - capital		-	-	-	-	-	-
Contributions - monetary		-	-	-	-	-	-
Contributions - non-monetary		-	-	-	-	-	-
Asset sales		-	-	-	-	-	-
Other income		365	400	(35)	375	(10)	304
Total income		14,279	13,995	284	13,840	439	13,616
Expenses							
Employee costs	17	11,606	11,970	364	11,860	254	11,838
Materials and services	18	2,842	3,204	362	2,958	116	2,848
Bad and doubtful debts	19	1,083	863	(220)	1,023	(60)	863
Depreciation and amortisation		-	-	-	-	-	-
Borrowing costs		-	-	-	-	-	-
Carrying amount of assets sold		-	-	-	-	-	-
Other expenses		91	90	(1)	91	-	85
Total expenses		15,622	16,127	505	15,932	310	15,634
Net surplus (deficit)		(1,343)	(2,132)	789	(2,092)	749	(2,018)

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS

Notes	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
City Planning, Design and Amenity Exec.	208	208	-	208	-	207
Building Services	729	652	77	650	79	556
Planning and Design	2,135	2,192	(57)	2,174	(39)	2,130
Regulatory Services	11,207	10,943	264	10,808	399	10,723
Total income	14,279	13,995	284	13,840	439	13,616
Expenses						
City Planning, Design and Amenity Exec.	602	666	64	676	74	644
Building Services	1,141	1,213	72	1,201	60	1,117
Planning and Design	4,832	5,418	586	5,105	273	5,340
Regulatory Services	9,047	8,830	(217)	8,950	(97)	8,533
Total expenses	15,622	16,127	505	15,932	310	15,634
Net surplus (deficit)	(1,343)	(2,132)	789	(2,092)	749	(2,018)

Notes:**Income**

Note 14 Statutory fees and fines (\$687,000 favourable) – The favourable variance is due to better than anticipated income from parking fines and recovery of collection costs (Parking Management \$735,000) and higher than anticipated fee income (Building \$78,000 and Strategic Design and Sustainability Planning \$17,000).

This favourable variance is partly offset by lower fines income (General Law Enforcement \$106,000) and lower income from planning applications (Statutory Planning \$35,000).

Note 15 User fees (\$263,000 unfavourable) – Unfavourable variance mainly due to lower than expected income from parking meters/ticket machines (Parking Management \$237,000).

Note 16 Grants - operating (\$105,000 unfavourable) – Unfavourable variance due to reduced grant funding (School Crossing Supervisors \$113,000).

Expenditure

Note 17 Employee costs (\$364,000 favourable) - The favourable variance is due to delay in recruitment (Statutory Planning \$233,000, Public Safety and Security \$92,000, Building Services \$67,000 and Parking Management \$46,000) and extended leave taken (Healthwise \$29,000).

This favourable variance is partly offset by greater use of project temporary staff funded by the State Government (Cladding Taskforce \$32,000) and changes in salary options (School Crossing Supervisors \$69,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Note 18 Materials and services (\$362,000 favourable) – The favourable variance is due to a number of projects commencing later than anticipated (Strategic Design and Sustainability Planning \$387,000), lower than anticipated expenditure for consultants, professional services and legal costs (Level Crossing Removal Project \$59,000, Planning Enforcement \$30,000 and Residential Services Administration \$24,000) and a change in the nature of project expenditure incurred from budget to actual (Cladding Taskforce \$30,000).

This favourable variance is partly offset by higher than anticipated statutory fees due to a greater amount of fines lodged (Parking Management \$199,000).

Note 19 Bad and doubtful debts (\$220,000 unfavourable) – This unfavourable variance is caused by higher than anticipated fines written off as bad debts at 30 June (mainly in General Law Enforcement and Healthwise) and a higher provision for doubtful parking fine debts due to the ageing of outstanding items (Parking Management \$110,000, Healthwise \$40,000, Planning Enforcement \$34,000 and General Law Enforcement \$29,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Community Services Directorate Operating Results

For the period 1 July 2017 - 30 June 2018

COMMUNITY SERVICES DIRECTORATE							
FULL YEAR							
	Notes	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	ORIGINAL BUDGET \$'000
Income							
Rates and charges		-	-	-	-	-	-
Statutory fees and fines		-	-	-	-	-	-
User fees	20	2,599	2,906	(307)	2,599	-	2,906
Grants - operating	21	19,333	19,979	(646)	17,511	1,822	18,837
Grants - capital		-	-	-	-	-	-
Contributions - monetary		-	-	-	-	-	-
Contributions - non-monetary		-	-	-	-	-	-
Asset sales		-	-	-	-	-	-
Other income		1,576	1,560	16	1,626	(50)	1,445
Total income		23,508	24,445	(937)	21,736	1,772	23,188
Expenses							
Employee costs	22	29,510	33,111	3,601	31,828	2,318	31,231
Materials and services	23	9,172	10,794	1,622	10,297	1,125	9,532
Bad and doubtful debts		19	-	(19)	6	(13)	-
Depreciation and amortisation		-	-	-	-	-	-
Borrowing costs		-	-	-	-	-	-
Carrying amount of assets sold		-	-	-	-	-	-
Other expenses	24	2,431	2,550	119	2,580	149	2,539
Total expenses		41,132	46,455	5,323	44,711	3,579	43,302
Net surplus (deficit)		(17,624)	(22,010)	4,386	(22,975)	5,351	(20,114)

Note * - An unfavourable variance of \$2.47 million in operating grant income was reflected in the full year forecast when compared to the Mid Year Budget, mainly in relation to Community Care (\$1.84 million) and Family Day Care (\$700,000).

The unfavourable forecast variance in Community Care was due to a movement from a predominantly integrated block funded program to separate programs where funding is based almost solely on the achievement of targets. As a result, it was anticipated that grant funding might be required to be returned/refunded after the conclusion of the financial year. As at 30 June 2018, Council was still awaiting formal advice from the Government about the requirement to return any grant funding. This reduction in forecast income was partly offset by lower service delivery expenditure, resulting in a net unfavourable variance of \$956,000 being reflected in the full year forecast for Community Care. Given there has been no requirement to return grant funding, Community Care achieved a favourable variance of \$1.20 million. An amount of \$2.1 million has been transferred to the General Reserve (Aged Care) at 30 June 2018.

The lower anticipated income in Family Day Care reflected in the full year forecast was wholly offset by lower service delivery expenditure (payments to educators), resulting in a net favourable variance of \$69,000 expected for the Family Day Care program in 2017-18. The actual surplus achieved in this program for 2017-18 was \$22,000. A revision of receipts and payments to educators has been revised and factored into the 2018-19 Budget.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS

Notes	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Community Services Executive	190	105	85	190	-	-
Community Wellbeing	9,975	10,743	(768)	10,109	(134)	9,652
Community Care	11,058	11,121	(63)	8,996	2,062	11,170
Community Arts, Culture and Libraries	2,285	2,476	(191)	2,441	(156)	2,366
Total income	23,508	24,445	(937)	21,736	1,772	23,188
Expenses						
Community Services Executive	973	595	(378)	922	(51)	438
Community Wellbeing	18,588	22,353	3,765	21,411	2,823	19,824
Community Care	12,366	13,626	1,260	12,457	91	13,375
Community Arts, Culture and Libraries	9,205	9,881	676	9,921	716	9,665
Total expenses	41,132	46,455	5,323	44,711	3,579	43,302
Net surplus (deficit)	(17,624)	(22,010)	4,386	(22,975)	5,351	(20,114)

* - Refer to additional comments included on prior page.

Notes:

Income

Note 20 User fees (\$307,000 unfavourable) – Unfavourable variance due to lower Community Care fee income (Home and Community Care \$265,000, Food Services \$70,000 and National Respite for Carers \$29,000), lower program income (matched by lower expenditure - Family Day Care \$142,000) and lower than expected income from performances (Drum Theatre \$60,000).

This variance is partly offset by higher than anticipated Commercial Aged Care income matched by higher service delivery expenditure (\$273,000).

Note 21 Grants – operating (\$646,000 unfavourable) - Unfavourable variance due to:

Grants lower than budget for variable client based services:

- Family Day Care \$819,000 (matched by lower program expenditure).
- Home and Community Care (HACC) \$76,000 * - Refer to additional comments included on prior page.

Grants lower than budget:

- Community Funding \$16,000

This unfavourable variance is partially offset by:

Grants received for variable client based services:

- Planned Activity Group \$49,000 (includes funding for Community Transport)
- National Respite for Carers \$20,000

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Additional funding received:

- Sports Planning \$37,000
- Library and Information Services \$33,000
- Community Development (Aboriginal Trainee) \$30,000
- Child First \$23,000
- Access and Quality Systems \$16,000
- Immunisation \$12,000
- Pre-school Field Officer \$12,000
- HACC – Assessments & Team Leaders \$11,000

Note: Unspent grant funding will be carried over to 2018-19 – see Appendix 4

Expenses

Note 22 Employee costs (\$3.60 million favourable) - Favourable variance due to vacant positions and a delay in recruitment (Child First \$689,000, Home and Community Care \$370,000, Maternal and Child Health (MCH) \$352,000, Library and Information Services \$303,000, Playgroups Initiative \$303,000, Right@Home \$301,000, National Respite for Carers \$246,000, Youth Activity Services \$222,000, Access and Quality Systems \$199,000, Planned Activity Group \$184,000, Family Day Care \$142,000, Preventative Health \$138,000, Community Property \$126,000, Cultural Development \$91,000, Enhanced MCH Program \$89,000, Pre-School Field Officer \$71,000, HACC Assessment and Team Leaders \$61,000, Senior Citizens Centres \$59,000, Dads in Dandenong \$58,000, Sports Planning \$47,000, Festivals and Events \$45,000, New Directions – Mothers & Babies \$33,000 and Community Development \$26,000).

\$1.71 million of this favourable employee cost variance relates to grant funded programs that are proposed to be carried over to 2018-19.

This favourable variance is offset by:

- Higher salary recovery costs (Commercial Aged Care \$261,000) matched by higher income.
- Higher than anticipated salaries (Immunisation \$182,000).
- Payment of entitlements for departing employee (Community Services Executive \$89,000).
- Higher than anticipated use of casual labour (Drum Theatre \$55,000).

Note 23 Materials and services (\$1.62 million favourable) – The favourable variance is due to:

- Lower payments to educators (Family Day Care \$841,000). This is a client based service that varies throughout the year and is matched by lower fee and grant income.
- Professional services (\$419,000) – lower expenditure for consultants and professional services (Home and Community Care \$338,000, Child First \$171,000, Community Hub Early Years \$99,000, New Directions – Mothers and Babies \$75,000, Drug Strategy \$46,000, Dads in Dandenong \$44,000, Leisure Centres \$32,000 and Community Funding \$30,000). This variance is partly offset by higher than anticipated expenditure (Team 11 Project \$254,000, Library Services \$29,000, Sports Planning \$25,000, Community Wellbeing Executive \$24,000, Drum Theatre \$22,000, Cultural Development \$19,000, Learning Driver Mentor Program \$18,000 and Community Transport \$16,000.).
- Lower than anticipated expenditure for the delivery of events (Cultural Development \$130,000 and Festival and Events \$67,000).
- Materials and maintenance (\$137,000) – lower than anticipated expenditure (Drum Theatre \$90,000, Community Transport \$53,000, National Respite for Carers \$53,000 and Library Services \$22,000).
- Electricity (\$59,000) – lower expenditure for Tattersson Park Community and Sports Centre (\$15,000), 39A Clow Street (\$10,000), Food Services (\$9,000), Planned Activity Group (\$8,000), Library and Information Services (\$7,000) and Mills Reserve (\$7,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Note 24 Other expenses (\$119,000 favourable) – Favourable variance due to lower than anticipated community grant funding payments (Community Funding \$69,000), and the delivery of programs (New Directions – Mothers & Babies \$27,000, Learning Driver Mentor Program \$18,000, Senior Citizens Centres \$16,000 and National Respite for Carers \$13,000).

This favourable variance is partly offset by higher than anticipated accommodation costs (Home and Community Care \$46,000).

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Non-Directorate Operating Results

For the period 1 July 2017 - 30 June 2018

NON-DIRECTORATE							
Notes	FULL YEAR						ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000		
Income							
Rates and charges	25	116,399	115,740	659	116,173	226	115,740
Statutory fees and fines	26	140	66	74	129	11	-
User fees		-	-	-	-	-	-
Grants - operating	27	11,941	6,018	5,923	6,018	5,923	10,575
Grants - capital		-	-	-	-	-	-
Contributions - monetary	28	2,921	2,000	921	2,000	921	2,000
Contributions - non-monetary	29	19,169	15,000	4,169	15,000	4,169	15,000
Fair value adjustments for investment property	30	1,025	-	1,025	-	1,025	-
Asset sales		82	70	12	79	3	-
Other income	31	3,696	2,538	1,158	3,180	516	2,233
Total income		155,373	141,432	13,941	142,579	12,794	145,548
Expenses							
Employee costs	32	215	1,117	902	973	758	1,117
Materials and services		469	465	(4)	460	(9)	465
Prior year capital expenditure unable to be capitalised (non-cash)	33	3,006	-	(3,006)	-	(3,006)	-
Bad and doubtful debts		(12)	-	12	-	12	-
Depreciation and amortisation	34	28,190	29,758	1,568	29,758	1,568	29,758
Borrowing costs		3,419	3,419	-	3,419	-	3,419
Carrying amount of assets sold	35	235	-	(235)	230	(5)	-
Fair value adjustments expense		-	-	-	-	-	-
Asset write offs	36	2,828	-	(2,828)	1,600	(1,228)	-
Other expenses	37	991	334	(657)	324	(667)	334
Total expenses		39,341	35,093	(4,248)	36,764	(2,577)	35,093
Net surplus (deficit)		116,032	106,339	9,693	105,815	10,217	110,455

Non Directorate includes non attributable items such as rates income, fire services levy payable on Council properties, developer's contributions, interest income, gifted assets, carrying amount of assets disposed/written off and finance costs

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS

Notes	FULL YEAR					ORIGINAL BUDGET \$'000
	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Governance	9	-	9	9	-	-
Corporate Accounting	152,443	139,432	13,011	140,570	11,873	143,548
Planning and Design	2,921	2,000	921	2,000	921	2,000
Total income	155,373	141,432	13,941	142,579	12,794	145,548
Expenses						
Governance	1	30	29	24	23	30
Corporate Accounting	39,321	35,063	(4,258)	36,740	(2,581)	35,063
Planning and Design	19	-	(19)	-	(19)	-
Total expenses	39,341	35,093	(4,248)	36,764	(2,577)	35,093
Net surplus (deficit)	116,032	106,339	9,693	105,815	10,217	110,455

Non Directorate includes non attributable items such as rates income, fire services levy payable on Council properties, developer's contributions, interest income, gifted assets, carrying amount of assets disposed/written off and finance costs.

Notes:**Income**

Note 25 Rates and charges (\$659,000 favourable) – Favourable variance due mainly to greater than anticipated supplementary valuations as a result of a more buoyant property market than expected and higher interest on rate arrears.

Note 26 Statutory fees and charges (\$74,000 favourable) – Favourable permanent variance due to greater than anticipated income received from election fines (Corporate Accounting).

Note 27 Grants – operating (\$5.92 million favourable) – The favourable variance is due to the early receipt of \$5.92 million (50%) of the 2018-19 Financial Assistance Grant via the Victorian Grants Commission in June 2018 (Corporate Services).

Note 28 Contributions – monetary (\$921,000 favourable) – Mainly better than anticipated income from public open space contributions. The nature of these receipts makes timing difficult to predict. These funds are transferred to reserves.

Note 29 Contributions – non-monetary (\$4.17 million favourable) – Better than anticipated income from gifted assets particularly subdivisions mainly relating to land. The nature of these receipts makes timing difficult to predict. This is a non-cash accounting entry.

Note 30 Fair value adjustments for investment property (\$1.03 million favourable) – Represents the adjustment to fair value of investment property assets in accordance with Australian Accounting Standards as these assets are not subject to depreciation. This is a non-cash accounting entry.

Note 31 Other income (\$1.16 million favourable) – Due primarily to the favourable variance in interest revenue as a result of higher cash balances during the financial year, caused by the timing and delay of operating and capital cash outflows.

2.5.1 June 2018 Financial Report (interim results) (Cont.)

Financial Report for the period 1 July 2017 – 30 June 2018

Expenses

Note 32 Employee costs (\$902,000 favourable) – Favourable variance due to lower than anticipated year end adjustments to provision for employee entitlements (annual leave and long service leave) as at 30 June 2018.

Note 33 Prior year capital expenditure unable to be capitalised (\$3.01 million unfavourable) – This unfavourable variance is due to works in progress (prior year capital expenditure) that is not able to be capitalised to the asset register because it is not capital in nature, does not meet the capitalisation threshold or relates to non-Council controlled assets (Corporate Accounting \$3.01 million). Mainly due to non-capital items and amounts under the capitalisation threshold in the building renewal program, the Springvale Community Precinct and Tatterson Park Pavilion major projects and street lighting (non-Council assets). This is a non-cash accounting entry.

Note 34 Depreciation and amortisation (\$1.57 million favourable) – Favourable variance due to the finalisation of fixed asset capitalisations and revaluations for the 2017-18 financial year. This is a non-cash accounting entry (Corporate Accounting). The decrement recognised in the building revaluation and asset write offs were contributing factors to lower than anticipated depreciation in 2017-18.

Note 35 Carrying amount of assets sold (\$235,000 unfavourable) – Unfavourable variance due mainly to the disposal of Springvale parking meter assets (Corporate Accounting). This is a non-cash accounting entry.

Note 36 Asset write offs (\$2.83 million unfavourable) – Unfavourable variance due to assets written off including (non-cash accounting entries):

- Demolition of buildings at 144 Thomas Street, Dandenong, Robert Booth Baseball pavilion and Alex Nelson pavilion (\$926,000).
- A review of assets in the 'Parks, open space and streetscapes' and 'Recreational, leisure and community facilities' asset classes (\$808,000).
- \$312,000 in drainage assets.
- Land at 44 Hope Street Springvale which is no longer Council owned (\$276,000).
- A review of IT assets that are no longer in use (\$170,000).

Note 37 Other expenses (\$657,000 unfavourable) – Unfavourable variance due to the requirement to recognise a provision for remediation for Spring Valley landfill. This is a non-cash accounting entry.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Capital Works Program Operating Results

For the period 1 July 2017 - 30 June 2018

CAPITAL WORKS PROGRAM							
FULL YEAR							
	Notes	ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST \$'000	FORECAST vs ACTUAL VARIANCE \$'000	ORIGINAL BUDGET \$'000
Income							
Rates and charges		-	-	-	-	-	-
Statutory fees and fines		-	-	-	-	-	-
User fees		-	-	-	-	-	-
Grants - operating		-	-	-	-	-	-
Grants - capital	38	4,281	4,911	(630)	4,911	(630)	2,932
Contributions - monetary	39	411	884	(473)	884	(473)	-
Contributions - non-monetary		-	-	-	-	-	-
Asset sales		-	-	-	-	-	-
Other income	40	226	-	226	-	226	-
Total income		4,918	5,795	(877)	5,795	(877)	2,932
Expenses							
Employee costs		-	-	-	-	-	-
Materials and services	41	2,945	-	(2,945)	-	(2,945)	-
Bad and doubtful debts		-	-	-	-	-	-
Depreciation and amortisation		-	-	-	-	-	-
Borrowing costs		-	-	-	-	-	-
Carrying amount of assets sold		-	-	-	-	-	-
Other expenses	42	291	-	(291)	-	(291)	-
Total expenses		3,236	-	(3,236)	-	(3,236)	-
Net surplus (deficit)		1,682	5,795	(4,113)	5,795	(4,113)	2,932

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

BUSINESS UNITS

	Notes	FULL YEAR				ORIGINAL BUDGET \$'000
		ACTUAL \$'000	MID YEAR BUDGET \$'000	VARIANCE \$'000	FORECAST vs ACTUAL VARIANCE \$'000	
Income						
Capital Works Program		4,918	5,795	(877)	(877)	2,932
Total income		4,918	5,795	(877)	(877)	2,932
Expenses						
Capital Works Program		3,236	-	(3,236)	(3,236)	-
Total expenses		3,236	-	(3,236)	(3,236)	-
Net surplus (deficit)		1,682	5,795	(4,113)	(4,113)	2,932

Notes:**Income**

Note 38 Grants – capital (\$630,000 unfavourable) – Unfavourable variance due to delay in receipt of grant funding for Yarraman Oaks Primary School New Early Years Learning Facility (\$650,000), Safe City CCTV – Round 2 (\$255,000) and the Dandenong Park Master Plan project (\$30,000).

This unfavourable variance is partly offset by the early receipt of grants for Springvale Community Precinct (\$205,000), Robert Booth Reserve Baseball Lighting (\$90,000) and Safe System Road Infrastructure Program (\$36,000) which were expected in 2018-19.

Note 39 Contributions - monetary (\$473,000 unfavourable) – Funding for the DCP Keysborough South Industrial Buffer project will be drawn down once the project has been completed. This will occur in the 2018-19 financial year.

Note 40 Other income (\$226,000 favourable) – Favourable variance due to the partial refund of Council's contribution in a previous financial year to the Princes Highway/Robinson Street intersection works. This will be proposed to be carried over to the 2018-19 year and allocated to the realignment of Mason Street.

Expenses

Note 41 Materials and services (\$2.95 million unfavourable) – Comprises expenditure in the CIP program that is not able to be capitalised to the asset register because it was not capital in nature, it did not meet the relevant capitalisation threshold or it related to non-Council controlled assets.

Note 42 Other expenses (\$291,000 unfavourable) – Represents Council's contributions to assets that are not Council controlled and therefore cannot be capitalised to the asset register, but were budgeted in the Capital program.

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

Appendix 4

Capital and Operating Carry Over's from 2017-18 to 2018-19

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

City of Greater Dandenong
OPERATING CARRY OVERS TO 2018-19

DESCRIPTION	SUB ACT'Y	INCOME \$	EXPEND- ITURE \$	NET TOTAL \$
COMMUNITY SERVICES				
Community Arts, Culture and Libraries				
Cultural Development (Creative Suburbs)	3504	0	120,147	120,147
		0	120,147	120,147
Community Wellbeing				
Leisure Centres (Oasis Feasibility Study)	1610	(3,000)	25,500	22,500
Sports Planning (Walk to School)	2218	0	10,000	10,000
Playgroups Initiative	2915	0	294,061	294,061
Child First	2917	0	886,319	886,319
Dads in Dandenong	2918	0	117,443	117,443
Pre-school Field Officer	2920	0	80,101	80,101
Drug Strategy	2960	0	113,375	113,375
Community Hub Early Years	2977	0	97,017	97,017
Community Funding (Neighbourhood House)	2982	0	19,054	19,054
Maternal and Child Health	3401	0	75,000	75,000
Right@Home	3404	0	313,892	313,892
New Directions - Mothers and Babies	3406	0	145,450	145,450
Community Development (Aboriginal Trainee)	3503	0	32,711	32,711
Preventative Health	3522	0	138,672	138,672
		(3,000)	2,348,595	2,345,595
CITY PLANNING, DESIGN AND AMENITY				
City Planning, Design and Amenity Executive				
Level Crossing Removal	2002	0	58,761	58,761
		0	58,761	58,761
Planning and Design				
Living Rivers	2645	(10,000)	76,410	66,410
		(10,000)	76,410	66,410
GREATER DANDENONG BUSINESS				
Activity Centres Revitalisation				
Indian Cultural Precinct	2251	0	438,924	438,924
		0	438,924	438,924
Business Networks				
Kitchen Challenge	0901	0	45,853	45,853
Community Revitalisation (including Career Education Association)	0902	0	415,479	415,479
		0	461,332	461,332
ENGINEERING SERVICES				
Infrastructure Services				
Asset Management (Street Lighting LED) (operating initiative via CIP bid process)	1502	0	103,248	103,248
Parks Services (Peri Urban Weed Management)	2643	0	51,757	51,757
		0	155,005	155,005
Total operating carry overs		(13,000)	3,659,174	3,646,174

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

City of Greater Dandenong
OPERATING CARRY OVERS TO 2018-19

DESCRIPTION	SUB ACT'Y	INCOME \$	EXPEND- ITURE \$	NET TOTAL \$
GRANTS BUDGETED IN 2018-19, BUT RECEIVED EARLY IN 2017-18				
Financial Assistance Grant allocation (50%)	1302	5,923,646	0	5,923,646
Sports Planning (Sport and Recreation Strategy) (90%)	2218	27,000	0	27,000
<i>Total grant adjustment for early receipts</i>		5,950,646	0	5,950,646
Grand total		5,937,646	3,659,174	9,596,820

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

City of Greater Dandenong
CAPITAL CARRY OVERS TO 2018-19

PROJECT DESCRIPTION	SUB ACCT	FUNDING SOURCE		EXPEND- ITURE \$	NET TOTAL \$
		RESERVE \$	INCOME \$		
Fleet Renewal Program - Jet Truck	1445	0	0	700,000	700,000
Robert Booth Reserve Pavilion	3015	0	(10,000)	615,933	605,933
Springvale Community Precinct (grant funding budgeted in 2018-19 was received early in 2017-18)	3043	0	205,377	4,285,212	4,490,589
Pilot Renewable Energy Program	3100	0	0	77,239	77,239
Drainage Program	3129	0	0	1,006,424	1,006,424
Thomas Street Precinct Enhance (Afghan)	3141	0	0	435,604	435,604
Police Paddocks Pavilion	3165	0	0	46,552	46,552
Active Transport Infrastructure Priority - Paths	3174	0	0	270,155	270,155
Douglas Street Streetscape Improvement	3192	0	0	290,482	290,482
IT System - Tom Houlahan Centre	3199	0	0	31,386	31,386
Local Passive Reserves (Park Land)	3208	0	0	29,871	29,871
Alex Nelson Reserve	3235	0	(10,000)	1,339,509	1,329,509
Greaves Reserve Floodlighting (grant funding still to be received for completed project)	3245	0	(10,000)	0	(10,000)
Black Spot - Birdwood and Wilma	3246	0	0	165,062	165,062
Black Spot - River End	3247	0	0	45,583	45,583
DCP Keysborough South Industrial Buffer	3248	0	(473,704)	309,514	(164,190)
Building Renewal Program - Alex Wilke	3251	0	0	400,000	400,000
Yarraman Oaks Primary - Early Years Learning Facility	3255	0	(650,000)	720,087	70,087
Safer Community Fund Mobile CCTV	3256	0	0	20,317	20,317
Robert Booth Reserve Baseball Lighting (grant funding budgeted in 2018-19 was received early in 2017-18)	3258	0	90,000	0	90,000
Noble Park Community Centre	3303	0	0	50,000	50,000
Dandenong Indoor Sports Stadium Master Plan Implementation	3315	0	0	108,500	108,500
Municipal-wide LATMs	3418	0	0	118,090	118,090
Springvale Road Boulevard	3490	(1,097,168)	0	1,097,168	0
Walker Street Dandenong Streetscape	3498	(69,406)	0	1,069,406	1,000,000
Keysborough South Community Hub Development	3548	0	0	132,229	132,229
Tom Houlahan Centre Improvement Works	3617	0	0	75,005	75,005
Dandenong Park Master Plan Implementation	3631	(320,928)	(30,000)	1,690,494	1,339,566
Open Space Master Plan Implementation	3649	0	0	236,000	236,000
VicTrack/Metro 3175 Car Park	3662	(130,127)	0	130,127	0
Streetscapes - Activity Centres	3747	0	0	300,000	300,000
Local Road Rehabilitation Program - Bangholme Road	3756	0	0	250,656	250,656

2.5.1 June 2018 Financial Report (interim results) (Cont.)



Financial Report for the period 1 July 2017 – 30 June 2018

City of Greater Dandenong
CAPITAL CARRY OVERS TO 2018-19

PROJECT DESCRIPTION	SUB ACCT	FUNDING SOURCE		EXPEND-ITURE \$	NET TOTAL \$
		RESERVE \$	INCOME \$		
Dandenong Market Alfresco	3783	0	0	31,034	31,034
Dandenong Market Back of House - Coolroom	3792	0	0	432,112	432,112
Dandenong Market Utility Service Infrastructure	3793	0	0	75,682	75,682
Tattersson Park Master Plan Implementation (Access Road and Car Park)	3794	0	0	1,462,247	1,462,247
Activity Centre - Mason Street Realignment	3828	0	0	217,000	217,000
		(1,617,629)	(888,327)	18,264,680	15,758,724

Reallocation of carry overs

Wal Turner Reserve Pavilion Extension					
This carry over is to be reallocated to the following projects in 2018-19:					
- Dandenong North (Ross Wood) Tennis Courts	3363	0	0	0	0
- Jan Wilson Kitchen	3037	0	0	50,000	50,000
- Wal Turner Master Plan (operating)	1796	0	0	60,000	60,000
- Silverleaf Ward Capital Contingency Fund	3887	0	0	505,000	505,000
		0	0	900,000	900,000

Total capital carry overs		(1,617,629)	(888,327)	19,164,680	16,658,724
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2.5.2 2017-18 Annual Financial Statements

File Id:

Responsible Officer:

Director Corporate Services

Attachments:

Annual Financial Statements
Performance Statement

Report Summary

The preliminary audit of Council's Annual Financial Statements and Performance Statement for the year ended 30 June 2018 has been completed by the Victorian Auditor-General's Office (VAGO) and reviewed by Council's Audit Advisory Committee.

The 2017-18 Annual Financial Statements comprise the consolidated financial statements of Council and the Dandenong Market Pty Ltd. In preparing the consolidated financial statements, all inter-entity balances and transactions have been eliminated in full.

Prior to final certification by VAGO, Council is required to adopt-in-principle the 2017-18 Annual Financial Statements and submit them for certification. As part of the certification process, VAGO may require further minor amendments to the Statements and Council authorisation for the Principal Accounting Officer to make these required changes is sought.

Council is also required to authorise two Councillors to certify these documents in accordance with the Local Government (Planning and Reporting) Regulations 2014. The signed statements will be incorporated in Council's annual report for the year ended 30 June 2018.

Recommendation Summary

This report recommends that Council adopts-in-principle the Annual Financial Statements and Performance Statement for the year ended 30 June 2018 and authorise Council's Principal Accounting Officer to make minor amendments to the Statements as agreed between Council and VAGO. Further that Council nominate Audit Advisory Committee members Councillor Chea (Mayor) and Councillor Kirwan to sign the 2017-18 Financial Statements and Performance Statement once agreed changes have been implemented.

2.5.2 2017-18 Annual Financial Statements (Cont.)**Background****Signing of Financial Statements and Performance Statement for the year ended 30 June 2018**

The agents of the Victorian Auditor-General, DMG Financial, have completed the audit of the Annual Financial Statements and Performance Statement for the year ended 30 June 2018. An Audit Closing Report was presented to the Audit Advisory Committee on 31 August 2018. The statements remain interim until signed by the Auditor-General. Consequently, Council has not received audit clearance for the attached draft Financial Statements and Performance Statement.

The Audit Advisory Committee is satisfied with the statements and recommends to Council that the statements be adopted in principle and referred to VAGO for final certification.

In order for the audit to proceed, Council now needs to resolve to (subject to any minor amendments noted under "Consultation" in this report):

- Approve "in principle" the draft Financial Statements and Performance Statement for the year ended 30 June 2018.
- Authorise two Councillors to sign the 30 June 2018 Financial Statements and Performance Statement once any changes recommended or agreed to with the Auditor-General have been made.

The Financial Statements and Performance Statement for the year ended 30 June 2018 will then be incorporated into Council's Annual Report, which is due for lodging with the Minister by 30 September 2018. The Annual Report will then be formally presented to Council as soon as possible after this lodgement for formal adoption.

Proposal

That Council adopt-in-principle the Financial Statements and Performance Statement for the year ended 30 June 2018.

Related Council Policies

- Financial Management Policy

Financial Implications

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 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*.

2.5.2 2017-18 Annual Financial Statements (Cont.)

The draft Financial Statements are consolidated accounts of Council and the Dandenong Market Pty Ltd. These statements indicate the financial performance for the year and the financial position at 30 June 2018. Whilst the audit has not yet been finalised, it is not expected that there will be any major changes as a result.

The Comprehensive Income Statement highlights that Greater Dandenong City Council's operating surplus for the year is a consolidated *accounting* surplus result of \$46.93 million in 2017-18. In order to reach the total comprehensive income result, Council has recorded a revaluation decrement in land and buildings asset values of \$17.13 million resulting in a consolidated Comprehensive Income result of \$29.85 million in total. Council is reminded that all of these outcomes are accounting based and do not represent the actual 'cash' outcome of Council for the financial year.

Detailed analysis of operational financial performance for the year ended 30 June 2018 is included in the June 2018 Management Report and illustrates all significant variations between final outcomes and forecast results and provides a reconciliation to the cash result.

The Performance Statement reports Council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*. It contains the results of the prescribed indicators and measures for service performance, financial performance and sustainable capacity indicators. The Performance Statement is required to be audited and is to be published in the Annual Report 2017-18.

Consultation

The agents of the Auditor-General, DMG Financial, have completed the audit of the Annual Financial Statements and Performance Statement for the year ended 30 June 2018. The Audit Advisory Committee met on 31 August 2018 to review in detail the draft Financial Statements and Performance Statement. The meeting was attended by DMG Financial who presented the audit outcomes. No material issues were raised. The Audit Advisory Committee recommends to Council that the statements be adopted-in-principle.

Conclusion

It is recommended that Council adopt in principle the Financial Statements and Performance Statement for the year ended 30 June 2018 and advance these statements to VAGO for final certification.

Recommendation**That Council:**

1. **adopts-in-principle the Financial Statements and the Performance Statement for the year ended 30 June 2018;**
2. **authorises the Principal Accounting Officer to make changes to the Financial and Performance Statements, as agreed with the Auditor-General and that the Audit Advisory Committee be consulted prior to making any material amendment and that material amendments be communicated to Council as soon as practical; and**

2.5.2 2017-18 Annual Financial Statements (Cont.)

- 3. nominates Councillor Chea (Mayor) and Councillor Kirwan to sign the 30 June 2018 Financial and Performance Statements once any changes agreed with the auditor have been made.**

2.5.2 2017-18 Annual Financial Statements (Cont.)

FINANCE AND BUDGET

2017-18 FINANCIAL STATEMENTS

ATTACHMENT 1

**ANNUAL FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 2018**

PAGES 64 (including cover)

2.5.2 2017-18 Annual Financial Statements (Cont.)



CITY OF GREATER DANDENONG

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2018

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

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2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

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2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 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.

Michelle Hansen CPA
Principal Accounting Officer

Date : 10 September 2018

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

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

We have been authorised by the Council and by the Local Government (Planning and Reporting) Regulation 2014 on 10 September 2018 to certify the Financial Statements in their final form.

Youhorn Chea
Mayor

Date : 10 September 2018

Matthew Kirwan
Councillor

Date : 10 September 2018

Mick Jaensch
Acting Chief Executive Officer

Date : 10 September 2018

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Independent Auditor's Report

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Comprehensive Income Statement

For the year ended 30 June 2018

	Note	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Income			
Rates and charges	2.1	132,808	127,661
Statutory fees and fines	2.2	8,730	7,892
User fees	2.3	8,655	9,230
Grants - operating	2.4	33,029	37,381
Grants - capital	2.4	4,281	8,989
Contributions - monetary	2.5	3,375	3,518
Contributions - non-monetary	2.5	19,169	16,308
Net gain on disposal of property, infrastructure, plant and equipment	2.6	141	1,011
Fair value adjustments for investment property	5.4	1,025	-
Other income	2.7	15,481	14,281
Total income		<u>226,694</u>	<u>226,271</u>
Expenses			
Employee costs	3.1	(72,378)	(71,752)
Materials and services	3.2	(65,557)	(63,060)
Depreciation and amortisation	3.3	(28,202)	(27,726)
Bad and doubtful debts	3.4	(1,649)	(911)
Borrowing costs	3.5	(3,419)	(3,699)
Fair value adjustments for investment property	5.4	-	(125)
Other expenses	3.6	(8,555)	(7,269)
Total expenses		<u>(179,760)</u>	<u>(174,542)</u>
Surplus for the year		<u>46,934</u>	<u>51,729</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	8.1(a)	(17,132)	215,164
Impairment (loss) reversal	8.1(a)	47	(47)
Total comprehensive result		<u>29,849</u>	<u>266,846</u>

The above Comprehensive Income Statement should be read in conjunction with the accompanying notes.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Balance Sheet**As at 30 June 2018**

	Note	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	4.1(a)	154,591	126,044
Trade and other receivables	4.1(c)	19,454	19,778
Other assets	4.2	3,742	2,629
Total current assets		177,787	148,451
Non-current assets			
Trade and other receivables	4.1(c)	325	334
Other financial assets	4.1(b)	230	230
Property, infrastructure, plant and equipment	5.2	2,160,766	2,155,846
Investment property	5.4	11,330	10,305
Total non-current assets		2,172,651	2,166,715
Total assets		2,350,438	2,315,166
Liabilities			
Current liabilities			
Trade and other payables	4.3	21,301	18,276
Trust funds and deposits	4.3(b)	40,218	34,268
Provisions	4.6	16,412	16,432
Interest-bearing loans and borrowings	4.4	3,301	3,086
Other interest-bearing liabilities	4.5	-	1,255
Total current liabilities		81,232	73,317
Non-current liabilities			
Trust funds and deposits	4.3(b)	1,287	1,180
Provisions	4.6 (c)	1,351	649
Interest-bearing loans and borrowings	4.4	48,525	51,826
Total non-current liabilities		51,163	53,655
Total liabilities		132,395	126,972
Net assets		2,218,043	2,188,194
Equity			
Accumulated surplus		857,413	823,671
Reserves	8.1	1,360,630	1,364,523
Total equity		2,218,043	2,188,194

The above Balance Sheet should be read in conjunction with the accompanying notes.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Statement of Changes in Equity

For the year ended 30 June 2018

Consolidated					
		Total	Accumulated	Revaluation	Other
2018	Note	\$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year		2,188,194	823,671	1,308,037	56,486
Surplus for the year		46,934	46,934	-	-
Net asset revaluation increment	8.1(a)	(17,132)	-	(17,132)	-
Revaluation reversal - disposed assets	8.1(a)	-	87	(87)	-
Impairment (loss)/reversal in revaluation reserve	8.1(a)	47	-	47	-
Transfers to other reserves	8.1(b)	-	(15,849)	-	15,849
Transfers from other reserves	8.1(b)	-	2,570	-	(2,570)
Balance at end of the financial year		2,218,043	857,413	1,290,865	69,765

Consolidated					
		Total	Accumulated	Revaluation	Other
2017		\$'000	Surplus \$'000	Reserve \$'000	Reserves \$'000
Balance at beginning of the financial year		1,921,348	785,001	1,103,891	32,456
Surplus for the year		51,729	51,729	-	-
Net asset revaluation increment	8.1(a)	215,164	-	215,164	-
Revaluation reversal - disposed assets	8.1(a)	-	10,971	(10,971)	-
Impairment (loss)/reversal in revaluation reserve	8.1(a)	(47)	-	(47)	-
Transfers to other reserves	8.1(b)	-	(34,502)	-	34,502
Transfers from other reserves	8.1(b)	-	10,472	-	(10,472)
Balance at end of the financial year		2,188,194	823,671	1,308,037	56,486

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Statement of Cash Flows

For the year ended 30 June 2018

		Consolidated 2018 Inflows/ (Outflows) \$'000	Consolidated 2017 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		132,752	127,008
Statutory fees and fines		6,630	4,849
User fees		9,876	11,208
Grants - operating		33,085	37,981
Grants - capital		6,449	7,320
Contributions - monetary		3,353	3,518
Interest received		2,916	2,641
Trust funds and deposits taken		39,180	38,598
Other receipts		12,566	12,856
Net GST refund		8,156	7,210
Employee costs		(74,073)	(71,569)
Materials and services		(69,014)	(64,262)
Trust funds and deposits repaid		(32,540)	(33,627)
Other payments		(5,420)	(9,299)
Net cash provided by operating activities	8.2	<u>73,916</u>	<u>74,432</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(38,231)	(43,029)
Proceeds from sale of property held for resale		-	918
Proceeds from sale of property, infrastructure, plant and equipment		648	13,089
Net cash used in investing activities		<u>(37,583)</u>	<u>(29,022)</u>
Cash flows from financing activities			
Finance costs		(3,445)	(3,726)
Repayment of borrowings		(3,086)	(3,120)
Repayment of other interest-bearing liabilities		(1,255)	(1,184)
Net cash used in financing activities		<u>(7,786)</u>	<u>(8,030)</u>
Net increase in cash and cash equivalents		28,547	37,380
Cash and cash equivalents at the beginning of the financial year		126,044	88,664
Cash and cash equivalents at the end of the financial year	4.1	<u>154,591</u>	<u>126,044</u>
Financing arrangements	4.7		
Restrictions on cash assets	4.1		

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Statement of Capital Works

For the year ended 30 June 2018

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Property		
Land	-	530
Total land	-	530
Buildings	13,780	23,617
Leasehold improvements	33	-
Total buildings	13,813	23,617
Total property	13,813	24,147
Plant and equipment		
Plant, machinery and equipment	1,692	2,533
Fixtures, fittings and furniture	28	270
Computers and telecommunications	139	115
Library books	980	1,091
Total plant and equipment	2,839	4,009
Infrastructure		
Roads	9,742	7,310
Bridges	191	370
Footpaths and cycleways	1,143	1,985
Drainage	1,123	1,676
Recreational, leisure and community facilities	2,861	1,229
Parks, open space and streetscapes	4,173	2,808
Off street car parks	1,256	1,223
Total infrastructure	20,489	16,601
Total capital works expenditure	37,141	44,757
Represented by:		
New asset expenditure	12,052	15,395
Asset renewal expenditure	18,614	19,098
Asset upgrade expenditure	6,475	10,237
Asset expansion expenditure	-	27
Total capital works expenditure	37,141	44,757

The above Statement of Capital Works should be read in conjunction with the accompanying notes.

2.5.2 2017-18 Annual Financial Statements (Cont.)

Notes to the Financial Report

Overview

The City of Greater Dandenong was established in December 1994 with the amalgamation of the former City of Springvale and former City of Dandenong, and is a body corporate. The Council's main office is located at 225 Lonsdale Street, Dandenong, 3175.

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 Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies**(a) Basis of accounting**

These consolidated financial statements for the year ended 30 June 2018 comprise the results of operations for both Council and its wholly owned subsidiary, namely the Dandenong Market Pty Ltd.

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

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

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

- the fair value of land, buildings and infrastructure (refer to note 5.2 and 7.4).
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 5.2).
- the determination of employee provisions (refer to note 4.6 (a)).

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 has been no change in accounting policies from the previous period.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Note 1 Performance against budget**

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of greater than 10 per cent and greater than \$1 million or where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 26 June 2017. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

1.1 Income and expenditure

	Consolidated Actual 2018 \$'000	Council Actual 2018 \$'000	Council Budget 2018 \$'000	Council Variance 2018 \$'000	Ref
		(note 5.3)		Fav (Unfav)	
Income					
Rates and charges	132,808	132,919	132,258	661	
Statutory fees and fines	8,730	8,730	7,610	1,120	1.1.1
User fees	8,655	8,655	9,203	(548)	
Grants - operating	33,029	33,029	30,085	2,944	1.1.2
Grants - capital	4,281	4,281	2,932	1,349	1.1.3
Contributions - monetary	3,375	3,375	2,000	1,375	1.1.4
Contributions - non-monetary	19,169	19,169	15,000	4,169	1.1.5
Net gain on disposal of property, infrastructure, plant and equipment	141	141	522	(381)	1.1.6
Fair value adjustments for investment property	1,025	1,025	-	1,025	1.1.7
Other income	15,481	11,114	9,120	1,994	1.1.8
Total income	226,694	222,438	208,730	13,708	
Expenses					
Employee costs	(72,378)	(71,478)	(76,265)	4,787	1.1.9
Materials and services	(65,557)	(62,422)	(58,374)	(4,048)	1.1.10
Bad and doubtful debts	(1,649)	(1,649)	(879)	(770)	1.1.11
Depreciation and amortisation	(28,202)	(28,190)	(29,758)	1,568	1.1.12
Borrowing costs	(3,419)	(3,419)	(3,419)	-	
Other expenses	(8,555)	(8,378)	(4,792)	(3,586)	1.1.13
Total expenses	(179,760)	(175,536)	(173,487)	(2,049)	
Surplus for the year	46,934	46,902	35,243	11,659	

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**1.1 Income and expenditure (continued)****Explanation of material variations**

Ref	Item	Explanation
1.1.1	Statutory fees and fines	Statutory fees and fines are \$1.12 million higher than the Original Budget due mainly to: - higher than anticipated parking fine income and Infringement Court recoveries (\$1.01 million). - unbudgeted election fine income from the 2016 Council election.
1.1.2	Grants - operating	Operating grant income was \$2.94 million higher than the Original Budget due to: - the early distribution of 50% of the 2017-18 and 2018-19 Financial Assistance Grant funding allocation in June of the preceding financial years. The 2017-18 actuals reflect 50% of the 2017-18 allocation and 50% of the 2018-19 allocation. Whilst 100% has effectively been received in 2017-18, both of the allocations were higher than expected in the Original Budget representing a favourable variance of \$1.37 million. - Council was successful in obtaining project grants (not included in the Original Budget) for the Indian Cultural Precinct (\$500,000) and Community Revitalisation (\$425,000). - Higher Community Service program grant funding than expected in the Original Budget for Playgroups Initiative, Child First, Dads in Dandenong, Drug Strategy, Libraries, Right@Home and Immunisation, partly offset by lower Family Day Care funding.
1.1.3	Grants - capital	Capital grant income was \$1.35 million higher than the Original Budget due to \$674,000 in additional Federal Government Roads to Recovery funding and \$526,000 in new Federal Government Black Spot grant funding.
1.1.4	Contributions - monetary	Due to a greater level of economic activity than anticipated, Council received higher than budgeted open space contributions from developers (\$921,000) during 2017-18. These contributions are restricted in their use and are transferred to reserves at the end of the financial year which are set aside for open space projects. The timing of receipt and amount of open space contributions are difficult to predict. Also contributing to this favourable variance is \$411,000 of Developer Contribution Plan funding in relation to the Sarah Lands capital project which was not allocated in the Original Budget (included in the 2017-18 Mid Year Budget).
1.1.5	Contributions - non-monetary	These contributions represent assets that are transferred to Council's ownership from developers upon completion of subdivisions. Refer to note 5.2 for further details about contributed assets. In 2017-18, they related mainly to land, roads and drains. The number of subdivisions that are completed vary from year to year and the timing of these asset transfers is outside of Council's control and difficult to predict. This item is a non-cash accounting entry.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**1.1 Income and expenditure (continued)****Explanation of material variations (continued)**

Ref	Item	Explanation
1.1.6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	The disposal of property, infrastructure, plant and equipment was \$381,000 lower than expected in the Original Budget mainly due to higher than expected cost of fleet sold (\$140,000) and the carrying amount of parking meters sold (\$230,000) which wasn't included in the 2017-18 Original Budget.
1.1.7	Fair value adjustments for investment property	The fair value valuation of investment property is determined annually by independent valuers. Changes to fair value are recorded in the Income Statement each year. Council's investment properties increased by \$1.03 million in 2017-18. This item is difficult to predict and is not included in the Original Budget. It is a non-cash accounting entry.
1.1.8	Other income	The favourable variance of \$1.99 million in other income is mainly attributable to a higher than anticipated interest return on investments (\$1.16 million), a part refund of a prior year contribution to VicRoads (\$467,000) and a credit received for prior year WorkCover premium (\$305,000), partly offset by lower recoveries from member councils in relation to Spring Valley landfill works not yet under taken at 30 June 2018 (\$368,000). Expected to be completed in 2018-19.
1.1.9	Employee costs	Employee costs were favourable to the 2017-18 Original Budget due mainly to lower than anticipated salaries, overtime and associated oncosts as a result of vacant positions, a delay in recruitment and a number of grant funded programs that have been carried over to the 2018-19 financial year. In addition, Fringe Benefits Tax and the year end employee entitlement provisions were lower than anticipated. These favourable variances were partly offset by higher temporary agency staff costs.
1.1.10	Materials and services	The \$4.05 million unfavourable variance is due to a number of factors: - \$6.00 million in capital expenditure that was not able to be capitalised to the asset register because it was not capital in nature, it did not meet the capitalisation threshold or it related to non-Council controlled assets (\$3.06 million relating to prior year capital expenditure and \$2.94 million relating to current year capital expenditure). - higher recycling costs due to recent restrictions and disruptions in the worldwide recycling markets (\$584,000). - higher statutory lodgement fees with the Infringements Court (\$421,000). These variances are partly offset by lower costs relating to payments to educators in the Family Day Care program (\$841,000), Spring Valley landfill (\$469,000), major patching of roads (\$372,000), hard waste collection (\$322,000) and drainage network (\$268,000).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**1.1 Income and expenditure (continued)****Explanation of material variations (continued)**

Ref	Item	Explanation
1.1.11	Bad and doubtful debts	The unfavourable variance of \$770,000 in bad and doubtful debts is due to a \$549,000 provision for recycling income as recovery is doubtful. This is combined with a higher provision for doubtful parking fines (\$110,000) due to an increase in fines generated in 2016-17 which remain outstanding at 30 June 2018. This has resulted in a higher provision than anticipated in the Original Budget.
1.1.12	Depreciation and amortisation	Depreciation expense was lower than the Original Budget due mainly to finalisation of the 2016-17 year end fixed asset balances which occurred after the adoption of the Original Budget. Also, contributing to the lower depreciation was the buildings revaluation decrement at 1 January 2018 and the assets written off during 2017-18.
1.1.13	Other expenses	<p>The unfavourable variance of \$3.59 million to the 2017-18 Original Budget is due to:</p> <ul style="list-style-type: none"> - \$2.83 million in asset write offs in 2017-18 (asset write offs are not budgeted for as they are difficult to predict) and relate mainly to: <ul style="list-style-type: none"> ♦ Demolition of buildings at 144 Thomas Street, Dandenong, Robert Booth Reserve baseball pavilion and Alex Nelson pavilion (\$926,000). ♦ A review of assets in the Parks, open space and streetscapes and Recreational, leisure and community facilities asset classes (\$808,000). ♦ \$312,000 in drainage assets. ♦ Land at 44 Hope Street Springvale which is no longer Council owned (\$276,000). ♦ A review of IT assets that are no longer in use (\$170,000). - \$895,000 relating to the recognition of a provision for remediation at Spring Valley landfill. - \$285,000 contributions in the Capital Improvement program that were unable to be capitalised to the asset register because they related to non-Council controlled assets. <p>These unfavourable variances are partly offset by lower Community Partnership funding (\$139,000) and the reversal of an impairment loss expense recognised in the prior year in relation to defective tiles at Noble Park Aquatic Centre which have now been fixed (\$237,500).</p>

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

1.2 Capital works

	Consolidated Actual 2018 \$'000	Council Actual 2018 \$'000	Council Budget 2018 \$'000	Council Variance 2018 \$'000 <i>Fav (Unfav)</i>	Ref
Property					
Buildings	13,780	13,780	16,710	2,930	1.2.1
Leasehold improvements	33	33	80	47	
Total buildings	13,813	13,813	16,790	2,977	
Total property	13,813	13,813	16,790	2,977	
Plant and equipment					
Plant, machinery and equipment	1,692	1,692	2,774	1,082	1.2.2
Fixtures, fittings and furniture	28	28	45	17	
Computers and telecommunications	139	139	123	(16)	
Library books	980	980	1,160	180	
Total plant and equipment	2,839	2,839	4,102	1,263	
Infrastructure					
Roads	9,742	9,742	6,705	(3,037)	1.2.3
Bridges	191	191	-	(191)	
Footpaths and cycleways	1,143	1,143	1,730	587	1.2.4
Drainage	1,123	1,123	1,740	617	1.2.5
Recreational, leisure and community facilities	2,861	2,861	3,162	301	
Parks, open space and streetscapes	4,173	4,173	6,395	2,222	1.2.6
Off street car parks	1,256	1,256	2,000	744	1.2.7
Total infrastructure	20,489	20,489	21,732	1,243	
Total capital works expenditure	37,141	37,141	42,624	5,483	
Represented by:					
New asset expenditure	12,052	12,052	17,004	4,952	1.2.8
Asset renewal expenditure	18,614	18,614	19,372	758	
Asset upgrade expenditure	6,475	6,475	6,248	(227)	
Asset expansion expenditure	-	-	-	-	
Total capital works expenditure	37,141	37,141	42,624	5,483	

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**1.2 Capital works (continued)****Explanation of material variations**

Ref	Item	Explanation
1.2.1	Buildings	Capital expenditure on buildings was lower than the 2017-18 Original Budget by \$2.93 million due mainly to the Springvale Community Precinct multi year project (\$3.65 million) combined with \$1.1 million that was transferred to operating expenditure as it could not be capitalised to the asset register and the Building Renewal Program (\$1.57 million, as a result of \$685,000 transferred to operating expenditure and lower than anticipated expenditure). These favourable variances are partly offset by projects that were carried over from the prior year such as Robert Booth Reserve Pavilion - \$1.42 million variance (not included in the 2017-18 Original Budget).
1.2.2	Plant, machinery and equipment	Plant, machinery and equipment experienced a favourable variance of \$1.08 million to the 2017-18 Original Budget due to lower than anticipated expenditure in the Fleet Renewal Program (\$990,000). This was due mainly to a delay in the purchase of a specialised jet truck for Council's drainage network combined with some savings in this program.
1.2.3	Roads	Capital expenditure on roads was higher than the 2017-18 Original Budget due to the Local Road Rehabilitation Program - Bangholme Road (\$1.72 million - which is a multi-year project and had a carry over from the prior year), higher expenditure on the Roads to Recovery program (\$666,000 - matched by higher Federal Government Roads to Recovery grant funding in 2017-18), several Federal Government Black Spot funded projects that were not known at the time of adopting the Original Budget and \$521,000 of major road works transferred from operating expenditure as it was considered capital in nature.
1.2.4	Footpaths and cycleways	The favourable variance of \$587,000 to the Original Budget is due to lower than anticipated expenditure in relation to the municipal-wide footpath renewal program (comprised of \$159,000 that was transferred to operating expenditure as it could not be capitalised to the asset register and program savings) and a delay in the Active Transport Infrastructure Priority Program (paths) which is expected to be carried over to the 2018-19 financial year.
1.2.5	Drainage	Lower than anticipated capital expenditure on drainage of \$617,000 relates to the Drainage Upgrade Program, which was caused partly by \$111,000 that was transferred to operating expenditure as it could not be capitalised to the asset register and program savings.
1.2.6	Parks, open space and streetscapes	Capital expenditure on parks, open space and streetscapes was \$2.22 million lower than the 2017-18 Original Budget due mainly to delays in the following projects - Walker Street Streetscape \$1.07 million, Springvale Road Boulevard \$930,000 and Dandenong Park Master Plan Implementation \$821,000 - which are expected to be carried over to the 2018-19 financial year. These favourable variances are partly offset by \$448,000 for a Developer Contributions Plan (DCP) project (Sarah Lands) which was not included in the 2017-18 Original Budget (included as part of the 2017-18 Mid-Year Budget).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**1.2 Capital works (continued)*****Explanation of material variations***

Ref	Item	Explanation
1.2.7	Off street car parks	Off street car parks experienced a favourable variance of \$744,000 to the 2017-18 Original Budget due mainly to a delay in the Tatterson Park Car Park and Access Road project (\$1.24 million) which is expected to be carried over to the 2018-19 financial year, partly offset by an unfavourable variance of \$389,000 for the Dandenong City Soccer Club project which was not included in the 2017-18 Original Budget as it was a carry over from the 2016-17 financial year.
1.2.8	New asset expenditure	Lower than anticipated capital expenditure on new assets of \$4.95 million relates to a delay in a number of projects which are expected to be carried over to 2018-19 (Springvale Community Precinct \$3.65 million, Dandenong Park Master Plan Implementation \$1.17 million, Tatterson Park Car Park and Access Road \$781,000 and Springvale Road Boulevard \$575,000). These favourable variances are partly offset by projects not included in the 2017-18 Original Budget as they were carried over from the 2016-17 financial year (Yarraman Oaks Early Learning Facility \$541,000 and DCP Sarah Lands \$449,000).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
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Note 2 Funding for the delivery of our services**2.1 Rates and charges**

Council uses the Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of the land and all improvements on it, and is determined by independent valuers and certified by the Valuer General Victoria. The valuation base used to calculate general rates for 2017-18 was \$38.96 billion (\$38.08 billion in 2016-17).

Residential	52,762	50,778
Commercial	12,241	11,927
Industrial	47,103	44,209
Farm	337	347
Cultural and recreational	438	432
Waste management charge - residential	16,342	15,818
Supplementary rates and rates adjustment	1,547	2,286
Maintenance levy	1,381	1,264
Interest on rates and charges	657	600
Total rates and charges	132,808	127,661

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 period commencing 1 July 2016.

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

2.2 Statutory fees and fines

Infringements and costs	4,270	4,150
Court recoveries	1,734	1,191
Building and town planning fees	2,206	1,994
Land information certificates	111	115
Election fines	140	215
Permits	269	227
Total statutory fees and fines	8,730	7,892

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

2.3 User fees

Aged and health services	1,331	1,176
Child care/children's programs	950	824
Parking	3,250	4,129
Registration and other permits	1,458	1,312
Asset protection fees	348	290
Sub-division fees	629	654
Other fees and charges	689	845
Total user fees	8,655	9,230

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
2.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	26,278	36,847
State funded grants	11,032	9,523
Total grants received	37,310	46,370
a) Operating grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants (via Victoria Grants Commission)*	11,941	15,893
Family day care	3,152	3,352
Family & Children	325	158
General home care	6,951	9,361
Libraries **	110	89
Maternal & Child Health **	18	15
Volunteer	16	-
Recurrent - State Government		
Aged care	2,763	2,548
Maternal and child health	2,270	2,162
Family and children services	1,763	1,282
Libraries	1,008	1,020
Community development	206	300
School crossing supervisors	306	228
Other	19	116
Right @ Home	427	183
Community wellbeing	71	85
Community education	57	57
Emergency management	40	20
Total recurrent operating grants	31,443	36,869
Non-recurrent - Commonwealth Government		
Community development	20	5
Non-recurrent - State Government		
Community wellbeing	127	126
Environmental planning	295	218
Family and children	-	113
Libraries	-	2
Community development	993	20
Economic development	-	15
Sports and recreation	27	5
Other	-	5
Waste management	124	3
Total non-recurrent operating grants	1,586	512
Total operating grants	33,029	37,381

* Payments for Financial Assistance Grants received via the Victorian Grants Commission can vary year on year. The 2016-17 financial year essentially reflects 150% of funding - 100% of the 2016-17 allocation and 50% or \$5.42 million of the 2017-18 allocation which was distributed early to Council in June 2018.

For the 2017-18 year, whilst the funding received reflects 100% funding allocation, 50% of the funding relates to 2017-18 and 50% relates to the 2018-19 year distributed early to Council in June 2018.

** Comparative figures for 2016-17 have been amended to reflect the correct classification of funding source from State to Federal for libraries and maternal and child health grants.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
b) Capital grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,348	2,224
<i>Recurrent - State Government</i>		
Other	-	35
Total recurrent capital grants	<u>1,348</u>	<u>2,259</u>
<i>Non-recurrent - Commonwealth Government</i>		
Sports and recreation - Tattersson Park	1,703	2,871
Community safety	167	150
Roads *	527	2,729
<i>Non-recurrent - State Government</i>		
Roads	36	-
Libraries - Springvale Community Hub	205	750
Sports and recreation	185	230
Community education	97	-
Community safety	13	-
Total non-recurrent capital grants	<u>2,933</u>	<u>6,730</u>
Total capital grants	<u>4,281</u>	<u>8,989</u>

* Comparative figure for 2016-17 have been amended to reflect the correct classification of funding source from State to Federal for road grants.

Unspent grants received on condition that they be spent in a specific manner

Balance at start of the year	8,947	2,671
Received during the financial year and remained unspent at balance date	9,636	8,500
Received in prior years and spent during the financial year	<u>(7,894)</u>	<u>(2,224)</u>
Balance at end of the year *	<u>10,689</u>	<u>8,947</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

* - The increase in unspent grants at the end of the year in 2018 and 2017 relates to the early distribution by the Victoria Grants Commission of approximately 50% of the Financial Assistance Grants funding for the following financial year (\$5.92 million and \$5.42 million respectively).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
2.5 Contributions		
Monetary		
Community contributions (<i>for capital works</i>)	23	50
Other contributions	20	-
Total non-developer contributions	<u>43</u>	<u>50</u>
Open space contributions (<i>for future capital works</i>)	2,922	3,062
Development infrastructure levies (<i>for capital works completed</i>)	410	406
Total monetary contributions	<u>3,375</u>	<u>3,518</u>
Non-monetary	19,169	16,308
Total contributions	<u>22,544</u>	<u>19,826</u>

Public open space contributions received during the financial year are transferred to the Open Space Reserve. Refer note 8.1(b).

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

Land	9,179	8,022
Buildings	225	-
Infrastructure	9,765	8,286
Total non-monetary contributions	<u>19,169</u>	<u>16,308</u>

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

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

Net gain on sale of inventory property *

Proceeds of sale (<i>Council share of 25.47%</i>)	-	918
Less carrying amount of assets sold	-	(490)
	<u>-</u>	<u>428</u>

Net gain on sale of property, infrastructure, plant and equipment

Proceeds of sale	648	12,993
Less carrying amount of assets sold	(507)	(12,410)
	<u>141</u>	<u>583</u>

Total net gain (loss) on disposal of property, infrastructure, plant and equipment **

	<u>141</u>	<u>1,011</u>
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The profit or loss on sale of an asset is determined when control of the asset has passed to the buyer.

* Council had an agreement with Development Victoria (formerly Places Victoria) for a residential development of the former Dandenong sale yards. Development Victoria was responsible for the development of the land under this agreement, and was entitled to 74.53% of the proceeds of this developed land with Council's share being 25.47%. The final lot of this development was sold in 2016-17.

** In order to comply with the Local Government Model Financial Report (LGMFR) prior year comparatives have been amended to reclassify assets written off to note 3.6 - net loss on write off of property, infrastructure, plant and equipment.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
2.7 Other income		
Interest on investments	2,922	2,487
Interest - other	2	197
Dandenong Market revenue from operations	5,738	5,610
Property rental	1,665	1,396
Other rent	1,060	860
Recoveries	2,960	2,455
Other	1,134	1,276
Total other income	15,481	14,281

Interest is recognised as it is earned.

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

Note 3 The cost of delivering services**3.1 a) Employee costs**

Wages and salaries	57,195	56,282
WorkCover	1,694	1,379
Casual staff	940	1,275
Superannuation	5,416	5,341
Long service leave oncost	1,343	1,595
Fringe benefits tax	435	627
Other	5,355	5,253
Total employee costs	72,378	71,752

b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contribution to Local Authorities Superannuation Fund
(Vision Super)

473	485
473	485

Employer contributions payable at reporting date.

-	-
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Accumulation funds

Employer contribution to Local Authorities Superannuation Fund
(Vision Super)

3,353	3,345
1,631	1,511
4,984	4,856

Employer contribution - other funds

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Employer contributions payable at reporting date (Dandenong Market
Pty Ltd)

4	1
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Refer note 8.3 for further information relating to Council's superannuation obligation.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
3.2 Materials and services		
Contract payments *	37,984	35,749
Building maintenance	1,864	1,170
General maintenance	3,541	4,340
Works in progress (unable to be capitalised)	3,006	5,871
Utilities	4,017	3,449
Office administration	5,974	6,132
Information technology	2,425	2,276
Insurance	850	790
Consultants and professional services	5,896	3,283
Total materials and services	65,557	63,060

* Prior year comparative figures related to contract payments have been amended to reclassify payment to educators from note 3.6 - Other expenses (Community grants and contributions).

3.3 Depreciation and amortisation**Depreciation**

Property	5,516	4,985
Plant and equipment	3,886	4,155
Infrastructure	18,800	18,586
Total depreciation and amortisation	28,202	27,726

Refer to 5.2 for a more detailed breakdown of depreciation and amortisation charges.

3.4 Bad and doubtful debts

Parking fine debtors	786	612
Other debtors	863	299
Total bad and doubtful debts	1,649	911

Movement in provisions for doubtful debts

Balance at the beginning of the year	1,768	1,656
New provisions recognised during the year	1,652	911
Amounts already provided for and written off as uncollectible	(777)	(754)
Amounts provided for but recovered during the year	-	(45)
Balance at end of year	2,643	1,768

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
3.5 Borrowing costs		
Interest - borrowings	3,345	3,554
Interest - other	74	145
Total borrowing costs	3,419	3,699

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. Borrowing costs include interest on bank overdrafts and interest on borrowings.

3.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	86	83
Auditors' remuneration - internal	100	167
Audit - other	1	1
Councillors' allowances	434	428
Council election	-	689
Operating lease / rentals	1,042	893
Assets written-off *	2,828	830
Landfill provisions	895	-
Impairment loss/(reversal)	(238)	238
Other expenses	876	919
Community grants and contributions**	2,531	3,021
Total other expenses	8,555	7,269

* In order to comply with the Local Government Model Financial Report (LGMFR) prior year comparatives have been amended to reclassify assets written off from note 2.6 - net loss on write off of property, infrastructure, plant and equipment. Also the impairment loss/ (reversal) has been reclassified under other expenses.

* Refer to page 12 - note 1.1.13 for more detail explanation of material variances on Assets written-off.

** Prior year comparative figures related to community grants and contributions have been amended to reclassify payment to educators to note 3.2 - material and services (contract payments).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Note 4 Our financial position		
4.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	4,189	3,507
Cash at bank	16,885	11,704
Term deposits	133,517	110,833
Total cash and cash equivalents	154,591	126,044
(b) Other financial assets		
Non-current		
<i>Financial assets held for sale</i>		
Unlisted shares - Regional Kitchen Pty Ltd - at cost	230	230
Total non-current other financial assets	230	230
Total other financial assets	230	230
<i>Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:</i>		
- Trust funds and deposits (note 4.3(b))	41,505	35,448
Total restricted funds	41,505	35,448
Total unrestricted cash and cash equivalents	113,086	90,596
Intended allocations *		
Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
Employee provisions (note 4.6 (a))	16,868	17,081
Statutory and other reserves (note 8.1(b))	69,765	56,486
Cash held to fund carried forward operational projects	9,597	7,330
Cash held to fund carried forward capital works (net)	16,659	10,848
Total funds subject to intended allocations	112,889	91,745

* Users of the financial report should refer to note 8.1(b) for details of funds held in reserve and note 4.8.

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

Other financial assets are valued at fair value, 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.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	7,132	7,079
Infringement debtors	7,119	5,981
Provision for doubtful debts - infringements	(1,897)	(1,613)
Other statutory debtors	2,738	3,301
Provision for doubtful debts - other statutory debtors	(149)	(100)
Net GST receivable	1,998	1,587
<i>Non statutory receivables</i>		
Other debtors	3,110	3,598
Provision for doubtful debts - other debtors	(597)	(55)
Total current trade and other receivables	19,454	19,778
Non-current		
<i>Non statutory receivables</i>		
Narre Warren landfill - financial contribution	252	261
Other debtors - refundable deposit	73	73
Total non-current trade and other receivables	325	334
Total trade and other receivables	19,779	20,112

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

i) Ageing of receivables

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

Current (not yet due)	1,247	2,591
Past due by up to 30 days	302	306
Past due between 31 and 180 days	512	261
Past due between 181 and 365 days	85	102
Past due by more than 1 year *	696	617
Total trade and other receivables (excluding statutory receivables)	2,842	3,877

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
ii) Ageing of individually impaired receivables		
At balance date, trade and other receivables (excluding statutory receivables) representing financial assets with a nominal value of \$556,000 (2017 \$7,000) were impaired. The amount of the provision raised against these debtors was \$556,000 (2017 \$3,000). They have been individually impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
Current (not yet due)	-	-
Past due by up to 30 days	4	-
Past due between 31 and 180 days	342	-
Past due between 181 and 365 days	211	-
Past due by more than 1 year *	40	55
Total trade and other receivables (excluding statutory receivables)	597	55

* Prior year comparative figures for ageing of receivables (note 4.1 (c) (ii) and ageing of individually impaired receivables (note 4.1 (c) (iii) have been amended to separately disclose the impaired debtor for 2016-17.

4.2 Non-financial assets**Other assets**

Prepayments	2,768	922
Accrued income	754	1,707
Other	220	-
Total other assets	3,742	2,629

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
4.3 Payables		
(a) Trade and other payables		
Trade payables	16,095	13,915
Accrued expenses	5,206	4,361
Total trade and other payables	21,301	18,276
(b) Trust funds and deposits		
Current		
Fire services property levy	1,194	1,117
Road deposits	402	303
Landscape deposits	1,042	849
Open space contributions	2,683	3,266
Development contribution plans (DCP)	32,510	27,360
Other refundable deposits	2,387	1,373
Total current trust funds and deposits	40,218	34,268
Non-current		
Other refundable deposits	1,287	1,180
Total non-current trust funds and deposits	1,287	1,180
Total trust funds and deposits	41,505	35,448

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

Purpose and nature of items

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

Roads and landscape deposits - are taken by Council as a form of surety during the maintenance period of a development or held due to outstanding works identified after the maintenance period which have not been addressed by the contracted builder or developer.

Development contribution plans (DCP) - amounts received from developers relating to the DCP are held as deposits and are a surety for the construction of DCP infrastructure. Upon completion of the infrastructure, Council will refund the developer the deposit. Due to the uncertainty of when the developer may submit a claim for refund, the monies held are treated as a current liability.

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.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
4.4 Interest-bearing loans and borrowings		
<i>Current</i>		
Borrowings - secured	3,301	3,086
	<u>3,301</u>	<u>3,086</u>
<i>Non-current</i>		
Borrowings - secured	48,525	51,826
	<u>48,525</u>	<u>51,826</u>
Total interest-bearing loans and borrowings	<u>51,826</u>	<u>54,912</u>
Borrowings are secured over the general rates of Council as per section 141 of the Local Government Act 1989.		
a) The maturity profile for Council's borrowings is:		
Not later than one year	3,301	3,086
Later than one year and not later than five years	13,643	15,335
Later than five years	<u>34,882</u>	<u>36,491</u>
	<u>51,826</u>	<u>54,912</u>

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

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

4.5 Other interest-bearing liabilities

<i>Current</i>		
Land purchase - interest-bearing	-	1,255
	<u>-</u>	<u>1,255</u>
<i>Non-current</i>		
Land purchase - interest-bearing	-	-
	<u>-</u>	<u>-</u>
Total Other interest-bearing liabilities	<u>-</u>	<u>1,255</u>

In 2014-15, Council entered into an agreement with VicTrack and Places Victoria to purchase land parcels in the Dandenong Railway Precinct. The purchase price was established by the Valuer General Victoria, Council paid a 10% deposit in 2014-15, the first instalment in June 2016 and the final instalment paid in June 2018.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**4.6 Provisions**

	Consolidated		
	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
2018			
Balance at beginning of the financial year	17,081	-	17,081
Additional provisions	6,970	895	7,865
Amounts used	(7,137)	-	(7,137)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(46)	-	(46)
Balance at the end of the financial year	16,868	895	17,763
2017			
Balance at beginning of the financial year	17,138	-	17,138
Additional provisions	7,112	-	7,112
Amounts used	(7,032)	-	(7,032)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(137)	-	(137)
Balance at the end of the financial year	17,081	-	17,081
(a) Employee provisions		Consolidated 2018 \$'000	Consolidated 2017 \$'000
<i>Current provisions expected to be wholly settled within 12 months</i>			
Annual leave		5,715	5,749
Long service leave		881	853
Other		407	426
		7,003	7,028
<i>Current provisions expected to be wholly settled after 12 months</i>			
Annual leave		109	112
Long service leave		9,204	9,292
		9,313	9,404
Total current employee provisions		16,316	16,432
Non-current			
Long service leave		552	649
Total non-current employee provisions		552	649
<i>Aggregate carrying amount of employee provisions:</i>			
Current		16,316	16,432
Non-current		552	649
Total aggregate carrying amount of employee provisions		16,868	17,081

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

Wages, salaries and annual leave

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

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at 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.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report*Long service leave*

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

	Consolidated 2018	Consolidated 2017
Key assumptions:		
- discount rate	2.33%	2.22%
- index rate	2.50%	3.15%
- settlement rate long service leave (years)		
long service leave (years)	7	7
annual leave (days)	260	260
(b) Landfill restoration	\$'000	\$'000
Current	96	-
Non-current	799	-
	<u>895</u>	<u>-</u>

The former Springvalley landfill has been closed to the receipt of refuse since December 1998. The former landfill is located between Clarke Road and Springvale Road and the premises was used as a landfill for disposal of waste from 1993 to 1999 under a licence issued by the Environmental Protection Authority (EPA). The landfill is owned by the City of Greater Dandenong and is used as recreational open space. On 22 June 2013 the EPA issued a Pollution Abatement Notice (PAN) requiring Council to carry out a landfill cap assessment against the EPA Waste Discharge Licence and to produce an Aftercare Management Plan (AMP). An AMP was submitted to the EPA in December 2014 to meet the requirement of this PAN. A further PAN issued by the EPA was issued on 23 September 2016 and revised on the 19 January 2018.

The City of Greater Dandenong shares the commitment for rehabilitation and aftercare management of the landfill with other stakeholder Council's. Council's interest or share of the costs is 19.88%. In the financial report for 30 June 2018, Council has an amount of \$895,000 as a provision for the restoration of the Springvalley Road Landfill site which includes aftercare costs to meet EPA obligations. At balance date the provision was measured at the net present value of the estimated future rehabilitation costs including aftercare and site monitoring costs.

Key assumptions:		
- discount rate	2.44%	-
- index rate	2.00%	-
- settlement rate	15 years	-
	Consolidated 2018	Consolidated 2017
(c) Total provisions summary	\$'000	\$'000
Current	16,412	16,432
Non-current	1,351	649
Total provisions	<u>17,763</u>	<u>17,081</u>

4.7 Financing arrangements

Interest-bearing loans and borrowings - secured	51,826	54,912
Interest-bearing liabilities - other (land purchase)	-	1,255
Credit card facilities	200	200
Bank overdraft	2,500	2,500
Total facilities	<u>54,526</u>	<u>58,867</u>
Used facilities	<u>51,828</u>	<u>56,172</u>
Unused facilities	<u>2,698</u>	<u>2,695</u>

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

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Notes to the Financial Report

4.8 (a) Commitments

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. All contract commitments are disclosed excluding schedule of rate contracts which vary from year to year depending on the volume of services required.

	Consolidated				
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2018					
Operating					
Building maintenance services	3,421	2,730	8,355	2,897	17,403
Cleaning services	1,635	1,488	-	-	3,123
Consultancies	205	-	-	-	205
Garbage collection	6,539	6,735	8,724	-	21,998
Hard waste collection	463	-	-	-	463
Leisure centres management services	1,314	-	-	-	1,314
Meals for delivery	495	454	-	-	949
Open space management	1,536	1,015	110	-	2,661
Other contracts	4,868	823	1,411	360	7,462
Parking management	246	251	784	272	1,553
Recycling	4,016	4,097	5,244	-	13,357
Works (roads and drains) services	507	204	-	-	711
Dandenong Market Pty Ltd commitments	1,222	1,224	1,457	-	3,903
Total 2018 Operating	26,467	19,021	26,085	3,529	75,102
Capital					
Buildings	6,188	250	160	-	6,598
Roads	3,305	-	-	-	3,305
Drainage	4,113	-	-	-	4,113
Parks, open space and streetscapes	1,671	-	-	-	1,671
Total 2018 Capital	15,277	250	160	-	15,687
2017					
Operating					
Building maintenance services	3,675	195	-	-	3,870
Cleaning services	2,015	629	499	-	3,143
Consultancies	70	-	-	-	70
Garbage collection *	6,198	6,539	15,459	-	28,196
Hard waste collection	1,462	463	-	-	1,925
Leisure centres management services	1,320	1,314	-	-	2,634
Meals for delivery	604	604	554	-	1,762
Open space management	1,124	110	-	-	1,234
Other contracts	4,872	511	1,200	1,400	7,983
Parking management	331	149	366	-	846
Recycling *	2,057	2,119	5,009	-	9,185
Works (roads and drains) services	384	384	96	-	864
Dandenong Market Pty Ltd commitments	1,425	1,269	2,936	-	5,630
Total 2017 Operating	25,537	14,286	26,119	1,400	67,342
Capital					
Buildings	9,759	54	39	45	9,897
Roads	736	-	-	-	736
Drainage	366	-	-	-	366
Parks, open space and streetscapes	1,099	-	-	-	1,099
Total 2017 Capital	11,960	54	39	45	12,098

* Prior year comparative figures for garbage collection and recycling have been restated on a consistent basis with the current year commitment estimates.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

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Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
4.8 (b) Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment, fleet and properties for use within Council's activities. These obligations are not recognised as liabilities.		
Not later than one year	1,406	1,124
Later than one year and not later than five years	2,179	2,484
Later than five years	-	14
	3,585	3,622

Comparative figures have been amended to reflect all operating lease commitments, that were previously not included part of this note.

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

Note 5 Assets we manageNote content:

- 5.1 Non-current assets classified as held for sale
- 5.2 Property, infrastructure, plant and equipment
 - (a) Summary of Property, Infrastructure, Plant and Equipment
 - (b) Summary of Work in Progress (WIP)
 - (c) Details of Property Category
 - (d) Details of Plant and Equipment Category
 - (e) Details of Infrastructure Category
 - (f) Recognition
 - (g) Depreciation and Amortisation
 - (h) Revaluation
 - (i) Valuation of Property
 - (j) Valuation of Infrastructure
 - (k) Reconciliation of Specialised Land

- 7.4* Fair value measurement

* This note includes additional details about the fair value hierarchy and impairment of assets.

5.1 Non-current assets classified as held for sale

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification. At 30 June 2018, there were no non-current assets classified as held for sale.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong 2017-18 Financial Report

Notes to the Financial Report

Note 5.2 Property, infrastructure, plant and equipment

Consolidated

(a) SUMMARY OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT
(net carrying amount)

	At fair value/cost 30 June 2017 (Related FS note)	Acquisitions (Smt Cap Wks)	Contributions (Note 2.5)	Revaluation (Note 8.1(a))	Depreciation & amortisation (Note 3.3)	Impairment (loss) / reversal * (Note 3.6 & 8.1(a))	Disposals (Note 2.6)	Write Offs (Note 3.2 & 3.6)	Transfers *	At fair value/cost 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	1,198,856	-	9,179	(15,027)	-	-	-	(276)	-	1,192,732
Buildings	232,739	5,281	225	(2,105)	(5,516)	47	-	(1,041)	19,507	249,137
Plant and equipment	12,647	3,129	-	-	(3,886)	-	(276)	(173)	196	11,637
Infrastructure	679,794	8,814	9,765	-	(18,800)	238	(231)	(1,338)	6,006	684,248
Work in progress (WIP)	31,810	19,917	-	-	-	-	-	(3,006)	(25,709)	23,012
	2,155,846	37,141	19,169	(17,132)	(28,202)	285	(507)	(5,834)	-	2,160,766

* Two impairment loss reversals occurred in 2017-18. \$47,000 related to a building asset held at fair value so was reversed to the Asset Revaluation Reserve (refer Note 8.1(a)) and \$238,000 related to an asset held at cost, so was reversed against 'Other expenses' in the Income Statement (refer Note 3.6).

(b) SUMMARY OF WORK IN PROGRESS

	Opening WIP 30 June 2017	Additions	Transfers *	Write Offs	Closing WIP 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	22,413	7,488	(19,651)	(1,205)	9,045
Plant and equipment	66	44	(39)	(27)	44
Infrastructure	9,331	12,385	(6,019)	(1,774)	13,923
Total	31,810	19,917	(25,709)	(3,006)	23,012

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

Consolidated

(c) PROPERTY

	* Land - specialised \$'000	Land - non-specialised \$'000	Total land \$'000	Buildings - specialised \$'000	Leasehold improvements \$'000	Total buildings \$'000	Work in progress \$'000	TOTAL PROPERTY \$'000
Opening balance at 1 July 2017								
At cost	42,614	-	42,614	-	1,558	1,558	22,413	66,585
At fair value *	963,836	192,406	1,156,242	372,782	-	372,782	-	1,529,024
Accumulated depreciation *	-	-	-	(140,596)	(1,005)	(141,601)	-	(141,601)
	1,006,450	192,406	1,198,856	232,186	553	232,739	22,413	1,454,008
Movements in fair value/cost								
Additions at cost	-	-	-	-	401	401	7,488	7,889
Additions at fair value	-	-	-	4,880	-	4,880	-	4,880
Contributed assets at cost	1,417	-	1,417	-	-	-	-	1,417
Contributed assets at fair value	7,022	740	7,762	234	-	234	-	7,996
Revaluation increments (decrements)	(6,374)	(8,653)	(15,027)	(6,866)	-	(6,866)	-	(21,893)
Fair value/cost of assets written off	(276)	-	(276)	(2,779)	-	(2,779)	(1,205)	(4,260)
Transfers in (out)	9,793	(9,793)	-	19,583	42	19,625	(19,651)	(26)
	11,582	(17,706)	(6,124)	15,052	443	15,495	(13,368)	(3,997)
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	-	(5,393)	(123)	(5,516)	-	(5,516)
Accumulated depreciation of contributed assets	-	-	-	(9)	-	(9)	-	(9)
Accumulated depreciation of write offs	-	-	-	1,738	-	1,738	-	1,738
Impairment loss/(reversal) in revaluation reserve	-	-	-	47	-	47	-	47
Revaluation increments (decrements)	-	-	-	4,761	-	4,761	-	4,761
Transfers (in) out	-	-	-	(92)	(26)	(118)	-	(118)
	-	-	-	1,052	(149)	903	-	903
Closing balance at 30 June 2018								
At cost	44,031	-	44,031	-	2,001	2,001	9,045	55,077
At fair value	974,001	174,700	1,148,701	387,834	-	387,834	-	1,536,535
Accumulated depreciation	-	-	-	(139,544)	(1,154)	(140,698)	-	(140,698)
	1,018,032	174,700	1,192,732	248,290	847	249,137	9,045	1,450,914

* Refer to note 5.2(k) for a reconciliation of specialised land.

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2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong 2017-18 Financial Report

Notes to the Financial Report

	Consolidated					
(d) PLANT AND EQUIPMENT	Plant, machinery and equipment	Fixtures, fittings and furniture	Computers and telecomm's	Library books	Work in progress	TOTAL PLANT AND EQUIPMENT
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance at 1 July 2017						
At cost	15,471	8,185	6,743	6,183	66	36,648
Accumulated depreciation	(8,942)	(6,402)	(5,559)	(3,032)	-	(23,935)
	6,529	1,783	1,184	3,151	66	12,713
Movements in cost						
Acquisition of assets at cost	1,708	259	182	980	44	3,173
Cost of assets disposed	(1,878)	-	(30)	-	-	(1,908)
Cost of assets written off	-	(144)	(1,251)	-	(27)	(1,422)
Transfers in (out)	-	(1,268)	930	-	(39)	(377)
	(170)	(1,153)	(169)	980	(22)	(534)
Movements in accumulated depreciation						
Depreciation and amortisation	(1,617)	(552)	(676)	(1,041)	-	(3,886)
Accumulated depreciation of disposals	1,606	-	26	-	-	1,632
Accumulated depreciation of write offs	-	144	1,078	-	-	1,222
Transfers (in) out	-	979	(445)	-	-	534
	(11)	571	(17)	(1,041)	-	(498)
Closing balance at 30 June 2018						
At cost	15,301	7,032	6,574	7,163	44	36,114
Accumulated depreciation	(8,953)	(5,831)	(5,576)	(4,073)	-	(24,433)
	6,348	1,201	998	3,090	44	11,681

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2.5.2 2017-18 Annual Financial Statements (Cont.)

Notes to the Financial Report												2017-18 Financial Report	
(e) INFRASTRUCTURE												Consolidated	
	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Parks, open space and streetscapes	Off street car parks	Work in progress	TOTAL INFRASTRUCTURE	GRAND TOTAL PROPERTY, PLANT & EQUIP. INFRASTR.			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
Opening balance at 1 July 2017													
At cost	-	-	-	-	35,230	48,358	-	9,331	92,919	196,152			
At fair value *	464,220	63,593	76,867	394,682	-	-	15,408	-	1,014,770	2,543,794			
Accumulated depreciation *	(192,135)	(16,518)	(19,431)	(137,384)	(16,739)	(31,224)	(5,133)	-	(418,564)	(584,100)			
	272,085	47,075	57,436	257,298	18,491	17,134	10,275	9,331	689,125	2,155,846			
Movements in fair value/cost													
Acquisition of assets at cost	-	-	-	-	2,276	1,716	-	12,385	16,377	27,439			
Acquisition of assets at fair value	2,129	191	1,440	706	-	-	356	-	4,822	9,702			
Contributed assets at cost	-	-	-	-	200	450	-	-	650	2,067			
Contributed assets at fair value	4,790	461	414	3,970	-	-	120	-	9,755	17,751			
Revaluation increments (decrements)	-	-	-	-	-	-	-	-	-	(21,893)			
Fair value/cost of assets disposed	-	-	-	-	-	(264)	-	-	(264)	(2,172)			
Fair value/cost of assets written off	(60)	-	(15)	(505)	(848)	(7,328)	(76)	(1,774)	(10,606)	(16,288)			
Transfers in (out)	2,080	27	550	1,524	1,401	371	468	(6,019)	402	(1)			
	8,939	679	2,389	5,695	3,029	(5,055)	868	4,592	21,136	16,605			
Movements in accumulated depreciation													
Depreciation and amortisation	(8,873)	(812)	(1,880)	(3,934)	(1,507)	(1,499)	(295)	-	(18,800)	(28,202)			
Accumulated depreciation of contributed assets	(243)	(16)	(1)	(144)	(159)	(64)	(13)	-	(640)	(649)			
Accumulated depreciation of disposals	-	-	-	-	-	33	-	-	33	1,665			
Accumulated depreciation of write offs	36	-	3	193	444	6,800	18	-	7,494	10,454			
Revaluation (increments) decrements	-	-	-	-	-	-	-	-	-	4,761			
Impairment loss/(reversal) in revaluation reserve	-	-	-	-	238	-	-	-	-	47			
Impairment loss/(reversal) in operating result	-	-	-	-	-	-	-	-	238	238			
Transfers (in) out	(33)	-	(127)	-	(346)	182	(91)	-	(415)	1			
	(9,113)	(828)	(2,005)	(3,885)	(1,330)	5,452	(381)	-	(12,090)	(11,685)			
Closing balance at 30 June 2018													
At cost	-	-	-	-	38,259	43,303	-	13,923	95,485	186,676			
At fair value	473,159	64,272	79,256	400,377	-	-	16,276	-	1,033,340	2,569,875			
Accumulated depreciation	(201,248)	(17,346)	(21,436)	(141,269)	(18,069)	(25,772)	(5,514)	-	(430,654)	(595,785)			
	271,911	46,926	57,820	259,108	20,190	17,531	10,762	13,923	698,171	2,160,766			

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2.5.2 2017-18 Annual Financial Statements (Cont.)

Notes to the Financial Report

(f) Recognition*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 5.2 have been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Recognition thresholds

Council has set a threshold limit for all classes of assets (refer section (g) of this note), which means that all assets with a value equal or greater than this threshold are recognised in these financial statements.

Land under roads

In accordance with options available under Australian Accounting Standards, Council has opted to recognise all land under roads acquired after 30 June 2008 using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Finance leases

Council does not have any financial leases.

Repairs and maintenance

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 5 to 21 year period.

(g) Depreciation and amortisation

All asset classes except land, land under roads and art works, 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 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 depreciated on the basis that they are assessed as having a limited useful life.

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**(g) Depreciation and amortisation (continued)**

Depreciation periods used are listed below and are consistent with the prior year unless marked with an *.

	Depreciation period (years)	Threshold limit \$'000
<i>Property</i>		
Land		
Land	N/A	-
Land under roads	N/A	-
Buildings		
Buildings	50-100	5
Leasehold improvements	Lease term	-
<i>Plant and equipment</i>		
Plant and equipment		
Heavy plant and equipment	7	2
Buses, quads and trailers	10	2
Light plant and equipment, passenger and light commercial vehicles	5	2
Fixtures, fittings and furniture		
Fixtures, fittings, furniture and equipment	6	2
Musical instruments	20	2
Art works	N/A	2
Computers and telecommunications		
Software, hand held devices / mobile phones	3	2
Hardware and equipment	5	2
Library books	5	-
<i>Infrastructure</i>		
Roads		
Seal	12-20	20
Substructure	100	20
Kerb and channel	15-80	5
Existing local area traffic management (LATM) devices	5-30	5
New local area traffic management (LATM) devices	5-30	-
On-street car parks	20-100	5
Bridges	20-100	5
Footpaths and cycleways	10-50	-
Drainage		
New pipes and pits	100	-
Existing pipes and pits	100	5
Gross pollutant traps	50	5
Recreational, leisure and community facilities		
Recreational equipment and facilities, electronic screens, scoreboards.		
Sportsgrounds, grass (turf), courts, hardstand, other ground surfaces.		
Minor structures (sporting, shade structures and retaining walls),		
irrigation, sportsfield drainage, controllers, sensors, water tanks/pumps.	10-20	2
Playgrounds	15	2
Outdoor pools	50	2
Parks, open space and streetscapes		
Open space furniture, fencing, bollards and gates.	# 10-50	2
Flood prevention - retarding/detention basins	20	2
Surface drainage - unformed open drains, water quality devices -		
wetlands, rain gardens and bioretention swales.	10	2
Surface drainage - formed open drains. Public art.	50	2
Signs, parking meters, ticket machines and equipment.	10-20	2
Lighting, passive grass/surface, horticultural plantings and gardens,		
natural bush and vegetation.	10-20	2
Off street car parks	20-100	5

This does not represent a change in accounting policy. It was incorrectly disclosed as 10-20 years in the prior year's financial statements.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**(h) Revaluation**

Subsequent to the initial recognition of assets, non-current physical assets, other than land under roads, leasehold improvements, recreational, leisure and community facilities, parks, open space and streetscapes and plant and equipment are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Subsequent to the initial recognition of assets, non-current physical assets (other than the asset classes detailed directly above) 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 reporting date each year, Council reviews the carrying value of the individual classes of assets to ensure that each asset class materially approximates its fair value. Where the carrying value materially differs from the fair value, the class of assets is revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details of the fair value hierarchy are included in Note 7.4 and are explained below for each asset class.

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

Where 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.

Consolidated	Consolidated
2018	2017
\$'000	\$'000

Specialised land is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restrictions 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 85%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently, land values range between \$14 and \$2,800 per square metre.

974,001	963,836
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Note - Specialised land valued at fair value disclosed here, excludes land under roads which are valued at cost.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**5.2 Property, infrastructure, plant and equipment (continued)**

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
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(h) Revaluation (continued)

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 range from \$320 to \$52,000 per square metre. The remaining useful lives of specialised buildings are determined on the basis of the current condition of buildings and vary from 2 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

248,290	232,186
---------	---------

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 1 year 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.

646,527	644,169
---------	---------

Note - Infrastructure assets at fair value disclosed here, excludes 'Recreational, leisure and community facilities', 'Parks, open space and streetscapes' and 'Work in progress' which are valued at cost.

(i) Valuation of Property*Valuation of land and buildings*

The last formal valuation of land and buildings at 1 January 2018 was undertaken by qualified independent valuers, Proval (Vic) Pty Ltd. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

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

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**5.2 Property, infrastructure, plant and equipment (continued)****(i) Valuation of Property (continued)**

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

	<u>Level 1</u>	<i>Non-specialised</i> <u>Level 2</u>	<i>Specialised</i> <u>Level 3</u>	<u>Date of last valuation</u>
Land *	-	174,700	974,001	01-Jan-18
Buildings	-	-	248,290	01-Jan-18
Total written down value	-	174,700	1,222,291	

* Land at fair value excludes land under roads which are valued at cost.

** Additional details about the fair value hierarchy can be found in Note 7.4.

Land under roads

Land under roads is valued at cost based on Council valuation for acquisitions after 30 June 2008. Deemed cost valuations have been undertaken using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement. The acquisitions for the year include new assets from subdivision activity.

(j) Valuation of Infrastructure

Valuation of infrastructure assets at fair value (except 'Parks, open space and streetscapes' and 'Recreational, leisure and community facilities' which are valued at cost, and bridges which are independently valued) has been determined in accordance with a Council valuation. The fair value of infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis.

The valuation of bridges at 31 March 2017 was undertaken by qualified independent valuers, Sterling Group and WT Partnership. The methodology used depreciated replacement costs to quantify fair value and remaining useful life was revised based on condition.

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

	<u>Level 1</u>	<i>Non-specialised</i> <u>Level 2</u>	<i>Specialised</i> <u>Level 3</u>	<u>Date of last valuation</u>
Roads	-	-	271,911	Jun-15
Bridges	-	-	46,926	Mar-17
Footpaths and cycleways	-	-	57,820	Jun-15
Drainage	-	-	259,108	Jun-15
Off street car parks	-	-	10,762	Jun-15
Total written down value	-	-	646,527	

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
(k) Reconciliation of specialised land at fair value *		
Parks and reserves	652,460	656,954
Floodway	9,410	10,624
Public use	23,320	21,906
Industrial	39,964	32,132
Other	248,847	242,220
Total specialised land	974,001	963,836

* Excludes land under roads which represents specialised land valued at cost.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Note 5.3 Investments in associates, joint arrangements and subsidiaries****Committees of management**

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

At balance date there were no committees of management that was controlled by the Council.

Principles of consolidation

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

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

In the process of preparing consolidated financial statements all material transactions and balances between consolidated entities are eliminated.

Entities consolidated into Council include:

- Dandenong Market Pty Ltd

Reconciliation of Council, The Dandenong Market Pty Ltd (DMPL) and consolidated accounts

Dandenong Market Pty Ltd manages the Dandenong Market on the terms set out in a management service agreement dated 30 November 2012 between Dandenong Market Pty Ltd and City of Greater Dandenong. The management service agreement runs concurrently with the Lease Agreement (50 years) and provides for annual agreement extensions at Council's discretion. An extension has been exercised by Council up to 30 June 2019. The following Comprehensive Income Statement, Balance Sheet and Statement of Cash Flows has been provided to show the individual financial positions of the Council and The Dandenong Market Pty Ltd and consolidated accounts for the 2017-18 financial year. These financial statements should be read in conjunction with the accompanying notes in the financial report.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Comprehensive Income Statement****For the year ended 30 June 2018****Consolidated**

	Council	DMPL	Consolidation	Consolidated
	2018	2018	Adjustment	Accounts
	\$'000	\$'000	2018	2018
			\$'000	\$'000
Income				
Rates and charges	132,919	-	(111)	132,808
Statutory fees and fines	8,730	-	-	8,730
User fees	8,655	-	-	8,655
Grants - operating	33,029	-	-	33,029
Grants - capital	4,281	-	-	4,281
Contributions - monetary	3,375	-	-	3,375
Contributions - non-monetary	19,169	-	-	19,169
Net gain on disposal of property, infrastructure, plant and equipment	141	-	-	141
Fair value adjustments for investment property	1,025	-	-	1,025
Other income	11,114	5,866	(1,499)	15,481
Total income	222,438	5,866	(1,610)	226,694
Expenses				
Employee costs	(71,478)	(940)	40	(72,378)
Materials and services	(62,422)	(3,327)	192	(65,557)
Bad and doubtful debts	(1,649)	-	-	(1,649)
Depreciation and amortisation	(28,190)	(12)	-	(28,202)
Borrowing costs	(3,419)	-	-	(3,419)
Other expenses	(8,378)	(1,555)	1,378	(8,555)
Total expenses	(175,536)	(5,834)	1,610	(179,760)
Net surplus for the year	46,902	32	-	46,934
Other comprehensive income				
Items that will not be reclassified to surplus or deficit in future periods				
Net asset revaluation increment	(17,132)	-	-	(17,132)
Impairment (loss)/reversal	47	-	-	47
Total comprehensive result	29,817	32	-	29,849

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

Balance Sheet
As at 30 June 2018
Consolidated

	Council	DMPL	Consolidation	Consolidated
	2018	2018	Adjustment	Accounts
	\$'000	\$'000	2018	2018
			\$'000	\$'000
Assets				
Current assets				
Cash and cash equivalents	153,578	1,013	-	154,591
Trade and other receivables	19,324	130	-	19,454
Other assets	3,723	29	(10)	3,742
Total current assets	<u>176,625</u>	<u>1,172</u>	<u>(10)</u>	<u>177,787</u>
Non-current assets				
Trade and other receivables	325	-	-	325
Other financial assets	230	-	-	230
Property, infrastructure, plant and equipment	2,160,742	24	-	2,160,766
Investment property	11,330	-	-	11,330
Total non-current assets	<u>2,172,627</u>	<u>24</u>	<u>-</u>	<u>2,172,651</u>
Total assets	<u>2,349,252</u>	<u>1,196</u>	<u>(10)</u>	<u>2,350,438</u>
Liabilities				
Current liabilities				
Trade and other payables	20,864	447	(10)	21,301
Trust funds and deposits	40,013	205	-	40,218
Provisions	16,361	51	-	16,412
Interest-bearing loans and borrowings	3,301	-	-	3,301
Total current liabilities	<u>80,539</u>	<u>703</u>	<u>(10)</u>	<u>81,232</u>
Non-current liabilities				
Trust funds and deposits	1,287	-	-	1,287
Provisions	1,313	38	-	1,351
Interest-bearing loans and borrowings	48,525	-	-	48,525
Total non-current liabilities	<u>51,125</u>	<u>38</u>	<u>-</u>	<u>51,163</u>
Total liabilities	<u>131,664</u>	<u>741</u>	<u>(10)</u>	<u>132,395</u>
Net assets	<u>2,217,588</u>	<u>455</u>	<u>-</u>	<u>2,218,043</u>
Equity				
Accumulated surplus	856,958	455	-	857,413
Reserves	1,360,630	-	-	1,360,630
Total equity	<u>2,217,588</u>	<u>455</u>	<u>-</u>	<u>2,218,043</u>

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

Statement of Cash Flows
For the year ended 30 June 2018
Consolidated

	Council	DMPL	Consolidation	Consolidated
	2018	2018	Adjustment	Accounts
	\$'000	\$'000	2018	2018
			\$'000	\$'000
Cash flows from operating activities				
Rates and charges	132,863	-	(111)	132,752
Statutory fees and fines	6,630	-	-	6,630
User fees	9,876	-	-	9,876
Grants - operating	33,085	-	-	33,085
Grants - capital	6,449	-	-	6,449
Contributions - monetary	3,353	-	-	3,353
Interest received	2,909	7	-	2,916
Trust funds and deposits taken	39,003	177	-	39,180
Other receipts	7,887	6,534	(1,855)	12,566
Net GST refund/(payments)	8,301	(157)	12	8,156
Employee costs	(73,205)	(898)	30	(74,073)
Materials and services	(65,628)	(5,241)	1,855	(69,014)
Trust funds and deposits repaid	(32,491)	(49)	-	(32,540)
Other payments	(5,389)	(100)	69	(5,420)
Net cash provided by operating activities	73,643	273	-	73,916
Cash flows from investing activities				
Payments for property, infrastructure, plant and equipment	(38,231)	-	-	(38,231)
Proceeds from sale of property, infrastructure, plant and equipment	648	-	-	648
Net cash used in investing activities	(37,583)	-	-	(37,583)
Cash flows from financing activities				
Finance costs	(3,445)	-	-	(3,445)
Repayment of other interest bearing liabilities	(1,255)	-	-	(1,255)
Repayment of borrowings	(3,086)	-	-	(3,086)
Net cash used in financing activities	(7,786)	-	-	(7,786)
Net increase in cash and cash equivalents	28,274	273	-	28,547
Cash and cash equivalents at the beginning of the financial year	125,304	740	-	126,044
Cash and cash equivalents at the end of the financial year	153,578	1,013	-	154,591

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
5.4 Investment property		
Balance at beginning of financial year	10,305	10,320
Additions	-	110
Fair value adjustments	1,025	(125)
Balance at end of financial year	11,330	10,305

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Proval (Vic) Pty Ltd who have 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.

Investment property, comprising retail complexes, are 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. Investment property are not subject to depreciation. Rental income from the leasing of investment properties is recognised in the comprehensive income statement on a straight line basis over the lease term.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Note 6 People and relationships****6.1 Council and key management remuneration****(a) Related parties***Parent entity*

City of Greater Dandenong

Subsidiaries

Dandenong Market Pty Ltd - detailed in note 5.3

(b) Key Management Personnels

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

Councillors	2018 No.	2017 No.
From 1 July 2017 to Current		
Councillor Youhorn Chea (Mayor 17 November 2017 - Current)		
Councillor Jim Memeti (Mayor 11 November 2016 - 16 November 2017)		
Councillor Roz Blades AM		
Councillor Matthew Kirwan		
Councillor Angela Long		
Councillor Sean O'Reilly		
Councillor Maria Sampey		
Councillor Heang Tak		
Councillor Loi Truong		
Councillor Tim Dark		
Councillor Zaynoun Melhem		
From 1 July 2016 to 22 October 2016		
Councillor John Kelly		
Councillor Peter Brown		
Total number of Councillors	11	13
Other Key Management Personnel		
Mick Jaensch - Director Corporate Services		
Jody Bosman - Director City Planning, Design and Amenity		
Martin Fidler - Director Community Services		
Julie Reid - Director Engineering Services		
Paul Kearsley - Group Manager Greater Dandenong Business		
Mark Doubleday - Director Community Services (1 July 2016 - 31 March 2017)		
	5	6
Chief Executive Officer		
John Bennie PSM	1	1
Total key management personnel	17	20
Dandenong Market Board Members		
Ms Julie Busch		
Mr Franz Madlener		
Mr Tom Mollenkopf		
Mr Tim Cockayne		
Ms Donna McMaster		
General Manager		
Mr Christopher Smith (1 July 2016 - 30 November 2016)		
Total number of Dandenong Market Board Members	6	7

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**(c) Remuneration of Key Management Personnel**

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	2,491	2,573
Long-term benefits	49	51
Post employment benefit	152	165
Termination benefits	-	-
	2,692	2,789

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

	2018 No.	2017 No.
\$10,000 - \$19,999	-	4
\$20,000 - \$29,999	4	5
\$30,000 - \$39,999	10	8
\$50,000 - \$59,999	1	1
\$70,000 - \$79,999	1	1
\$190,000 - \$199,999	-	1
\$230,000 - \$239,999	1	1
\$250,000 - \$259,999	-	1
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	-	2
\$280,000 - \$289,999	3	1
\$290,000 - \$299,999	2	-
\$430,000 - \$439,999	1	-
\$480,000 - \$489,999	-	1
Total	23	27

"Total remuneration" comprises base salary, superannuation, annual leave entitlements, long service leave entitlements, allowances and fringe benefits tax paid by Council.

(d) Senior Officers remuneration

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

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

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

Income range:		
< \$144,999	-	-
\$145,000 - \$149,999	5	10
\$150,000 - \$159,999	6	8
\$160,000 - \$169,999	9	4
\$170,000 - \$179,999	2	2
\$180,000 - \$189,999	4	4
\$190,000 - \$199,999	7	4
\$200,000 - \$209,999	-	2
\$210,000 - \$219,999	-	2
\$220,000 - \$229,999	1	-
	34	36

Total remuneration for the reporting year for Senior Officers included above, amounted to:

	\$'000	\$'000
	5,842	6,076

"Total remuneration" comprises base salary, superannuation, annual leave entitlements, long service leave entitlements, allowances and fringe benefits tax paid by Council.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**6.2 Related party disclosure****(a) Transactions with related parties**

During 2017-18 Council entered into the following transactions with related party Dandenong Market Pty Ltd (DMPL).

	2018 Excl GST \$'000	2017 Excl GST \$'000
Received from DMPL		
Rent received	1,378	1,312
Other reimbursements	-	1
Refund of gift vouchers not redeemed by the Council	10	12
Total received	1,388	1,325
Paid to DMPL		
Contributions for festival/events	81	80
Payment for Gift vouchers	50	49
Payment for Insurance claims	-	7
Total paid	131	136

Councillor Memeti has a financial interest in a stall at Dandenong Market. The financial arrangements are at arms length based on commercial terms. A number of related parties have minority shareholdings in public companies, which have dealings with the Council from time to time.

(b) Outstanding balances with related parties

The following transaction was outstanding at 30 June
Refund of gift vouchers not redeemed by the Council

10	9
10	9

(c) Loans to/from related parties

No loans were made, guaranteed or secured by the Council to related parties during 2017-18 (2016-17 \$nil).

(d) Commitments to/from related parties

Under the Management Services Agreement with Dandenong Market Pty Ltd (DMPL) an extension has been exercised up to 30 June 2019.

A commitment for rent of the Market premises is as follows

1,447	1,378
1,447	1,378

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Note 7 Managing uncertainties****7.1 Contingent assets and liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed 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.

(a) Contingent assets

	Consolidated 2018 \$'000	Consolidated 2017 \$'000
Operating lease receivables		

The Council has entered into commercial property leases on selected properties. These properties are held under operating leases and have remaining non-cancellable lease terms of between 1 and 50 years.

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

Not later than one year	1,783	1,583
Later than one year and not later than five years	3,094	3,541
Later than five years	354	484
	5,231	5,608

Developer contributions

Greater Dandenong acquires infrastructure assets, such as local roads, footpaths, kerb and channel and drains etc, from developers, as subdivisional contributions. The amount and value of assets acquired depends on the size of the development and the level of growth within the municipality. Developers construct infrastructure assets which are vested with Council when Council issues a Statement of Compliance. These assets are brought to account as revenue (Contributions – Non Monetary Assets) and capitalised. At reporting date, developers had commenced construction of assets that will eventually be transferred to the Council subject to Council issuing a Statement of Compliance. Council cannot reliably measure the value of the assets involved prior to completion and the timing of recognition.

(b) Contingent liabilities**Superannuation**

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

Future superannuation contributions

In addition to the disclosed contributions, Council has paid unfunded liability payments to Vision Super totalling Nil during 2017-18 year (Nil for 2016-17 year). There were contributions outstanding and Nil loans issued from or to the above schemes as at 30 June 2018.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2019 is estimated to be \$484,539.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Development Contribution Plans (DCP)**

Council has three sites that are subject to formal development contribution plans, two are in Keysborough and one in Lyndhurst. All three sites are covered by a DCP.

A DCP provides the framework for the provision and funding of infrastructure to facilitate the set development area and the purpose of a DCP is to provide a "fair distribution of costs for works and services, including roads, traffic management and community facilities to all the proper servicing in the area".

New development in each of the areas is required to meet its share of the total cost of delivering the required infrastructure works – as measured by its projected share of usage – through development contributions collected under the DCP's. The balance of works not covered by development contributions has been agreed to be funded by Council. The total value of these works is estimated to be around \$14.6 million.

Landfills

The City of Greater Dandenong may be liable for the consequences of disposing refuse at a number of legacy landfill sites. A legacy site refers to a landfill that has been decommissioned and is no longer receiving waste. At balance date Council is unable to assess whether there are any financial implications.

(c) Guarantees for loans to other entities

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 right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed below.

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

As at 30 June 2018, Council's maximum potential exposure is as follows:

Entities	Amount outstanding 30 June 2018 \$'000	Amount outstanding 30 June 2017 \$'000	Year loan commenced
Dandenong Basketball Association	50	130	14 July 2004
Noble Park Football Club	-	37	10 May 2012
Keysborough Bowls Club Inc.	123	135	18 May 2015
Total Guarantees for loans to other entities	173	302	

(d) Legal actions

Council is presently involved in a number of confidential legal matters, which are being conducted through Council's solicitors. The estimated potential financial effect of these matters may be up to \$856,000 (\$1.5 million as at 30 June 2017).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**Note 7.2 Change in accounting standards**

The following new Australian Accounting Standards have been issued or amended and are not mandatory for the 30 June 2018 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Pronouncement	AASB 7 Financial Instruments - Disclosures
Background	The objective of this Standard is to require entities to provide disclosures in their financial statements that enable users to evaluate, a) the significance of financial instruments for the entity's financial position and performance; b) and the nature and extent of risks arising from financial instruments to which the entity is exposed.
Impact/action	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from the application of this standard.
Effective date	Periods beginning on or after 1 January 2018.

Pronouncement	AASB 9 Financial Instruments
Background	The objective of this Standard is to establish principles for the financial reporting of <i>financial assets</i> and <i>financial liabilities</i> that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.
Impact/action	Impact of the standard is, simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current the current approach that recognises impairment only when incurred.
Effective date	Periods beginning on or after 1 January 2018.

Pronouncement	AASB 15 Revenue from Contracts with Customers
Background	The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measuring encompasses estimation by the entity of the amount expected to be entitled for performing under the contract.
Impact/action	The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.
Effective date	Periods beginning on or after 1 January 2019.

Pronouncement	AASB 16 Leases
Background	This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capturing the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the right-of-use asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.
Impact/action	Council has a significant number of operating leases that will be impacted as a result of this change. The impact on the disclosure of assets and liabilities will be assessed based on eventual implication of the standard.
Effective date	Periods beginning on or after 1 January 2019.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

Pronouncement	<i>AASB 1058 Income for Not-for-Profit Entities.</i>
Background	The standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objective.
Impact/action	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from the application of this standard.
Effective date	Periods beginning on or after 1 January 2019.

(x) Rounding

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

7.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises primarily from long term loans and borrowings at fixed rates which exposes us 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. We manage interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

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

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

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal. Rates debtors are secured by a charge over the rateable property. Council has assessed that 26% of parking infringement debts owing to Council are unlikely to be collected and has raised a provision for doubtful debts over those debts based on an assessment of collectability. The collection of long overdue parking infringement debts is managed by Fines Victoria.

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

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 Council's contingent liabilities are disclosed in note 7.1.

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 (in respect to non-rate debtors).

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements we will not have sufficient funds to settle a transaction when required or 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 in the face of the Balance Sheet and the amounts related to financial guarantees disclosed in note 34, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 1.50%.

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

Notes to the Financial Report**7.4 Fair value measurement***Fair value hierarchy*

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

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

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

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

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

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

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.

Impairment of assets

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

7.5 Events occurring after balance date

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

7.6 Adjustments directly to equity

There were no adjustments to opening equity balances in the 2017-18 financial year.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

Note 8 Other matters

8.1 Reserves

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Reversal of previous valuations for assets disposed \$'000	Impairment loss (credited against previous increments)/ reversal \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves					
2018					
Property					
Land	883,045	(15,027)	(52)	-	867,966
Buildings	27,195	(2,105)	(35)	47	25,102
	910,240	(17,132)	(87)	47	893,068
Infrastructure					
Roads	188,977	-	-	-	188,977
Bridges	20,324	-	-	-	20,324
Footpaths and cycleways	15,101	-	-	-	15,101
Drainage	170,324	-	-	-	170,324
Off street car parks	3,071	-	-	-	3,071
	397,797	-	-	-	397,797
Total asset revaluation reserves	1,308,037	(17,132)	(87)	47	1,290,865
2017					
Property					
Land	682,456	211,439	(10,850)	-	883,045
Buildings	27,363	-	(121)	(47)	27,195
	709,819	211,439	(10,971)	(47)	910,240
Infrastructure					
Roads	188,977	-	-	-	188,977
Bridges	16,599	3,725	-	-	20,324
Footpaths and cycleways	15,101	-	-	-	15,101
Drainage	170,324	-	-	-	170,324
Off street car parks	3,071	-	-	-	3,071
	394,072	3,725	-	-	397,797
Total asset revaluation reserves	1,103,891	215,164	(10,971)	(47)	1,308,037

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 5.2.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

	Balance at beginning of reporting period \$'000	Transfer to accumulated surplus \$'000	Transfer from accumulated surplus \$'000	Balance at end of reporting period \$'000
8.1 Reserves (continued)				
<i>(b) Other reserves</i>				
2018				
Insurance reserve	625	(54)	305	876
Re-vegetation reserves	371	(37)	-	334
Open space - planning, development and improvements	6,642	(343)	2,921	9,220
Open space - acquisitions	6,000	-	-	6,000
Keysborough South maintenance levy	1,178	(1,051)	1,381	1,508
Major projects reserve	21,952	(279)	6,990	28,663
General reserve	1,780	-	2,100	3,880
Council funded development contributions reserve	11,729	(27)	1,000	12,702
Spring Valley landfill rehabilitation	1,011	(29)	82	1,064
Springvale Activity Precinct - parking and development	298	(202)	70	166
Dandenong Activity Precinct - parking and development	-	(548)	1,000	452
Local Government Funding Vehicle	4,900	-	-	4,900
Total other reserves	56,486	(2,570)	15,849	69,765
2017				
Insurance reserve	423	-	202	625
Re-vegetation reserves	563	(192)	-	371
Open space - planning, development and improvements	9,754	(6,164)	3,052	6,642
Open space - acquisitions	-	-	6,000	6,000
Keysborough South maintenance levy	1,025	(1,111)	1,264	1,178
Major projects reserve	6,679	(2,185)	17,458	21,952
General reserve	-	-	1,780	1,780
Council funded development contributions reserve	8,964	(181)	2,946	11,729
Spring Valley landfill rehabilitation	761	(36)	286	1,011
Springvale Activity Precinct - parking and development	190	(603)	711	298
Local Government Funding Vehicle	4,097	-	803	4,900
Total other reserves	32,456	(10,472)	34,502	56,486

Nature and purpose of other reserves:Insurance reserve

The insurance reserve has been created to meet large and unexpected policy excesses on multiple insurance claims.

Re-vegetation reserves

The purpose of this reserve fund is to meet native re-vegetation requirements on Council's reserves.

Open space - planning, development and improvements

Funds set aside in this reserve will be utilised exclusively for allocation towards enhancing the City's open space via planning, development and improvements.

Open space - acquisitions

Funds set aside in this reserve will be utilised exclusively for open space land acquisitions.

Keysborough South maintenance levy

This reserve has been established to ensure full accountability of the levies received for the Keysborough and Somerfield Estates reflecting costs of maintaining an additional 15% open space beyond that of traditional estates.

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**8.1 Reserves (continued)****(b) Other reserves (continued)**Major projects reserve

The major projects reserve will hold funds realised from the sale of Council's property assets and will be utilised for investing in other properties.

General reserve

This reserve relates to financial impacts of future aged care sector reforms.

Council funded development contributions reserve

The reserve for Council funded development contribution plans holds funds in respect of Council's contribution to the two major developments in Dandenong South (C87) and Keysborough (C36).

Spring Valley landfill rehabilitation reserve

The purpose of this reserve is to rehabilitate the Spring Valley landfill site at Clarke Road, Springvale South.

Springvale Activity Precinct parking and development reserve

The purpose of the reserve is to fund development in the Springvale Activity Centre.

Dandenong Activity Precinct parking and development reserve

The purpose of the reserve is to fund development in the Dandenong Activity Centre.

Local Government Funding Vehicle

The purpose of this reserve is to provide for the \$4.90 million principal repayment required on maturity of the interest-only Local Government Funding Vehicle (LGFV) in 2019-20 and to provide future borrowing capacity for major infrastructure projects.

		Consolidated 2018 \$'000	Consolidated 2017 \$'000
(c) Total reserves summary	Note		
Asset revaluation reserve	8.1(a)	1,290,865	1,308,037
Other reserves	8.2(b)	69,765	56,486
Total reserves		1,360,630	1,364,523

8.2 Reconciliation of cash flows from operating activities to surplus

Surplus for the year	46,934	51,729
Depreciation and amortisation	28,202	27,726
impairment loss / (reversal)	(238)	238
Gain on disposal of property, infrastructure, plant and equipment	(141)	(1,011)
Fair value adjustments	(1,025)	125
Contributions of non-monetary assets	(19,169)	(16,308)
Works in progress unable to be capitalised (expensed)	3,006	5,871
Assets written-off	2,828	830
Borrowing costs	3,419	3,699
Change in assets and liabilities		
Increase (decrease) in trade and other receivables	333	(3,578)
Increase in trust funds and deposits	6,057	4,971
Increase in other assets	(1,113)	(75)
Increase in trade and other payables	4,141	32
Increase in provisions	682	183
Net cash provided by operating activities	73,916	74,432

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report**8.3 Superannuation**

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

Accumulation

The Fund's accumulation categories, Vision My Super/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% required under Superannuation Guarantee legislation (for 2016-17, this was 9.5%)).

Defined Benefit

The 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 the 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.

Funding arrangements

The 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.

The annual actuarial investigation as at 30 June 2018 is currently in progress. It is anticipated that the investigation will be completed in October 2018. As at 30 June 2017, 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 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns	6.5% pa
Salary information	3.5% pa
Price inflation (CPI)	2.5% pa

Vision Super has advised that the estimated VBI at quarter ended 30 June 2018 was 106%.

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

*Employer contributions**Regular contributions*

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

City of Greater Dandenong

2017-18 Financial Report

Notes to the Financial Report

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at 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 the Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

2017 triennial actuarial investigation surplus amounts

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2018.

2018 interim actuarial investigation

An interim actuarial investigation will be conducted for the funds position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in October 2018.

2.5.2 2017-18 Annual Financial Statements (Cont.)

FINANCE AND BUDGET

2017-18 FINANCIAL STATEMENTS

ATTACHMENT 2

**PERFORMANCE STATEMENT FOR THE
YEAR ENDED 30 JUNE 2018**

PAGES 20 (including cover)

2.5.2 2017-18 Annual Financial Statements (Cont.)



CITY OF GREATER DANDENONG

PERFORMANCE STATEMENT

For the year ended 30 June 2018

2.5.2 2017-18 Annual Financial Statements (Cont.)

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2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement

For the year ended 30 June 2018

Description of municipality

The City of Greater Dandenong encompasses an area of 129 kilometres in Melbourne's south-east, approximately 35 kilometres from the central business district. Greater Dandenong has a population over 160,000 people and is the most multicultural municipality in Victoria, with residents from over 150 different birthplaces. This adds a wealth of diversity to the city through a range of cultural experiences. The city has a vibrant economy in both the retail and manufacturing sectors and is renowned as the manufacturing hub of Victoria. The wholesale trade, health care, and retail trade sectors also provide a significant proportion of employment opportunities.

2.5.2 2017-18 Annual Financial Statements (Cont.)

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2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement
For the year ended 30 June 2018

Sustainable Capacity Indicators For the year ended 30 June 2018					
Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Population					
Expenses per head of municipal population [Total expenses / Municipal population]	\$1,078.60	\$1,105.51	\$1,053.75	\$1,069.38	
Infrastructure per head of municipal population [Value of Infrastructure / Municipal population]	\$5,962.70	\$6,033.37	\$5,945.59	\$5,897.18	
Population density per length of road [Municipal population / Kilometres of local roads]	223.16	219.77	235.59	238.93	
Own-source revenue					
Own-source revenue per head of municipal population [Own-source revenue / Municipal population]	\$870.85	\$947.90	\$962.44	\$990.47	
Recurrent grants					
Recurrent grants per head of municipal population [Recurrent grants / Municipal population]	\$248.00	\$174.51	\$243.18	\$199.76	
Disadvantage					
Relative Socio-Economic Disadvantage [Index of Relative Socio-Economic Disadvantage by decile]	1.00	1.00	1.00	1.00	

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement
For the year ended 30 June 2018**Sustainability Capacity Indicators - Definitions**

"adjusted underlying revenue" means total income other than:

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

"infrastructure" means non-current fixed assets comprising a number of asset classes including roads, drains, footpaths and cycleways, bridges, off-street car parks, recreational leisure and community facilities and parks open space and streetscapes

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

"population" means the resident population estimated by council

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

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

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

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement For the year ended 30 June 2018

Service Performance Indicators For the year ended 30 June 2018					
Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Aquatic Facilities					
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4.32	4.44	4.31	4.06	
Animal Management					
Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	20.00	25.00	26.00	31.00	Prosecution numbers increased this year due to a higher number of dog attacks.
Food Safety					
Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	91.00%	100.00%	100.00%	100.00%	
Governance					
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]	62.00	61.00	63.00	63.00	

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement For the year ended 30 June 2018

Service Performance Indicators (continued) For the year ended 30 June 2018					
Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Home and Community Care (HACC) Participation Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100	20.00%	13.55%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
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	16.00%	12.23%	N/A	N/A	Reporting on HACC ceased on 1 July 2016 due to the introduction of the Commonwealth Government's NDIS and CHSP programs.
Libraries Participation Active library members [Number of active library members / Municipal population] x100	35.00%	33.06%	20.23%	19.22%	The reduction in the number of library active members from 2015-16 to 2017-18 is a result of Wi-Fi users being included in the 2015-16 result as Council's library system could not separate these from general PC users.
Maternal and Child Health (MCH) 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	80.00%	79.66%	79.15%	77.56%	
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	79.00%	56.60%	77.03%	75.15%	

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2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement For the year ended 30 June 2018

Service Performance Indicators (continued) For the year ended 30 June 2018					
Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
Roads Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	67.00	66.00	65.00	69.00	
Statutory Planning 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] x100	50.00%	42.31%	56.41%	23.53%	VCAT has given varying levels of weight to a Planning Scheme Amendment that is currently under consideration by the Minister for Planning. This has resulted in VCAT overturning a number of Council decisions that Council considers to accord with this amendment. It is anticipated that once the Minister makes a final decision on the amendment, there will be more consistent decision making between Council and VCAT.
Waste Collection 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] x100	45.00%	46.40%	47.36%	46.17%	

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement For the year ended 30 June 2018

Service Performance Indicators - 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 (print material, audio visual and digital materials and toys and games on hand)

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

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

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

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

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

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

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

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

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement
For the year ended 30 June 2018**Service Performance Indicators - Definitions (continued)**

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

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

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

"population" means the resident population estimated by the Australian Bureau of Statistics

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

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

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement For the year ended 30 June 2018

Financial Performance Indicators For the year ended 30 June 2018									
Dimension / indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022	Material Variations and Comments
Efficiency									
Revenue level									
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$864.45	\$1,192.35	\$1,234.43	\$1,258.93	\$1,306.75	\$1,290.78	\$1,301.77	\$1,313.16	
Expenditure level									
Expenses per property assessment [Total expenses / Number of property assessments]	\$2,608.70	\$2,675.09	\$2,644.92	\$2,701.55	\$2,764.10	\$2,718.77	\$2,756.16	\$2,771.62	
Workforce turnover									
Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100	7.69%	7.97%	9.67%	9.83%	10.00%	10.00%	10.00%	10.00%	

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement
For the year ended 30 June 2018

Financial Performance Indicators (continued)								
For the year ended 30 June 2018								
Dimension / Indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022
Liquidity								
Working capital								
Current assets compared to current liabilities [Current assets / Current liabilities] x100	172.67%	178.97%	202.31%	219.30%	160.22%	171.78%	178.85%	187.13%
								The increase in working capital from 2017 to 2018 is due mainly to higher cash holdings at 30 June 2018 as a result of a delay in grant funded operating program and capital project cash payments which have been carried forward to 2018-19. Future years forecast a return to normal full year allocations for Financial Assistance Grants and do not project delays in grant funded programs.
Unrestricted cash								
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	65.57%	57.85%	81.02%	86.14%	71.16%	71.29%	74.23%	80.70%
Obligations								
Asset renewal								
Asset renewal compared to depreciation [Asset renewal expense / Asset depreciation] x100	62.61%	73.03%	68.33%	66.03%	71.13%	84.82%	83.43%	80.63%

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2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement
For the year ended 30 June 2018

Financial Performance Indicators (continued)								
For the year ended 30 June 2018								
Dimension / indicator / measure	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019	Forecast 2020	Forecast 2021	Forecast 2022
Loans and borrowings Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	56.80%	48.52%	43.62%	39.60%	42.38%	42.78%	39.53%	36.32%
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	12.16%	7.07%	5.44%	4.99%	4.69%	8.49%	4.53%	4.40%
Material Variations and Comments								
The decrease in this measure in 2018 is due to a combination of higher rate revenue (2.00% rate cap plus favourable supplementary valuations) and lower finance costs and principal repayments as Council continues to reduce the outstanding loan balances. This is forecast to increase in 2018-19 and 2019-20 due to proposed borrowings of \$10 million in both years and then decline as Council continues to reduce outstanding loan balances.								
The decrease in this measure in 2018 is due to a combination of higher rate revenue (2.00% rate cap plus favourable supplementary valuations) and lower finance costs and principal repayments as Council continues to reduce the outstanding loan balances.								

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement For the year ended 30 June 2018

Financial Performance Indicators (continued)								
Dimension / indicator / measure	For the year ended 30 June 2018					Forecast 2021	Forecast 2022	Material Variations and Comments
	Results 2015	Results 2016	Results 2017	Results 2018	Forecast 2019			
Indebtedness Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	48.18%	39.99%	34.57%	31.45%	30.80%	34.99%	32.31%	29.61%
								The lower measure in 2018 is due to reduced non-current liabilities as a result of borrowing repayments during the year, as well as higher own source revenue (rate revenue, statutory fees and fines and other income). The 2% rate increase combined with higher supplementary valuations was the main contributor to the increased own source revenue.
Operating position Adjusted underlying result Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	4.25%	1.87%	12.82%	10.89%	8.51%	8.99%	8.45%	9.17%
								The decrease in adjusted underlying surplus is mainly due to a higher level recurrent grant funding in 2017 due to the early receipt of \$5.42 million of the 2017-18 Financial Assistance Grant funding (via the Victoria Grants Commission) in June 2017. This resulted in 2017 including 100% of Financial Assistance Grant funding plus 50% of the 2017-18 allocation. Whilst the 2018-19 year includes a full year allocation, it includes 50% of 2018-19 which was paid in advance in June 2018.

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2.5.2 2017-18 Annual Financial Statements (Cont.)**Performance Statement**

For the year ended 30 June 2018

Financial Performance Indicators – Definitions (continued)

- "current assets" has the same meaning as in the AAS
- "current liabilities" has the same meaning as in the AAS
- "non-current assets" means all assets other than current assets
- "non-current liabilities" means all liabilities other than current liabilities
- "non-recurrent grant" means a grant obtained on the condition that it be expended in a specified manner and is not expected to be received again during the period covered by a council's Strategic Resource Plan
- "own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants
- "population" means the resident population estimated by council
- "rate revenue" means revenue from general rates, municipal charges, service rates and service charges
- "recurrent grant" means a grant other than a non-recurrent grant
- "residential rates" means revenue from general rates, municipal charges, service rates and service charges levied on residential properties
- "restricted cash" means cash and cash equivalents, within the meaning of the AAS, that are not available for use other than for a purpose for which it is restricted, and includes cash to be used to fund capital works expenditure from the previous financial year
- "unrestricted cash" means all cash and cash equivalents other than restricted cash.

2.5.2 2017-18 Annual Financial Statements (Cont.)**Performance Statement****For the year ended 30 June 2018**

1. Basis of preparation

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

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

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

The forecast figures included in the performance statement are those adopted by council in its strategic resource plan on 12 June 2018 and which forms part of the council plan. The strategic resource plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The strategic resource plan can be obtained by contacting council.

2.5.2 2017-18 Annual Financial Statements (Cont.)

Performance Statement

For the year ended 30 June 2018

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.

Michelle Hansen CPA
Principal Accounting Officer

Date: 10 September 2018

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

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

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

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

Youhorn Chea
Mayor

Date: 10 September 2018

Matthew Kirwan
Councillor

Date: 10 September 2018

Mick Jaensch
Acting Chief Executive Officer

Date: 10 September 2018

2.6 OTHER

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong

File Id:

Responsible Officer:

Director Community Services

Attachment:

Notice of Motion No. 41 - Addressing the Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (CM 11 December 2017 – Minute No. 511)

Report Summary

The City of Greater Dandenong (CGD) is the most culturally diverse community in Australia. The Maternal and Child Health Service (MCH) is a Universal service available to all families with children birth to school age, through a schedule of consultations at key ages and stages. This universal platform can support, identify, and deliver services and supports to embrace the multicultural community needs.

This report responds to Notice of Motion No. 41, endorsed at the Council meeting on

11 December 2017 - Addressing the increasing complexity and demand for MCH in Greater Dandenong.

As a result of this Council Meeting, the joint working group will continue to meet and address the challenges and costs related to the service delivery within culturally and linguistically diverse (CALD) and socio-economic disadvantaged communities, while advocating for innovative models and additional resources for MCH services.

The following actions were also noted and will be undertaken:

- Letters to be written to the Victorian Minister of Families and Children and local State members of parliament outlining the issues faced and requesting to meet to discuss the impact of the current funding model.
- A media release be issued and the Greater Dandenong website advocacy page updated outlining Greater Dandenong Council's advocacy.

An initial data analysis focused on key areas in the CALD community including language spoken, birth place, additional consultations and referrals, compared to the additional hours of service offered. This highlighted the significant use of interpreters and the additional nurse time taken for the delivery of the service. The use of interpreters is fully funded where the additional nurse time is a direct cost to council and is not included in the current funding model.

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

This report is provided to brief Council and make recommendations on the impact of the increased complexities, demands and costs to address the increasing complexity and demands on the MCH in a multicultural community.

Recommendation Summary

This report recommends that

- A collective approach across councils is recommended in relation to the current funding model.
- Provide a joint Notice of Motion to the State Council of the MAV by CEOs to explore the support needs of culturally and linguistically diverse communities.
- Councils jointly write and seek to meet with the Victorian Minister and Shadow Minister, local lower and upper MP's outlining:
 - The cost impact to councils for the additional service costs where interpreters are required.
 - Consideration for future ongoing funding to be included in Service Agreements to address these additional requirements.
- Advocate that during the next round of MoU negotiations, the MAV pursue cost sharing of the additional service delivery costs when using an interpreter.
- Request that NoM 41 be placed on the Victorian Local Government Multicultural Issues Network (VLGMIN) Agenda.

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)**Background**

The CGD MCH Service convened a working group with other councils with similar demographics including the Cities of Whittlesea, Hume, Wyndham and Brimbank. The MAV also participated in the working group.

The working group undertook an initial data analysis focusing on the MCH Service. Whilst the MCH Service collects a range of data including primary caregivers' place of birth, language spoken and English fluency, it was unable to be triangulated against data regarding hours of service delivery.

The data indicates that within the CGD, the primary caregiver for 77 per cent of families who receive an additional consultation come from a non-English speaking background.

This proportion is likely to be relatively consistent with the CGD demographics and does not represent as an additional cost to the MCH service, as 'additional services' are part of the service funding model.

The working group identified that as an industry standard, an additional 15 minutes is allocated where an interpreter is required for an MCH consultation. Whilst the Department of Education and Training (DET) funds the cost of the interpreter, the additional 15 minutes of MCH Nurse (or Enhanced MCH Nurse) time is not funded and is a direct cost to Council.

The current model for the provision of MCH funding is determined by a Memorandum of Understanding (MOU) between DET and MAV, where DET and local councils share responsibility of funding the Universal MCH service and contribute equally (50:50) to the hourly rate of the service. This MOU is in place from 2017 to 2020.

In 2017 the Victorian Government, through the 'Roadmap for Reform', allocated additional funding to the Universal and Enhanced MCH program to provide Trauma Informed Practice training for all MCH nurses and to expand the Enhanced MCH program including the Right@home program. These initiatives are due to be implemented in late 2018 and early 2019.

However with these reforms in place, the MCH funding formula makes no allowances for the additional nurse time when utilising the interpreter service in culturally complex municipalities.

Proposal

This report recommends that Council:

- Continues to meet with other Councils and the MAV on the working group to advocate for a review of the current funding model.
- Advocates for the need for a stable index that can be correlated, and for ethnicity to be included as a socio-economic disadvantage indicator.
- Councils jointly write to the Victorian Minister and Shadow Minister outlining the cost to local government for the use of interpreter services within the MCH service.
- Write to and meet with relevant local lower house and upper house MP's.
- Request to raise this Notice of Motion No. 41 at the Victorian Local Government Multicultural Issues Network (VLGMIN).

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

- Advocates to the MAV to pursue cost sharing of the additional cost of service delivery when the use of an interpreter is required.

Community Plan 'Imagine 2030' and Council Plan 2017-2021 – Strategic Objectives, Strategies and Plans

After consultation with the Greater Dandenong community on what kind of future they wanted to see for themselves and the City in 2030, the result was the Greater Dandenong Community Plan 'Imagine 2030'. This report is consistent with the following community visions:

Community Plan 'Imagine 2030'

People

- *Pride* – Best place best people
- *Cultural Diversity* – Model multicultural community

Opportunity

- *Education, Learning and Information* – Knowledge
- *Leadership by the Council* – The leading Council

Council Plan 2017-2021

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following goals:

People

- A vibrant, connected and safe community
- A creative city that respects and embraces diversity

Opportunity

- A diverse and growing economy
- An open and effective Council

The strategies and plans that contribute to these outcomes are as follows:

- Children's Plan 2015-2019
- Child Friendly Cities
- Code of Conduct

Related Council Policies

- Child Safe Standards
- Diversity Access and Equity Policy

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

Victorian Charter of Human Rights and Responsibilities

All matters relevant to the Victorian Human Rights Charter have been considered in the preparation of this report and are consistent with the standards set by the Charter.

Financial Implications

Based on the Victorian Interpreting Service data, the CGD used the interpreting service 3,891 times in 2016-17. With an additional 15 minutes of nurse time required per visit, this equates to an additional 972.75 hours (3,891 x 15 minutes/60 minutes). Based on the MCH Unit price (\$110 per hour) these additional hours cost Council \$107,000 in the last financial year.

There are no further financial implications associated with this report.

Consultation

Consultation included:

- MAV
- Cities of Whittlesea, Hume, Wyndham and Brimbank
- Community Development Team – CGD

An opportunity was provided for interested Councillors to meet with the working group on Thursday 26 April 2018. Councillors Kirwan and Blades attended.

Conclusion

In addressing the increasing complexities and demands on the MCH Service, the current funding model from the State Government does not provide additional resources and time to provide an equitable service. The complexities and costs of providing MCH in a CALD and low socio-economic community cannot be compared to service provision in other mainstream municipalities and needs to be acknowledged and appropriately resourced.

Recommendation

That:

1. **A collective approach across councils is recommended in relation to the current funding model.**
2. **Provide a joint Notice of Motion to the State Council of the MAV by CEOs to explore the support needs of culturally and linguistically diverse communities.**
3. **Councils jointly write and seek to meet with the Victorian Minister and Shadow Minister, local lower and upper MPs outlining:**
 - 3.1. **The cost impact to councils for the additional service costs where interpreters are required.**

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

- 3.2. Consideration for future ongoing funding to be included in Service Agreements to address these additional requirements.**
- 4. Advocate that during the next round of MoU negotiations, the MAV pursue cost sharing of the additional service delivery costs when using an interpreter.**
- 5. Council officer to contact the MAV's Diversity Policy Adviser, to request that NoM No. 41 be placed on the Victorian Local Government Multicultural Issues Network (VLGMIN) Agenda.**

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

OTHER

**RESPONSE TO NOTICE OF MOTION NO. 41 -
ADDRESSING THE INCREASING COMPLEXITY AND DEMAND FOR
MATERNAL AND CHILD HEALTH SERVICES IN GREATER DANDENONG**

ATTACHMENT 1

**NOTICE OF MOTION NO. 41-
ADDRESSING COMPLEXITY AND DEMAND
FOR MATERNAL AND CHILD HEALTH
SERVICES IN GREATER DANDENONG
(CM 11 DECEMBER 2017–MINUTE NO. 511)**

PAGES 5 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

City of Greater Dandenong

ORDINARY COUNCIL MEETING MINUTES

MONDAY 11 DECEMBER 2017

3.2 Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong

File Id:

Responsible Officer:

Director Community Services

Author:

Cr Matthew Kirwan

Preamble

The City of Greater Dandenong Maternal Child Health (MCH) provides services in a culturally and low socio-economic diverse community. Maternal and Child Health Services support families in the areas of parenting, health and development, offering consultation up until three and a half years of age via both office based and home visits (depending on circumstance), parent groups and telephone support.

The Socio-Economic Indexes for Areas (SEIFA) Index of Relative Socio-economic Disadvantage (at the time of writing, the most recent SEIFA Index available), based on the findings of the 2011 Census, ranked Greater Dandenong as the most disadvantaged municipality in Victoria.

Greater Dandenong is also the most culturally diverse community in Victoria, with 64 per cent of its residents born overseas, and languages other than English spoken by two-thirds (70%) of its residents – the highest level in the state.

In the past 15 years, the annual number of birth notifications received within Greater Dandenong has risen from 1,732 in 2001/2 to 2,464 in 2016/17. This includes the new estates of Keysborough which is an area primarily of young families.

More so, than other municipalities, these families often present to the MCH service with complex issues related to family violence, trauma, torture, mental health, drugs and alcohol. These are common interactions between families and the MCH service, on a day to day basis that often require referrals and/or reports to external services and agencies including CHILD FIRST and Child Protection.

A significant amount of time is also required in culturally diverse communities such as Greater Dandenong, to provide services that are culturally sensitive and build trust. This often involves interpreter and translation services that significantly increase the time and duration of the MCH appointment. However Greater Dandenong Council only receives funding for approximately a 20 minute visit, viable for more affluent and less diverse municipalities, whereas an average visit in Greater Dandenong takes approximately 1 hr 20 minutes.

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

City of Greater Dandenong

ORDINARY COUNCIL MEETING MINUTES

MONDAY 11 DECEMBER 2017

3.2 Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

The current funding provided by the State Government requires MCH nurses to provide key ages and stages assessments of the child, while also assessing issues of family violence, mental health and providing information on services and support available in the local community. A key recommendation of the Royal Commission into Family Violence was for MCH services to provide significant assessment and support.

To add further to the increasing complexity of their role, it is just been announced that autism assessments are now likely to be part of the role of maternal and child nurses with the Minister just announcing autism awareness training for MCH nurses.

The current funding model from the State Government does not provide additional resources for any of these additional complexities and this creates additional pressure on staff, local government budgets and recruitment of staff in an environment where the capacity of local government to raise revenue has been constrained by rate capping and where the percentage of capping is below the percentage increase in staff costs.

The complexities and costs of providing Maternal and Child Health Services in CALD and low socio-economic communities cannot be compared to service provision in other mainstream municipalities and needs to be acknowledged and appropriately resourced possibly using a different funding model.

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

City of Greater Dandenong

ORDINARY COUNCIL MEETING MINUTES

MONDAY 11 DECEMBER 2017

3.2 Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

Motion

That:

1. Council writes separately to the Victorian Minister of Families and Children and our local State members of parliament (both in the Legislative Assembly and the Legislative Council) outlining the issues that we are facing (including the impact it is causing) and seeking their action;
2. a media release be issued outlining Greater Dandenong Council's advocacy on this issue and that the Greater Dandenong Council website advocacy page be updated with both reference to this Council resolution and include the media release;
3. Council forms a working group (including interested Councillors) with Councils that have similar demographics to address these issues, specifically to:
 - a) address the challenges and cost of service delivery in CALD and socio-economic disadvantaged communities;
 - b) jointly advocate specifically in relation to resources and innovative models for these local government areas to provide Maternal and Child Health services;
4. a report comes to Council by a Council meeting in June 2018 at the latest with an update on these matters and their impact in Greater Dandenong including progress with that working group and any further options Greater Dandenong Council has for action on this issue, including but not necessarily limited to advocacy.

2.6.1 Response to Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

City of Greater Dandenong

ORDINARY COUNCIL MEETING MINUTES

MONDAY 11 DECEMBER 2017

3.2 Notice of Motion No. 41 - Addressing the Increasing Complexity and Demand for Maternal and Child Health Services in Greater Dandenong (Cont.)

MINUTE 511

Moved by: Cr Matthew Kirwan

Seconded by: Cr Tim Dark

That:

1. Council writes separately to the Victorian Minister of Families and Children and our local State members of parliament (both in the Legislative Assembly and the Legislative Council) outlining the issues that we are facing (including the impact it is causing) and seeking their action;
2. a media release be issued outlining Greater Dandenong Council's advocacy on this issue and that the Greater Dandenong Council website advocacy page be updated with both reference to this Council resolution and include the media release;
3. Council forms a working group (including interested Councillors) with Councils that have similar demographics to address these issues, specifically to:
 - a) address the challenges and cost of service delivery in CALD and socio-economic disadvantaged communities;
 - b) jointly advocate specifically in relation to resources and innovative models for these local government areas to provide Maternal and Child Health services;
4. a report comes to Council by a Council meeting in June 2018 at the latest with an update on these matters and their impact in Greater Dandenong including progress with that working group and any further options Greater Dandenong Council has for action on this issue, including but not necessarily limited to advocacy.

CARRIED

2.6.2 List of Registered Correspondence to Mayor and Councillors

File Id:	qA283304
Responsible Officer:	Director Corporate Services
Attachments:	Correspondence Received 6-17 August 2018

Report Summary

Subsequent to resolutions made by Council on 11 November 2013 and 25 February 2014 in relation to a listing of incoming correspondence addressed to the Mayor and Councillors, Attachment 1 provides a list of this correspondence for the period 6-17 August 2018.

Recommendation

That the listed items provided in Attachment 1 for the period 6-17 August 2018 be received and noted.

2.6.2 List of Registered Correspondence to Mayor and Councillors (Cont.)

OTHER

**LIST OF REGISTERED CORRESPONDENCE TO
MAYOR AND COUNCILLORS**

ATTACHMENT 1

**CORRESPONDENCE RECEIVED
6-17 AUGUST 2018**

PAGES 2 (including cover)

If the details of the attachment are unclear please contact Governance on 8571 5235.

2.6.2 List of Registered Correspondence to Mayor and Councillors (Cont.)**Objective**

CONNECTED COLLABORATIVE COMMUNITY

Correspondences addressed to the Mayor and Councillors received between 06/08/18 & 17/08/18 - for officer action - total = 5

Correspondence Name	Correspondence Dated	Date Record Created	Objective ID	User Assigned
Letter from Member for Narre Warren South regarding resident complaint about road conditions on National Drive, Abbots Road and Bayliss Road, Dandenong South.	30-Jul-18	8-Aug-18	fA147499	Traffic and Transport
Email from resident regarding ABC's War on Waste program.	7-Aug-18	8-Aug-18	fA147496	Infrastructure Services
Objection from Springvale resident to the new valuation of their property.	6-Aug-18	7-Aug-18	fA147482	Corporate Services
Letter from the Cambodia Chinese Friendship Association requesting exemption from Council rates.	3-Aug-18	8-Aug-18	fA147500	Corporate Services
Email from Dandenong resident asking for review of parking infringement.	26-Jul-18	13-Aug-18	fA147783	Regulatory Services

Objective

CONNECTED COLLABORATIVE COMMUNITY

Correspondences addressed to the Mayor and Councillors received between 06/08/18 & 17/08/18 - for information only - total = 3

Correspondence Name	Correspondence Dated	Date Record Created	Objective ID	User Assigned
Letter from Minister for Planning advising of the appointment of an advisory committee to provide recommendations regarding the rollout of Kaufland stores across Melbourne.	24-Jul-18	6-Aug-18	A5162929	Planning and Design
Letter from the Federal Minister for Infrastructure and Transport in response to Mayor's letter supporting a third international airport in Melbourne.	2-Aug-18	9-Aug-18	A5171261	Mayor & Councillors EA
Letter from the Assistant Minister to the Prime Minister advising of Australian National Flag Day on 3 September 2018.	2-Aug-18	9-Aug-18	A5171262	Mayor & Councillors EA

NB: Users assigned may have changed by the time of the Council Meeting. Correct at time of report production only.

2.6.3 Report on Matters Discussed at Councillor Briefing Sessions & Pre-Council Meetings - 13 & 20 August 2018

File Id: fA25545

Responsible Officer: Director Corporate Services

Report Summary

As part of Council's ongoing efforts to improve transparency in Council processes, matters discussed at Councillor Briefing Sessions & Pre-Council Meetings (other than those matters designated to be of a confidential nature) are reported on at ordinary Council meetings.

The matters listed in this report were presented to Councillor Briefing Sessions & Pre-Council Meetings in August 2018.

Recommendation Summary

This report recommends that the information contained within it be received and noted.

2.6.3 Report on Matters Discussed at Councillor Briefing Sessions & Pre-Council Meetings - 13 & 20 August 2018 (Cont.)

Matters Presented for Discussion

Item		Pre-Council Meeting/Councillor Briefing Session
1	<p><i>Other</i></p> <p>Councillors and Council officers briefly discussed the following topics:</p> <ul style="list-style-type: none"> a) Consultation methods and timing for the proposed Dandenong Stadium. b) Development Victoria's Information Session regarding proposed pop-up park in central Dandenong. c) Community facilities hire and rental. d) Agenda items for the Council meeting of 13 August 2018. 	<i>13 August 2018</i>
2.	<p><i>Hiring Community Facilities</i></p> <p>Councillors were presented with options as a way forward with the management of high risk bookings at Council-owned facilities. This might include amendments to Council's Conditions of Hire or additional charges and booking requirements. A Council report will be brought back to a future Council meeting seeking support for changes to the Conditions of Hire.</p>	<i>20 August 2018</i>
3.	<p><i>Response to Notice of Motion No 40 - Improving the Recognition, Inclusion and Understanding of our LGBTI Community within Greater Dandenong</i></p> <p>Councillor feedback was sought on proposed options to increase awareness of recognition and inclusion across Greater Dandenong.</p>	<i>20 August 2018</i>
4.	<p><i>Electronic Gaming Policy</i></p> <p>Feedback was requested from Councillors prior to an amended policy being submitted for endorsement at a future Council meeting.</p>	<i>20 August 2018</i>

2.6.3 Report on Matters Discussed at Councillor Briefing Sessions & Pre-Council Meetings - 13 & 20 August 2018 (Cont.)

5.	<i>2017-18 Year End Cash Result</i> This item provided Councillors with information in respect of the cash position of Council as at 30 June 2018 and the amount of funds that it considers to be available for the purposes of the Mid-Year Budget. This briefing will inform the Mid-Year Budget process that will be formally tabled at the December meeting of Council. Councillors were also provided with an overview of capital works and infrastructure projects completed in, and carried over from, the 2017-2018 financial year.	<i>20 August 2018</i>
6.	<i>Other</i> Councillors and Council officers briefly discussed the following topics: a) Agenda items for the Council meeting of 27 August 2018.	<i>20 August 2018</i>

Apologies

- Councillor Roz Blades AM, Councillor Tim Dark, Councillor Angela Long and Councillor Jim Memeti submitted apologies for the Pre-Council Meeting on 13 August 2018.
- Councillor Roz Blades AM, Councillor Tim Dark, Councillor Angela Long, Councillor Jim Memeti and Councillor Loi Truong submitted apologies for the Councillor Briefing Session on 20 August 2018.

Recommendation

That the information contained in this report be received and noted.

2.6.4 Welcoming Cities Network

File Id: A5224535

Responsible Officer: Director Community Services

Report Summary

Welcoming Cities Network is a network of local government areas committed to welcoming and inclusion. It has more than 135 municipalities worldwide, 20 councils nationally and 12 Victorian councils participating. City of Greater Dandenong has been invited to join the network and benefit from knowledge sharing between network partners, participation in partnership development processes and an opportunity for National Accreditation under the Australian Standard for Welcoming Cities.

Recommendation Summary

This report recommends that City of Greater Dandenong become a member of the Welcoming Cities Network.

2.6.4 Welcoming Cities Network (Cont.)**Background**

Welcoming Cities Network was established in 2016 and City of Greater Dandenong has been invited to join the network. Membership of the Welcoming Cities Network is a measurable step towards becoming nationally accredited as a Welcoming City under the Australian Standard for Welcoming Cities. Councils join at the 'committed' membership level and can immediately access a range of benefits. There is no fee for joining at this level. As Councils progress through the stages of Welcoming Cities, further benefits and opportunities are made available. There is a cost associated with the higher levels of membership.

There are five levels of membership: Committed, Established, Advanced, Excelling, and Mentoring. The benefits, requirements to reach each level, and membership cost for each level is explained below in Table 1.

Table 1:

Level	Benefits	Requirement to reach level
Committed	Access to: <ul style="list-style-type: none"> • The Welcoming Cities Network. • The Apolitical knowledge sharing platform. • Webinars. • Advice and support. • Assistance in communicating the Council's commitment to Welcoming Cities. • Opportunity to be profiled online, the Welcoming Cities Symposium, and other events 	Councils simply sign a statement of commitment. No cost associated with this level.
Established	<ul style="list-style-type: none"> • All of the above. • Support to develop and promote case studies that showcase the Council's work. • Access to, and partnering with, a Mentoring Council. • Consultancy support to assist in projecting a welcoming message. • Access to Welcoming Cities' network of contacts. • Media support in sharing success stories. • Status as an Established Welcoming Cities displayed 	To reach this level, Councils present a plan outlining the program of work they will undertake to succeed and progress through the Standard. \$2000 - 3 year renewal.

2.6.4 Welcoming Cities Network (Cont.)

Advanced	<ul style="list-style-type: none"> • All of the above. • Eligibility for Welcoming Cities' awards. • Increased consultancy support. • Status as an Advanced Welcoming City displayed 	<p>Advanced Councils are implementing policies, programs and initiatives to commence action.</p> <p>Plans now extend to sustaining these existing activities, as well as meeting future goals.</p> <p>\$5000 – 3 year renewal.</p>
Excelling	<ul style="list-style-type: none"> • All of the above. • Recommendations from Welcoming Cities to speak at national and international conferences. • Status as an Excelling City displayed 	<p>To Excel, Councils must have their policies, programs and initiatives externally assessed, and implement a Welcoming Plan.</p> <p>\$10,000 – 3 year renewal</p>
Mentoring	<ul style="list-style-type: none"> • All of the above. • Status as a Mentoring Welcoming City. Displayed. • Access to a seat on the Welcoming Cities Advisory Committee 	<p>At this, the highest level, Councils demonstrate tangible evidence of the innovative, positive impact their efforts are having on the community.</p> <p>\$10,000 – 3 year renewal.</p>

Table 1:

In Victoria, the Cities of Yarra, Monash, Whittlesea, Darebin, Moreland, Hume, Melton, Warrnambool, Ararat, Bendigo and two other recently joined councils are members of the network.

Proposal

This report proposes that City of Greater Dandenong joins the Welcoming Cities Network as a Committed Member. Progress to later stages of membership can be investigated and reported back to Council in due course.

2.6.4 Welcoming Cities Network (Cont.)**Community Plan 'Imagine 2030' and Council Plan 2017-2021 – Strategic Objectives, Strategies and Plans**

After consultation with the Greater Dandenong community on what kind of future they wanted to see for themselves and the City in 2030, the result was the Greater Dandenong Community Plan 'Imagine 2030'. This report is consistent with the following community visions:

Community Plan 'Imagine 2030'People

- *Pride* – Best place best people
- *Cultural Diversity* – Model multicultural community
- *Outdoor Activity and Sports* – Recreation for everyone
- *Lifecycle and Social Support* – The generations supported

Place

- *Sense of Place* – One city many neighbourhoods
- *Safety in Streets and Places* – Feeling and being safe
- *Appearance of Places* – Places and buildings
- *Travel and Transport* – Easy to get around

Opportunity

- *Education, Learning and Information* – Knowledge
- *Jobs and Business Opportunities* – Prosperous and affordable
- *Tourism and visitors* – Diverse and interesting experiences
- *Leadership by the Council* – The leading Council

Council Plan 2017-2021

The Council Plan describes the kind of future the Council is working for, and how Council will do this over four years. This report is consistent with the following goals:

People

- A vibrant, connected and safe community
- A creative city that respects and embraces diversity

Place

- A healthy, liveable and sustainable city
- A city planned for the future

2.6.4 Welcoming Cities Network (Cont.)

Opportunity

- A diverse and growing economy
- An open and effective Council

The strategies and plans that contribute to these outcomes are as follows:

- Community Wellbeing Plan 2017-2021
- Greater Dandenong People Seeking Asylum and Refugees Action Plan 2018-2021
- Community Safety Plan 2015-2022

Related Council Policies

Diversity, Access and Equity Policy 2015

Victorian Charter of Human Rights and Responsibilities

All matters relevant to the Victorian Human Rights Charter have been considered in the preparation of this report and are consistent with the standards set by the Charter.

Financial Implications

There are no financial implications associated with the recommendation of this report.

Consultation

Discussion commenced on joining the Network in early 2018. A recent meeting was held with the Welcoming Cities Network councils at a Victorian forum on 30 August 2018.

Conclusion

The City of Greater Dandenong would benefit from joining the Welcoming Cities Network.

Recommendation

That City of Greater Dandenong joins the Welcoming Cities Network as a Committed Member.

3 NOTICES OF MOTION

A notice of motion is a notice setting out the text of a motion proposed to be moved at the next relevant meeting. It must be in writing, signed by a Councillor, and be lodged with the Chief Executive Officer in sufficient time for him or her to give each Councillor at least 72 hours notice of such notice.

The guidelines for submitting a notice of motion to a Council meeting are included in the current Meeting Procedure Local Law.

4 REPORTS FROM COUNCILLORS/DELEGATES AND COUNCILLORS' QUESTIONS

At each Ordinary Meeting of Council all Councillors will have the opportunity to speak for exactly four (4) minutes on any meetings, conferences or events they have recently attended.

If a Councillor chooses to speak, the name of the conference/event and the Councillor will be noted in the Minutes for that meeting. If a Councillor requires additional information on the conference/event to be listed in the Minutes, they must submit it in writing to a Member of Governance by 9am the day following the meeting.

Question time is provided to enable Councillors to address questions to the Administration. The guidelines for asking questions at a Council meeting are included in the current Meeting Procedure Local Law.

5 QUESTION TIME - PUBLIC

Question Time at Council meetings provides an opportunity for members of the public in the gallery to address questions to the councillors and/or officers of the City of Greater Dandenong.

Questions from the Gallery

1. Members of the public may submit questions from the gallery by completing a '*Ask a Question at a Council meeting*' form available at Council meetings and at www.greaterdandenong.com under Council - Council Meetings. Questions are limited to a maximum of three (3) questions per individual and a maximum of 300 words per question including the preamble.

2. Questions will be read aloud and in most cases an answer will be given on the spot. However, sometimes a councillor/officer may indicate that they require further time to research an answer. In this case the answer will be made in writing to the person who asked the question and may also appear in the Question Time Responses section at www.greaterdandenong.com under Council - Council Meetings.

3. Questions will be answered unless the Chairperson and/or Chief Executive Officer has determined that the relevant question relates to:

- personnel matters,
- the personal hardship of any resident or ratepayers,
- industrial matters,
- contractual matters,
- proposed developments,
- legal advice,
- matters affecting the security of Council property,
- any other matter which Council considers would prejudice the Council or any person,
- a matter which may disadvantage Council or any person,
- a matter in respect of which Council has no power to act,
- a question that is defamatory, indecent, abusive or objectionable in language or substance and is asked to embarrass a Councillor or Council officer,
- a question that is repetitive of a question already answered (whether at the same or an earlier meeting).

No debate or discussion of a question or an answer shall be permitted other than for the purposes of clarification.

Every question will receive a written reply, even if it is answered at the meeting.

6 URGENT BUSINESS

No business may be admitted as urgent business unless it:

1. Relates to or arises out of a matter which has arisen since distribution of the Agenda.
2. Cannot safely or conveniently be deferred until the next ordinary meeting and unless agreed to by a majority of those Councillors present at the meeting.