

**Annual
Report**
2016—2017

KNOX



Knox City Council acknowledges the traditional custodians of the City of Knox, the Wurundjeri and Bunurong people of the Kulin Nation.

Welcome

**Welcome to Knox City Council's
Annual Report for 2016-17.**

**The Annual Report provides a thorough account
of Council's achievements, challenges and
performance from 1 July 2016 to 30 June 2017.
It also provides audited financial statements
and a performance statement.**

If you would like a printed copy or wish to provide
feedback, please contact Council on 9298 8000
or email knoxcc@knox.vic.gov.au

At a Glance

THEME ONE

Healthy Connected Communities

THEME TWO

Prosperous, Advancing Economy

Major Highlights 2016-17

- Implemented the transition of the Knox Home and Community Care (HACC) Assessment Service to full operation within the new national. MyAgedCare system.
 - Knox Council's Active Ageing Home Support services achieved an outstanding result of 100% compliance under the new National Australian Aged Care Quality Standards.
 - Planning for the implementation of the National Disability Insurance Scheme (NDIS) including the development and adoption of a Municipal Strategic Leadership initiative to support access and equity for people with disabilities.
 - Progressing the development of two contemporary Early Years Service Hubs - with the Wantirna South Hub ready to commence construction and the concept design for the Bayswater Hub completed.
 - Council engaged with 28 Schools and 3921 young people within Knox through the 2017 Youth Resilience Survey identifying key issues for young people and actions within schools to address their needs.
- Pay-out of Council's loan portfolio, which is a significant and strategic outcome in line with Council's Long-Term Financial Strategy.
 - Completion of 128 business visits and 39 business engagement opportunities through the Business Visits and Engagement Program.

THEME THREE

Vibrant and Sustainable Built and Natural Environment

- Implementation of the Wall to Wall Mentoring Program in partnership with the Department of Justice.
- Completion of the bulk streetlight replacement program.
- Progression of the goal of eliminating the backlog of missing street trees through the planting of 2,193 street trees across Knox. Of these, 79% were Australian native trees.
- Working in partnership with The Basin Community House and the State Government's Department of Education and Training to construct a new community house facility on the grounds of the Basin Primary School.
- Continuing to work with the Level Crossing Removal Authority (LXRA) and the project contractor to maximise urban design outcomes for the community of Bayswater.
- Completing the 5th and 6th stage of the Quarry Park masterplan implementation and the construction of Quarry Road.
- Completing the upgrade of Colchester Park to provide for two rugby pitches.
- Completing the renewal and redevelopment of the lakes at the Tim Neville Arboretum and the water harvesting and irrigation system at Dobson Reserve.

THEME FOUR

Culturally Rich and Active Communities

- Implementation of the Knox mentoring program for year 11 female students and inspiring local business women to support personal career development.
- Completion of the 2016-17 Immerse program, with significant positive feedback from the community arts sector of Knox.
- Stringybark, Carols and Knox Festival attracted over 50,000 residents and over 200 local community groups.
- In partnership with Basketball Victoria, Council facilitated Walking Basketball, a social support group for frail older people. This initiative resulted in great outcomes for participants as well as national and international promotion of the program.

THEME FIVE

Democratic and Engaged Communities

- Completion and adoption by Council of the Community and Council Plan 2017-2021.
- Council received a grant from Local Government Victoria for the Listen, Learn and Lead Gender Equity program, which aims to improve gender equity outcomes in the local government sector.
- Increased engagement online via Council's social media channels. The average number of engaged users each day increased from 54 people in July 2016 to 448 per day at the end of the financial year.
- Reaffirmation of Council's Mental Health First Aid Gold status as part of its Skilled Workplace Initiative. Knox is the only metropolitan council in Australia to have achieved this status.
- As part of the Community Group Training Program, Council delivered 14 training sessions for volunteer and not-for-profit community organisations in 2016-17 with a total of 182 participants.

At a Glance

| | THEME ONE Healthy Connected Communities | THEME TWO Prosperous, Advancing Economy |
|-----------------------------|--|---|
| Challenges | <ul style="list-style-type: none"> • Uncertainty regarding Federal funding for 15 hours of preschool funding beyond the preschool 2018 year creating challenges for service planning and community expectations. • Implementation of the new National MyAgedCare system and provision of support to older people to navigate the system and challenges associated. | <ul style="list-style-type: none"> • Critical background analysis by key State Government project partners has delayed the structure planning process at the Wantirna Health Precinct. It is now expected that the structure planning process will be significantly advanced in 2017-18. |
| Achievements 2016-17 | <p>Council Plan Strategies 7 of 11 achieved</p> <p>Annual Plan Initiatives 4 of 6 achieved</p> | <p>Council Plan Strategies 4 of 4 achieved</p> <p>Annual Plan Initiatives 4 of 5 achieved</p> |
| More info | Page 28 | Page 41 |

| <p>THEME THREE</p> <p>Vibrant and Sustainable Built and Natural Environment</p> | <p>THEME FOUR</p> <p>Culturally Rich and Active Communities</p> | <p>THEME FIVE</p> <p>Democratic and Engaged Communities</p> |
|--|--|---|
| <ul style="list-style-type: none"> • Ensuring the needs of older people, and the impact of an ageing population, are accurately reflected in Council's municipal planning processes and outcomes allow for appropriate responses. • The delivery of a progressively growing Capital Works Program in terms of financial investment and complexity. • Inadequate levels of social housing within Knox along with a growing level of people experiencing housing stress and homelessness. | <ul style="list-style-type: none"> • Building the capacity of local groups, with a focus on supporting older people and the increasing demand for support, services and social connections. • Capacity to cater for a positive increase in female participation in traditionally male dominated sports, such as football, with impacts on accessibility and availability of sports grounds and pavilions. • Providing support for a growing number of community-run events to ensure they are safe, legally compliant and engaging for the community. | <ul style="list-style-type: none"> • Investment in IT infrastructure to enable improved online customer and community information. |
| <p>Council Plan Strategies 10 of 10 achieved</p> <p>Annual Plan Initiatives 8 of 9 achieved</p> | <p>Council Plan Strategies 1 of 1 achieved</p> <p>Annual Plan Initiatives 4 of 5 achieved</p> | <p>Council Plan Strategies 5 of 8 achieved</p> <p>Annual Plan Initiatives 5 of 7 achieved</p> |
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Mayor's Message



Visionary, but achievable goals:

Community and Council Plan delivered

It is with great pride that I can report on what this Council has delivered during the final year of the City Plan (incorporating the Council Plan) 2013-17.

I want to thank my Councillor colleagues, staff and community members who contributed to make it a reality.

The year included key initiatives such as:

- Supporting the delivery of the railway crossing removals in Bayswater, while committing to help the traders and community benefit from this major improvement
- Pushing the case for the Rowville Rail, and the extension of the Knox tram
- Continuing to prepare the way to realise the potential of the Knox Central activity centre
- Continuing the development of the Stamford Park precinct, including the restoration of the historic homestead
- Completing the first phase of a bulk streetlight replacement program which has seen all older lights replaced with better, cheaper globes
- Progressing temporary library facility within Westfield Knox
- Providing another popular and well-supported Immerse art exhibition to promote visual arts in Council, community, and commercial venues.

I take pleasure in presenting this report as Mayor. We have delivered the most important four-year plan this Council has ever produced. We listened to the community in producing it. We were thoughtful in what the plans we wrote. Most importantly, we are indebted to the community's support for the many commitments it contains.

A handwritten signature in black ink, appearing to read 'Darren Pearce'. The signature is stylized with a large, looping 'D' and 'P'.

Councillor Darren Pearce
Knox Council Mayor

CEO's Message

**Busy,
productive,
responsible:**

Council getting on with the job

Knox City Council has capped off one of its busiest years ever, delivering many hundreds of services and projects throughout Knox. From laying fresh surfaces on ovals, to building important new facilities, and nurturing children in our many early years centres, it has been a busy and rewarding year.

This Annual Report tells the story of that busy year in detail which has seen a firm focus on project delivery and improving the financial sustainability of Council.

Here are just some of the highlights.

We've delivered better facilities:

- New kerbs, channels and footpaths, including shared path reconstructions. Some of those have been at Rollings Road, Ferntree Gully Road and Glenfern Road
- More than 100 new road surfaces across Knox
- Reconstructive works at Colchester Reserve Rugby League pitches
- Oval renewals at Park Ridge Reserve and Templeton Reserve
- New tennis courts at Reta Matthews Reserve
- New cricket nets at Tormore Reserve
- Bulk replacement of street lights with LED globes that are energy efficient and environmentally friendly
- Upgrade of Eildon Park Reserve pavilion
- Installation of electronic scoreboards at sporting facilities across Knox
- Reconstruction of Quarry Road in Upper Ferntree Gully, and Karoo Road in Rowville
- Landscaping improvements at Quarry Reserve
- Open space/landscaping enhancements at Marie Wallace Reserve
- Masterplan implementation works at Chandler Park, Boronia, Fairpark Reserve, Ferntree Gully and The Basin triangle Reserve.

Financial sustainability

Council has had a significant focus on financial sustainability through process and technology improvements. In fact, we have been working to improve continuously in all areas through the LEAN Thinking principles that we have introduced. I am especially excited with improvements already seen in internal processes and look forward to reporting more on this in next year's Annual Report.



Projects delivered

Council completed many initiatives during the past year including:

- Council started construction of the new Wantirna South Early Years Hub and called for tenders for detailed design of the new Early Years Hub in Bayswater
- Hosted major annual festivals, including Stringybark, Seniors Festival, Carols by Candlelight, and Knox Festival
- Hosted leadership development program for local young people
- Undertook extensive planning in preparation for the Victorian rollout of the National Disability Insurance Scheme (NDIS) within the Eastern Metropolitan Region in November 2017
- Completed the transition of the Knox Home and Community Care (HACC) Assessment Service to full operation within the MyAgedCare system and completed the transition of HACC services to the Commonwealth Home Support Program (CHSP).
- Finished an Asset Plan for Council's Senior Citizens Centres, including a detailed analysis of current utilisation data, population trends and options for future use.
- Continued to support the economic development of local businesses via a range of activities, including 128 business visits, and identifying and supporting 39 specific business engagement opportunities

Thanks and appreciation

In providing this CEO's message, I'd like to take the opportunity to thank our Councillors for their support over this past year, enabling staff to provide the highest level of service to our community. I would also like to thank all staff for their professionalism, hard work and dedication during the past year.

A handwritten signature in black ink, appearing to be 'Tony Doyle'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Tony Doyle
Chief Executive Officer

Facts about Knox City Council's Services

Knox Council was responsible for the delivery and maintenance of a range of facilities, assets and services during 2016-17.

In 2016-17, we...

Maintained...

722km
of local roads

1,225km
of footpaths

1,163km
length of drainage
pipes

37,529
drainage pits

57
sportsgrounds
& major reserves

237
Council owned
community facilities

209
playgrounds

4
outdoor gyms

Received...

130,434

incoming customer calls, resolving 92% of enquiries at the first point of contact

653,817

website visits

Responded to...

22,551

online service requests

59,573

visits to a Council customer service centre

29,081

hard waste bookings

Planted...

2,193

trees, 79% of which are native to the Knox area

Our Purpose

Our Purpose

The role of Knox City Council is to guide and lead the community through action, decision-making and advocacy. We will work with our community to achieve our vision for the future.

Our Vision

The Knox Vision: Our City, Our Future provides a picture of the future city that will deliver the lifestyle, jobs and industry, health and wellbeing desired by members of the Knox community. This aspirational future is outlined under five themes, each containing a description of our ideal future, and identifying the features that will be in place when that future is achieved.

Our five themes are:

- **Theme 1: Healthy, Connected Communities**
- **Theme 2: Prosperous Advancing Economy**
- **Theme 3: Vibrant and Sustainable Built and Natural Environment**
- **Theme 4: Culturally Rich and Active Communities**
- **Theme 5: Democratic and Engaged Communities.**

Our Values

Knox City Council prides itself on being a values-based organisation. It has a strong reputation, with both industry and its staff, for having a workplace culture that genuinely exemplifies its values. Our values guide the way we conduct our work, interact with one another, and engage with external stakeholders and our community. They provide a foundation for consistent planning and decision-making across the organisation. Our values are as follows:

Teamwork

Working and acting together in the interests of a common cause

- Working collaboratively with team members, other work areas and stakeholders
- Actively contributing to and supporting the team
- Working with others in a way that displays an attitude of being part of the Knox team
- Dealing with any conflict in an open, constructive manner
- Being inclusive and treating others with respect at all times.

Integrity

Adhering to moral and ethical principles, being honest and trustworthy, and being authentic

- Displaying trust, respect, honesty and accountability
- Making realistic commitments and keeping promises
- Communicating in an honest, open manner without breaching confidentiality
- Taking responsibility for our own actions
- Being respectful when speaking about others
- Operating within organisational parameters and values, even in the face of opposition, or when a decision is unpopular.

Innovation

Change that adds value

- Learning from our own and others' experiences
- Being creative and trying new ideas
- Sharing ideas
- Willingly taking on new challenges and supporting organisational initiatives
- Being prepared to challenge the current situation and taking considered risks, if necessary, to improve outcomes
- Seeking ways to improve processes or perform tasks.

Service Excellence

Quality work performed for, or on behalf of, others

- Keeping our customers/community in mind in what we do
- Demonstrating a desire to meet agreed organisational performance and service standards
- Demonstrating understanding and respect for diversity and inclusion
- Aspiring to achieve high standards of personal performance
- Communicating clearly and showing understanding for the views of others
- Showing energy and commitment to the goals of the organisation.

Enjoying Work

Achieving satisfaction and a sense of wellbeing from work

- Having a positive attitude about your own work
- Contributing to the development of good team spirit and morale
- Supporting systems and agreed procedures to ensure a safe and healthy workplace
- Taking responsibility for the impact of our own actions
- Joining others in appropriately celebrating team and organisational success.

Financial Overview

Financial Performance

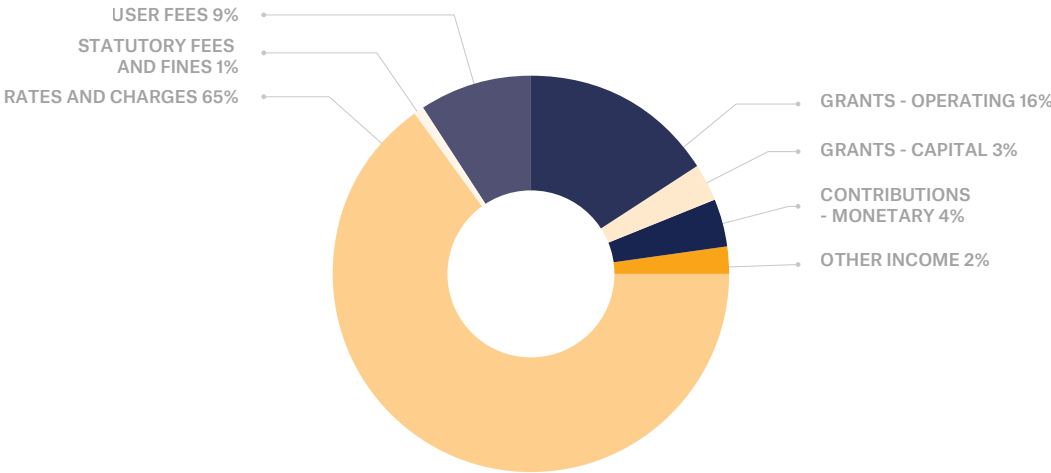
For the year ended 30 June 2017 Council recorded a surplus of \$18.451 million.

This net surplus compares favourably with an operating budget surplus of \$9.966 million.

The surplus is primarily due to the prepayment of the 2017-18 Victoria Grants Commission Grant (\$3.611 million), higher than the budgeted developer monetary contributions (\$2.022 million); higher than anticipated number of developments; higher than budgeted supplementary rates and charges income (\$2.250 million); lower than budgeted employee costs (\$0.954 million) and materials and services (\$2.756 million). These are partly offset by the strategic extinguishment of Council's loan portfolio (\$1.056 million).

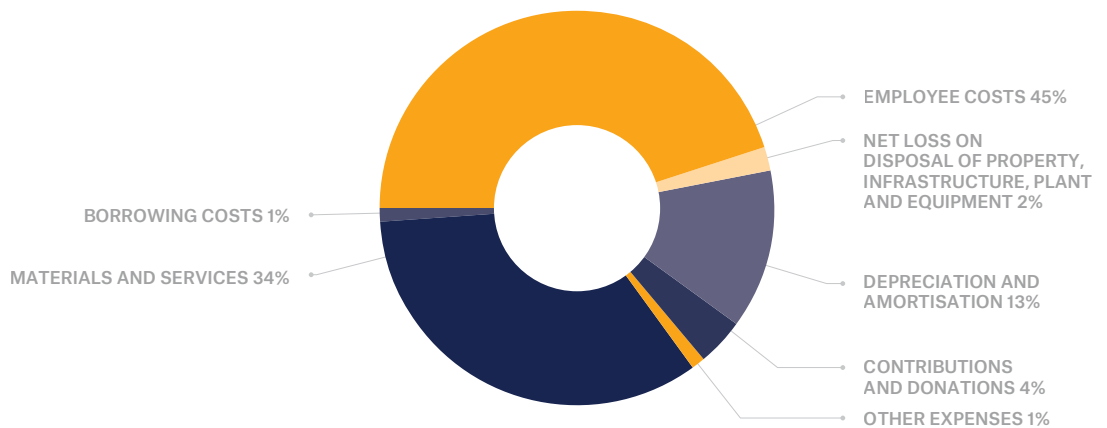
Income

Total income for the year was \$164.933 million. Overall income increased in 2016-17 by \$12.417 million, an 8.1% increase from the previous year. The majority of this income is derived from rates and charges of \$107.084 million. This represents 64.93% of the total income generated. Other major sources of income include grants of \$30.529 million, user fees of \$14.911 million and monetary contributions of \$6.520 million. A breakdown of Council's income sources is shown below. This highlights Council's reliance on rate income to fund community services and the renewal of community assets.



Expenses

Total expenses for 2016-17 were \$146.482 million, an increase of \$19.005 million. After allowing for the net gain on disposal of property, infrastructure, plant and equipment in 2015-16 of \$15.691 million (treated as a negative expense), this is a comparative increase of \$3.314 million or 2.31% from the previous year. A breakdown of Council's expenditure categories is shown below. The graph highlights that the majority of total expenses consists of employee costs of \$65.843 million and materials and services of \$49.969 million.



Overall financial position

The Balance Sheet indicates that Council continues to be in a strong financial position, with a satisfactory level of cash assets and a positive working capital ratio. The working capital ratio assesses Council's ability to meet current commitments and is calculated by measuring Council's current assets against current liabilities.

Council's ratio of 2.36:1 is an indicator of Council's strong financial position. This means that Council has \$2.36 of current assets for each \$1.00 of current liabilities. Council's total net assets increased to \$1.742 billion as at 30 June 2017 reflecting the comprehensive result for the financial year.

Cash flow

Council's cash position as at 30 June 2017 was \$67.530 million represented by cash and cash equivalents of \$18.430 million and other current financial assets (term deposits) of \$49.100 million. Of this amount \$7.164 million is restricted cash to be applied to trust funds and \$12.734 million against other reserves. This represents an increase in cash holdings from the prior year of \$0.600 million.

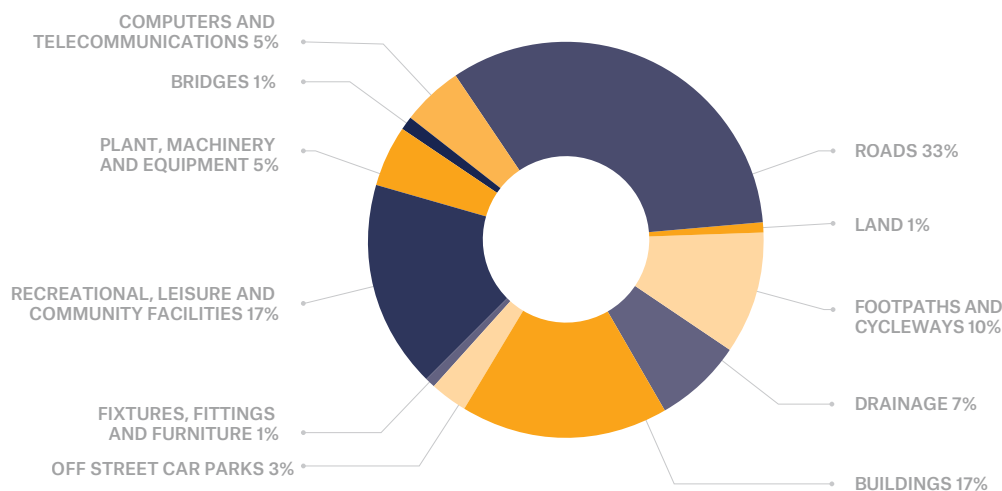
Financial Overview

Capital Works Program

The City of Knox was largely developed between the 1960s and 1980s, with most of the roads, footpaths, drains and community buildings constructed during this time. Detailed condition assessments of many of Councils' major assets indicate that we need to allocate more funding on infrastructure renewal now to avoid increased costs in the future. To achieve long-term financial sustainability, effective asset management is essential.

Capital expenditure

Council allocates funding on an annual basis to the renewal of the community's assets, which are valued at over \$1.6 billion. Funding is also allocated to the new, upgrade, asset expansion and legal requirements programs, to deliver a number of works that enhance the city and its infrastructure. In 2016-17 Council delivered capital works to the value of \$29.407 million.



Asset Management

Knox Council continues its journey towards providing a sustainable level of asset renewal funding to ensure financial sustainability into the future. Council's capital works budget for 2016-17 was \$57.132 million. This includes the budget for asset renewal of \$25.857 million, which incorporated funding to support renewal of existing assets, including roads, bridges, buildings, drainage, footpaths, shared paths, street trees, open space and recreation facilities.

Having implemented its initial suite of Asset Management Plans, Council is now developing the second generation of plans, which will bring a stronger service lens to the planning and management of Council assets. These plans will ensure that key management directions have been defined and costed across all asset infrastructure categories.

To support Council's knowledge of asset performance, a program of condition audits has been completed across all asset categories to better inform planning and decision-making.

Major Asset Renewals in 2016-17

Road pavement, kerb and channel, and footpath/shared path reconstruction programs, including the following:

- Orange Grove, Elm Street and Maple Streets, Bayswater
- Mountain Gate Drive, Ashton Road and Kingston Street, Ferntree Gully
- Over 100 road re-surfacing treatments across Knox
- Shared path rehabilitation program including works along the Ferny Creek Shared Path.

The Active Open Space Program included the following works:

- Tim Neville Arboretum
- Colchester Reserve rugby pitches
- Oval renewal works at Park Ridge Reserve and Templeton Reserve
- Tennis court renewals at Reta Matthews Reserve
- Renewal of the Tormore Reserve cricket nets.

Buildings and facilities renewal works included the following:

- Repairs and reinstatement of the Carrington Park Leisure Centre
- Rectification works at the Boronia Basketball Stadium
- New change facilities for the pavilion at Talaskia Reserve
- Kitchen refits for the pavilions at Kings Park and Wantirna Reserve.

New Assets - Built or Upgraded in 2016-17

- Bulk replacement of street lights in Knox with LED globes
- Eildon Park Reserve pavilion upgrade
- Installation of electronic scoreboards at sporting facilities across Knox
- Reconstruction of Quarry Road in Upper Ferntree Gully and Karoo Road in Rowville
- New footpaths along Rollings Road, Ferntree Gully Road and Glenfern Road
- Landscaping enhancements at Quarry Reserve
- Open space/landscaping enhancements at Marie Wallace Reserve
- Master plan implementation works at Chandler Park, Boronia; Fairpark Reserve, Ferntree Gully; and The Basin Triangle Reserve.

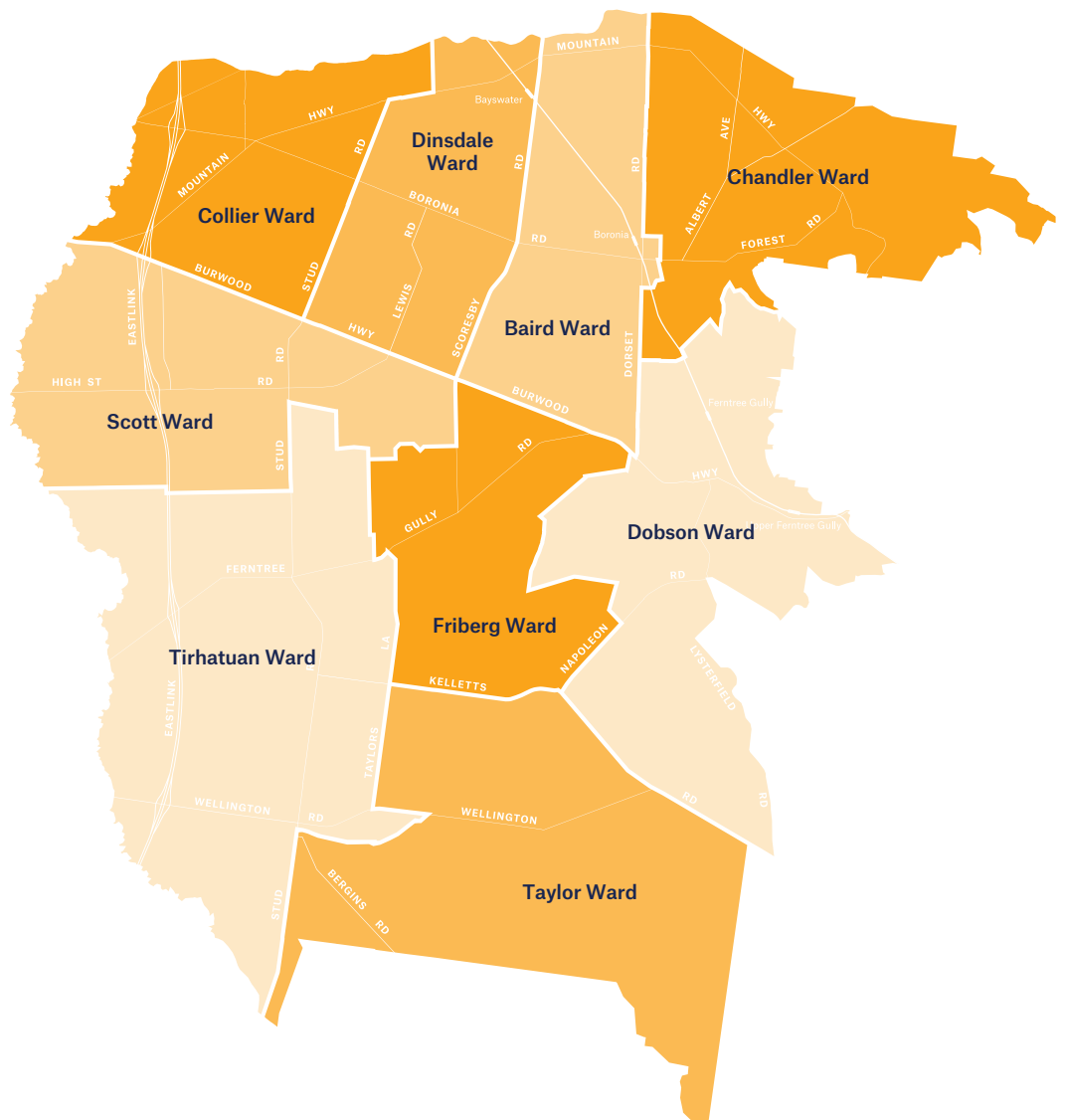
Our Council

Our City, Our People

The municipality of Knox is named after Sir George Hodges Knox (1885–1960), who was a local and state politician. Sir George was elected in 1923 to the Ferntree Gully Shire Council. In 1927 he won the Legislative Assembly seat of Upper Yarra for the Nationalists. Sir George was a diligent local member and remained unopposed between 1929 and 1940. From 1945 until his passing in 1960, he represented Scoresby and is now commemorated with municipality named after him.

Approximately 25 kilometres from Melbourne's Central Business District, Knox is a major hub of cultural, commercial, business and innovative activity in the eastern suburbs of Melbourne. It is a diverse municipality, with residents from 130 different countries speaking 54 languages. The City of Knox has an estimated resident population of 157,052 (30 June 2017) and covers an area of 114 square kilometres. The area boasts a green, leafy environment extending to the foothills of the picturesque Dandenong Ranges. Knox comprises the following suburbs: The Basin, Bayswater, Boronia, Ferntree Gully, Knoxfield, Lysterfield, Rowville, Sassafra, Scoresby, Upper Ferntree Gully, Wantirna and Wantirna South.

Map of Knox



Our Council

Facts about Knox

Knox covers an area of **114 km²** (2014)

157,052
is Knox's total population
(30 June 2017)

35%
of residents were
born overseas (2016)

20,342
people are aged between
25 and 34 years (2016)

28%
speak a language
other than English
at home (2016)

14%
of our residents
are aged between
35 and 44 years (2015)

28%
of residents live
and work in Knox (2011)

15%
are aged 65
years or over (2016)

Source: ABS 2011-2017

Our Council

Our Councillors

Cr Darren Pearce *Mayor*
Taylor Ward

Current term: 2008–current
Mayoral term: November 2016–current

Cr Tony Holland
Friberg Ward

Current term: 2012–current
Mayoral term: November 2015
to October 2016

Cr Adam Gill
Dinsdale Ward

Current term: 2003–current

Cr Jackson Taylor
Collier Ward

Current term: 8 November
2016–current

Cr John Mortimore
Chandler Ward

Current term: 2008–current
Deputy mayoral term: February
2017–current

Cr Jake Keogh
Dobson Ward

Current term: 8 November 2016–current

Cr Lisa Cooper
Scott Ward

Current term: 2015–current

Cr Nicole Seymour
Tirhatuan Ward

Current term: 2012–current

Cr Peter Lockwood
Baird Ward

Current term: 2012–current

Cr Joe Cossari
Collier Ward

Term: 2008–27 October 2016

Cr Karin Orpen
Dobson Ward

Term: 2012–27 October 2016



Our Organisation

Our Executive Management Team

Our organisation is led by the Chief Executive Officer (CEO) and four directors. Collectively, the CEO and the directors form the Executive Management Team (EMT).

Tony Doyle

Chief Executive Officer



Tony Doyle is Council's CEO and was appointed in July 2016.

Prior to his appointment at Knox, Tony was CEO at Hindmarsh Shire Council in western Victoria, a position he held for three years. He brings strong leadership and financial skills to his role at Knox as well as a passion for working with communities and creating enduring community partnerships.

Before joining local government, he had a successful career in the financial services sector, holding senior leadership positions with one of Australia's largest banks. He has worked in Australia and the United Kingdom and has led large and diverse teams across a number of environments.

Joanne Truman

Director Corporate Development



Joanne Truman commenced as Director Corporate Development in January 2015 and ended her role in April 2017.

Joanne joined Knox after working with the Victorian Department of Parliamentary Services for nine years, most recently as the Director Information Services. Joanne's previous roles have included leading a range of functions and services within legislative, technical and professional teams, including being a part of the department's executive team. Prior to her state government experience, Joanne worked in local government for more than 15 years in governance roles, including as the Manager of Governance at the City of Boroondara.

Joanne is a Member of the Australian Institute of Company Directors and Local Government Professionals (LGPro), has completed a Bachelor of Business (Local Government) and has completed postgraduate studies in a range of areas such as project management, industrial relations, continuous improvement and leadership. She has also completed the Cranlana ethical leadership program.

Joanne's directorate consists of:

- Communications and Customer Service
- Financial Services
- Governance and Innovation
- Information Management.
- People Performance (As at 21 April 2017, People Performance was realigned to sit under the CEO)

Kerry Stubbings

*Director
Community
Services*



Kerry Stubbings commenced as Director Community Services in September 2007.

Kerry has extensive experience as an executive and senior manager in a wide range of community service and development programs for local and state government and the community sector.

Kerry's skills encompass strategic planning, policy development, research, community engagement, project management, facility development and service delivery management.

Kerry's qualifications include a Bachelor of Arts, a Diploma of Education, a Graduate Diploma in Management and a Diploma in Project Management and she has also completed the Cranlana ethical leadership program. Kerry is a member of LGPro and the Australian Institute of Company Directors.

Kerry's directorate consists of:

- Active Ageing and Disability Services
- Community Wellbeing
- Family and Children's Services
- Youth, Leisure and Cultural Services.

Angelo Kourambas

*Director City
Development*



Angelo Kourambas joined Knox as the Director of City Development in November 2007, having previously served as Knox's Manager of City Strategy between 1999 and 2005.

Angelo's role encompasses strategic land use planning, statutory planning, building control, place management, economic development, environmental sustainability, local laws, environmental health and emergency management.

Angelo holds a Bachelor of Arts in Urban Studies and a Graduate Diploma in Urban Planning and is a member of the Planning Institute of Australia and LGPro. He has more than 27 years' experience in local government, working in a broad range of service areas.

Angelo's directorate consists of:

- City Futures
- City Planning and Building
- City Safety and Health.

Dr Ian Bell

*Director
Engineering and
Infrastructure*



For more than 30 years, Dr Ian Bell has held senior roles in the areas of strategy formulation and implementation, project management and major project delivery at Knox City Council.

He has also performed roles in planning and delivering capital and operational works programs, including natural resource management, waste management and urban and landscape architectural design. He was appointed to the position of Director of Engineering and Infrastructure in July, 2005.

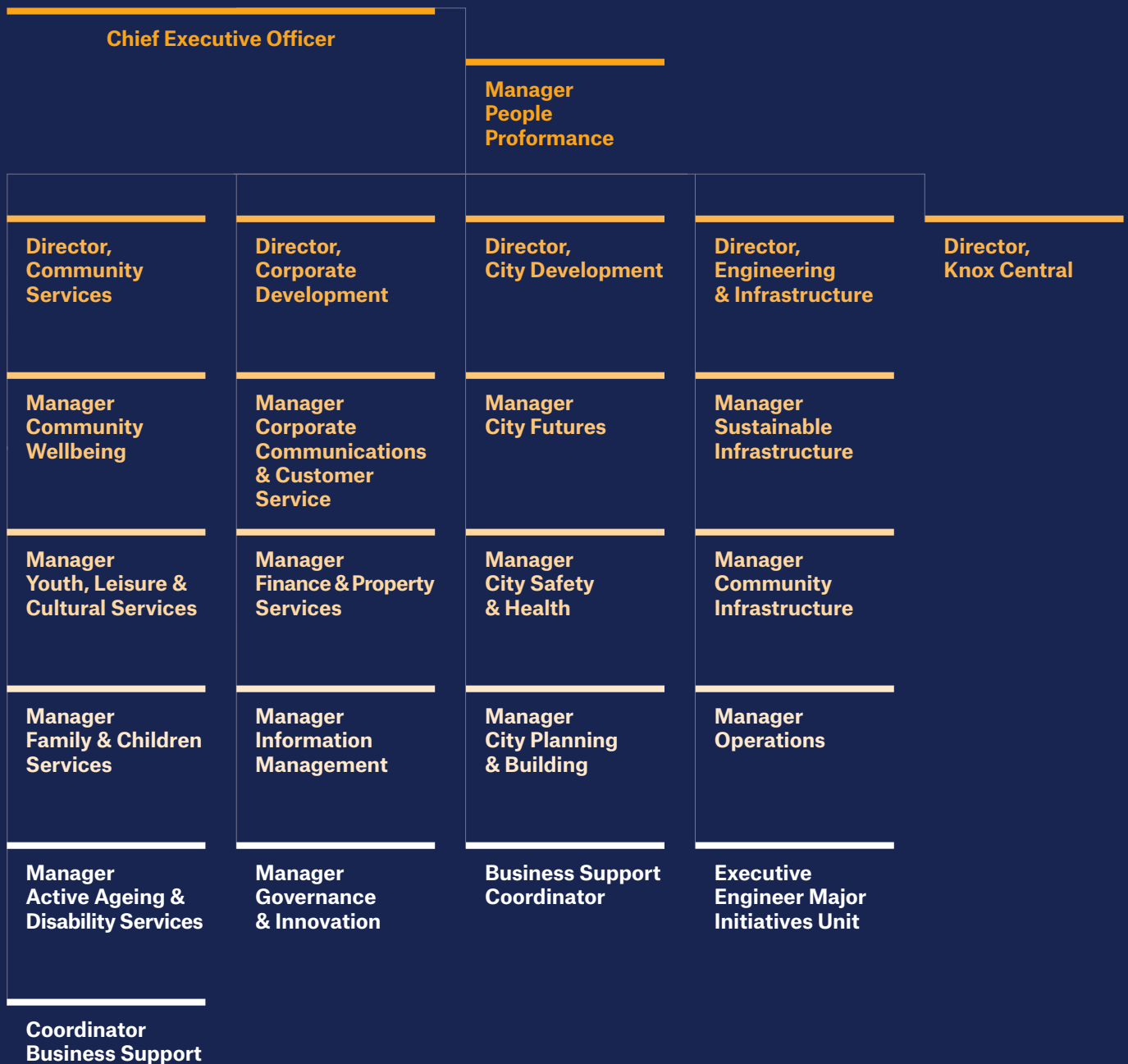
Ian holds a Diploma of Applied Science, a Master's Degree in Landscape Architecture; a Master's of Business Administration; and, in 2012, completed a Doctorate of Philosophy at La Trobe University, which focused on sustainability and business strategy. He is also a member of the Australian Institute of Landscape Architects (AILA), the Institute of Public Works Engineering Australasia (IPWEA), Local Government Managers Australia (LGMA) and LGPro.

Ian's directorate consists of:

- Community Infrastructure
- Operations
- Sustainable Infrastructure
- Major Initiatives.

Our Organisation

Knox City Council Organisation Structure – as at 30 June 2017



Council's People and Organisation Performance

As at 30 June 2017, Council employed 996 staff, which consisted of full-time, part-time, temporary and casual positions.

Overall, 93 permanent or temporary staff joined Council during the year to fill vacant positions and meet increased legislative, project and operational requirements.

The permanent staff retention rate for 2016-17 was 87.60%. This is approximately 0.90% lower than the previous year. This percentage figure takes into account staff who departed the organisation due to the cessation of the Early Childhood Intervention Service (Illoura).

Staff by Functional Area 2016-17 - as at 30 June 2017

| | Gender | | | | Headcount | | | | | | | |
|---------------------------------------|------------|---------------|------------|---------------|------------|------------|------------|-----------|-----------|-----------|------------|---------------|
| | Full time | | Part time | | Casual | | TOTAL | | FTE* | | | |
| | Female | FTE* | Male | FTE* | Female | Male | Female | Male | Female | Male | TOTAL | FTE* |
| Directorate | | | | | | | | | | | | |
| Chief Executive's Office ¹ | 17 | 14.13 | 4 | 4.00 | 10 | 4 | 6 | 0 | 1 | 0 | 21 | 18.13 |
| City Development | 143 | 56.70 | 99 | 49.47 | 30 | 39 | 87 | 49 | 26 | 11 | 242 | 106.17 |
| Engineering & Infrastructure | 38 | 32.96 | 100 | 98.65 | 24 | 98 | 14 | 2 | 0 | 0 | 138 | 131.61 |
| Community Services | 455 | 268.57 | 38 | 21.20 | 119 | 12 | 283 | 20 | 53 | 6 | 493 | 289.77 |
| Corporate Development | 67 | 52.10 | 35 | 28.40 | 34 | 22 | 28 | 10 | 5 | 3 | 102 | 80.50 |
| Total | 720 | 424.46 | 276 | 201.72 | 217 | 175 | 418 | 81 | 85 | 20 | 996 | 626.18 |

Notes: ¹Includes Knox Central and People Performance following a reporting change in April 2017

FTE = Full time equivalent

*Excludes casual staff and vacant positions

Historical Comparison and Turnover

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Female staff numbers* | 678 (429.46) | 706 (453.48) | 688 (445.68) | 649 (427.05) | 635 (424.46) |
| Male staff numbers* | 281 (229.93) | 282 (226.74) | 286 (225.94) | 292 (223.72) | 256 (201.72) |
| Total | 959 (659.39) | 988 (680.22) | 974 (671.62) | 941 (650.77) | 891 (626.18) |
| Staff turnover rate (%) | 8.58 | 6.71 | 7.09 | 11.50 | 12.42 |

Note: * Numbers in brackets show the FTE. These figures also exclude casual staff and vacant positions.

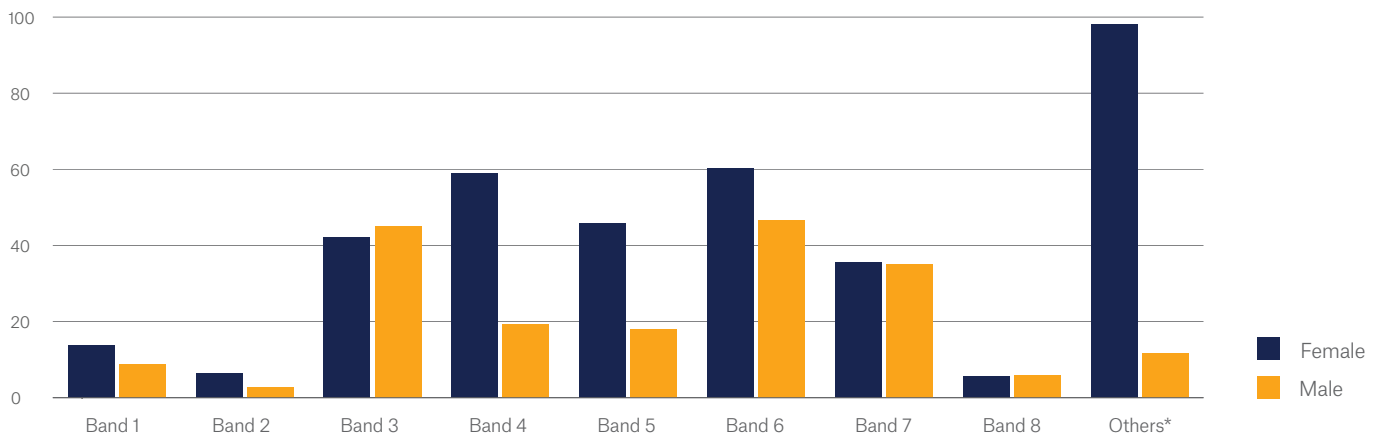
Our Organisation

Council Staff

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

| Employment Classification [^] | Female FTE | Male FTE | Total FTE |
|--|---------------|---------------|---------------|
| Band 1 | 13.82 | 8.69 | 22.51 |
| Band 2 | 6.45 | 2.70 | 9.15 |
| Band 3 | 42.25 | 45.16 | 87.41 |
| Band 4 | 59.12 | 19.39 | 78.51 |
| Band 5 | 45.91 | 18.00 | 63.91 |
| Band 6 | 60.18 | 46.77 | 106.95 |
| Band 7 | 35.71 | 35.15 | 70.86 |
| Band 8 | 5.77 | 6.00 | 11.77 |
| Other * | 98.23 | 11.80 | 110.03 |
| Total | 367.44 | 193.66 | 561.10 |

Number of Staff (FTE) by employment classification and gender



Notes: [^] Temporary EFT have been excluded (which was 65.08 EFT)

* "Other" includes non-banded workforce members, including health professionals and nurses (16.81 EFT), teachers, assistants (72.62 EFT), and senior officers (20.60 EFT).

People Strategy

Our People, Our Place is Knox Council's people strategy. Its focus is on our evolving organisational culture and the people who work for Council, delivering services that benefit the people who live in, work in, and visit Knox. The strategic objective of Our People, Our Place is:

To maximise organisational performance by building the capacity and capability of our people; enhancing the quality of our culture; meeting legislative obligations and building a dynamic, evolving organisation.

Our framework for achieving this strategic intent is composed of four driving themes and two critical enablers. The driving themes define what needs to be worked on to realise the strategic intent of our People Strategy. These are:

- **Theme 1: Outstanding Leadership**
- **Theme 2: Organisational Health**
- **Theme 3: A Sustainable Workforce**
- **Theme 4: A Learning Organisation**

The enablers are the essential elements that will determine the success of our People Strategy outcomes. These are:

- Leadership: a critical influence on the organisational culture, the successful implementation of every driving theme, and the overall success of this strategy.
- People performance in partnership: defines how people performance will work with business units across Council to lead implementation of our People Strategy.

An organisational development review was conducted in February 2017, which resulted in the identification of a number of key priorities and actions that focuses on driving a high-performance culture and employee engagement to support the delivery of the Community and Council Plan 2017–21. This work will also be used to inform a review of the People Strategy next year.

Workforce Planning

A critical component of our People Strategy is effective workforce planning and building our capacity and capability to anticipate changing workforce needs and develop high-quality, short- and long-range workforce plans to meet those needs.

The purpose of workforce planning at Knox is 'to have the right people in the right place at the right time'. This approach will enable Council to effectively achieve its strategic and operational objectives and deliver the services the community needs now and in the future.

To ensure that our workforce needs are reviewed and analysed on a regular basis, the workforce planning process is integrated into Council's business and resource planning cycle. This ensures that workforce planning is considered a critical business and strategic planning process that will enable us to better plan for our future organisational needs.

Workforce planning also aligns with Council's service planning process to ensure that service and workforce needs are adequately considered and assessed.

Our Organisation

Equal Opportunity

Knox City Council takes its equal opportunity responsibilities seriously and is committed to upholding the principles of the *Equal Opportunity Act 2010*, which are affirmed in Council's Enterprise Agreement.

The objectives of the equal opportunity program are to:

- achieve and maintain an environment that is free from discrimination, vilification, bullying and sexual harassment,
- establish an internal contact officer program to provide a support and referral service to other staff who may have queries/concerns regarding equal opportunity in the workplace,
- offer equity of access to training opportunities and career paths, particularly to those from disadvantaged groups in the workforce, and
- consistently apply the relevant policies and procedures throughout the organisation.

Equal opportunity, inclusion awareness and the prevention of workplace bullying and sexual harassment are the topics of compulsory training programs for all staff.

These training programs draw on education of staff, staff feedback and opportunities for positive initiatives and implementation of any changes in legislation.

Health and Wellbeing at Work

Council's Health Improvement program (HIP) has been operating for more than 10 years and continues to support and promote a safe, healthy and productive work environment. The aim of HIP is to encourage the self-engagement and motivation of staff to adopt healthy habits that are beneficial for both work and home life.

The traditional calendar of events promoted through HIP took a break this year to redirect the focus to a larger project on psychological health in the workplace. Communicorp Group was appointed to provide expertise, strategies and advice. As part of their service, a desktop analysis was conducted in October 2016 followed by an on-site day-long consultation process, which led to the development of a Strategic Planning Outcome report. Based on this report, work with Communicorp Group will conclude next year.

Following the cessation of the Healthy Together Knox (HTK) program on 30 June 2016, Council appointed a six-month workplace health promotion advisor to support further integration of wellbeing and health and safety functions and activities. Council's existing Wellbeing Works Committee (originally created to support HTK) was rejuvenated following some strategic planning and health champions training conducted by Wellness Wise in May 2017. Two staff within People Performance attended the Wellness Designs Academy for two days to engage in training and certification as Workplace Health Association of Australia Practitioners.

During the year, Council reaffirmed its Mental Health First Aid Gold status, as part of its Skilled Workplace initiative and continues to be the only metropolitan council in Australia to have achieved this status.



Safety Activities

Workplace safety is a major focus for the organisation. Council continues to adapt its health and safety system to be responsive to both compliance requirements and best practice. During 2016–17, Council maintained its commitment to review and improve its corporate workplace health and safety procedures and risk tools, including the development of new compliance guides.

Other safety-focused initiatives that commenced in 2016–17 included:

- The 'Take 5' risk awareness program
- The introduction of an online incident reporting tool
- The development of executive occupational health and safety reporting dashboards

Council expanded its focus on incident reporting to include hazard reporting in an effort to prevent incidents from occurring. Building on improvements in safety reporting processes from 2015–16, overall reporting continued to improve. Compared to the previous year, incident reporting has increased by 14% (total = 295) and near miss/hazard reporting has increased 227% (total = 225). Reports to WorkSafe, as required under the *Occupational Health and Safety (OHS) Act 2004*, have continued to decline (three compared to five in the previous year).

Injury Management

Council continues to achieve and maintain positive return-to-work results. This is reflected in Council's performance rating, which is 19.5% better than its industry cohorts as assessed and credited by Council's WorkSafe insurance agent. This is an increase of 1.03 percentage points compared to the previous year.

Council's injury management program continues to assist staff to successfully return to work after experiencing both work-related and personal injuries.

Our Organisation

Risk Management

Business Continuity Planning

In June 2017, Council's Executive Management Team (EMT) participated in business continuity management training and completed a desktop crisis management scenario. Further business continuity training for key staff is scheduled for July 2017. The objective is to further improve Council's crisis management and business continuity plans. These actions will increase Council's ability to effectively respond in the event of a crisis.

Risk Review

EMT reviews Council's Risk Register quarterly, with regular reports for both operational and strategic risks provided to Council's Audit Committee. This ensures that risks are effectively reported and monitored. Council's risk reviews continue to indicate no 'extreme' rated operational risks. Council's risk mitigation efforts have reduced its 'high' rated risks from five to three.

Vehicle Insurance Claims

Council's fleet of registered vehicles, including cars, trucks, tractors and trailers, has increased from 200 last year to 205 this year.

The number of 'over excess' vehicle insurance claims decreased this year from 18 to 12. The number of 'under excess' claims reduced from 46 to 38.

Insurance Claims against Council

The number of 'under excess' insurance claims dropped from 98 to 93 in this financial year. They most commonly related to tree falls, tree root damage, trips and falls due to uneven surfaces and damage to motor vehicles. 'Over excess' claims – typically tree damage and personal injury – have remained stable, with our insurers reporting a modest reduction in overall claims costs of 2.1 per cent.

Managing Risk

Council's Risk Management Framework – which includes its risk policy, plan and procedures – forms the basis of risk management activities applicable to all Council services. The framework is reviewed every three years and amended as required.

Our Performance

On 26 June 2017, Council endorsed the new Community and Council Plan 2017-21, which replaces the *Knox Vision: Our City, Our Future*, the City Plan (incorporating the Council Plan) 2013-17 and Council’s Integrated City Strategy.

The planning framework below illustrates how the new plan guides the rest of Council’s planning documents and is informed by research and community engagement (as the previous Vision and City Plan did before it). All of these planning documents guide Council’s ongoing work and service delivery, which also contribute to achievement of the vision.



Our Performance

Knox Vision and City Plan (incorporating the Council Plan) 2013-17

Although we have a new plan for the future, this Annual Report is based on the previous plan, which expired at the end of June. The City Plan (incorporating the Council Plan) 2013-17 takes the aspirations outlined in the Council's shared Vision and makes them a reality in the short to medium term. Put simply, the Vision shows us what our future could and should look like, while the City Plan tells us how to get there in partnership with our community.

The aspirations outlined in the Vision and the objectives and strategies of the City Plan (incorporating the Council Plan) 2013-17 were organised under the following five themes:

Healthy, Connected Communities

Prosperous, Advancing Economy

Vibrant and Sustainable Built and Natural Environments

Culturally Rich and Active Communities

Democratic and Engaged Communities

Council has been successful in achieving the majority of the Council Plan strategies identified for delivery in 2013-17. This is the fourth and final time we will be reporting against these themes in our Annual Report.



Annual Plan 2016-17

Each year, Knox develops an annual action plan based on the objectives and strategies outlined in the City Plan (incorporating the Council Plan) 2013-17. The Annual Plan 2016-17 was adopted by Council on 28 June 2016 as part of the annual Budget. The Annual Plan is made up of a number of initiatives and major initiatives that will be achieved during the financial year.

There is not always a one-to-one relationship between an Annual Plan initiative and a Council Plan objective. One initiative is likely to contribute to several objectives across several themes. Consequently, to make the Annual Report easier to read, initiatives have been included under the theme where their outcomes have the strongest alignment. The initiatives in the Annual Plan highlight Council's priority actions for 2016-17; they do not constitute all actions delivered by Council.

Local Government Performance Reporting Framework

The Local Government Performance Reporting Framework (LGPRF), established by the Victorian State Government in 2014, is a mandated reporting requirement for all Victorian councils. The LGPRF is a comparative reporting framework that aims to ensure measuring and reporting on performance is done in a consistent way across local governments in Victoria.

Four indicator sets have been developed across three thematic areas – service performance, financial performance and sustainability – in order to provide a comprehensive picture of Council's performance. These indicators and measures are reported on throughout the following sections of this report.

Service Delivery

Service delivery accounts for a significant part of Council's annual investment in the community, and is one way to support and maintain Knox's areas of strength. It also addresses some key challenges for our community. Service delivery is equally as important as our priority strategies or actions.

Details of Our Performance

In this section, you will find the following information under each City Plan theme:

Four-year Council Plan Strategies

As this is the final year of the City Plan (incorporating the Council Plan) 2013-17, under the relevant Council Plan strategic objective, progress comments for all strategies are provided as well as the progress results and comments relating to the four-year Council Plan strategic indicators that measure the progress of the strategies.

Annual Plan Initiatives

Details of the Annual Plan achievements for 2016-17 are also detailed.

Services

The details are provided of the services that most closely align to the City Plan theme and, where relevant, the associated LGPRF measures and results.

Healthy, Connected Communities

Council Plan Achievements 2013–17

Strategic Objective

Improve planning for an ageing population across Council's services to build capacity to respond to an ageing population

Strategies

Complete a review of the purpose and usage of Council's senior citizens' centres

This strategy was completed in 2014–15.

As part of Council's service planning program, a service review was completed for seniors' support and senior citizens' centres. This service review provided detailed information on each of Council's five designated senior citizens' centres including their usage. The service review recommended the following:

- A proposed future direction to support seniors groups including senior citizens' clubs.
- An increase in community access and the utilisation of senior citizens' centres.
- The estimated resources required to progress and implement this future direction.

A subsequent service plan outlined the future purpose and delivery of seniors' support and the utilisation of senior citizens' centres. This was approved by Council in December 2014.

Planning for an aged population is built into Council's service review process

As part of Knox's four-year service planning program, each service was required to consider the impact of Knox's ageing population on the service. Each service analysis addressed any impacts and, where relevant, included strategies that supported and planned for an ageing population in the development of the service plan. This requirement was incorporated into the approved Service Planning Guidelines. The first, second and third year of the service analysis projects have been completed and the service plans have been endorsed. The majority of services involved in year four of the service planning program presented their service analyses to Councillors in June 2017 and these reports considered the impact of an ageing population. A further two services will present their service analyses in the first quarter of 2017–18.

| Strategic Indicator | Comment |
|---|---|
| Percentage of Council's services that have addressed issues connected with an ageing population in developing service plans | 100% (34) of the services that have completed a service analysis as part of the service planning program have considered the impact on an ageing population. |
| Future direction established for Council's senior citizens' centres | A report on the future direction of Council's senior citizens' centres was prepared and presented to Council in May 2017 for feedback and consideration of the recommendations. Outcomes of the report will inform rebranding of the existing facilities and a detailed communication and engagement plan will be developed from July 2017. |

Strategic Objective

Improve awareness of mental health issues through Council’s current services

Strategies

Promote awareness of mental health issues through appropriate Council programs, taking account of all life stages

A report on Council’s role in mental health and exploring opportunities to increase awareness of mental health issues through relevant Council programs has been completed. The analysis undertaken for this report identified that many mental health services are provided for and supported by Council and cater for all the life stages of Knox residents.

The report identified a range of ways Council can strengthen its promotion of services and programs that support and assist residents in the area of mental health, including:

- promotion and communications
- staff development
- municipal planning
- partnerships, collaboration and advocacy

Strategic Indicator

Comment

Number of Council programs broadened to incorporate mental health messages

A report on Council’s role in mental health identified a range of ways Council can strengthen its promotion of services and programs that support and assist residents in the area of mental health. As part of the implementation of the report’s findings, Council developed and launched a mental health help card in September 2016. 12,000 cards were distributed throughout the community in 2016-17.

Percentage of participants or audience who report a raised awareness of mental health issues as a result of attending a Council program with a mental health awareness component

Council continues to provide a minimum of 15 mental health support services to the community.

Strategic Objective

Increase the number of Council partnerships that promote the health of the community

Strategies

Implement the Healthy Together Knox initiative

In the three years of the Healthy Together Knox (HTK) initiative, it has been estimated that HTK activities reached 34% of the Knox population (50,000 people). To date, through partnership activities, 60 early childhood services, 26 schools and 45 workplaces have signed up to the Healthy Together Victoria Achievement program, with five primary schools and five early years services and seven workplaces reaching Health Promoting School/Service/Workplace status.

Since funding for this initiative ceased in June 2016, Council has continued to advocate for further funding to continue preventative health initiatives in an ongoing way to ensure positive impacts can be sustained and measured.

To increase healthy food choices in Knox sporting and community groups that operate in Council-owned or managed facilities

An action plan, using existing resources, has been approved including a resource plan for upgrading Council facilities to enable the preparation of healthier foods.

Council becomes a health-promoting organisation through development and implementation of an action plan for a healthy workplace and healthy community

Council has reached Healthy Promoting Workplace status of the Achievement Program for physical activity, healthy eating and no smoking. Council has also embedded healthy lifestyles into a number of key strategies and plans across Council.

| Strategic Indicator | Comment |
|--|---|
| 10% of sporting and community groups that operate in Council-owned or managed facilities apply for and receive the Eat Smart Healthy Food Choices award by 2016-17 | It has been determined that the target of 10% will not be able to be determined based on not having original baseline data for this indicator. |
| 70% of Knox schools and early years services signed up and working (with Council) on the Victorian Prevention and Health Promotion Achievement program | Responsibility for this indicator has been transferred from Council to each individual community organisation. To date, based on Council records, through partnership activities, 60 early childhood services and 26 schools have signed up to the Healthy Together Victoria Achievement program. |
| 15% of Knox workplaces signed up and working (with Council) on the Victorian prevention and health promotion achievement program | Responsibility for this indicator has been transferred from Council to each individual community organisation. To date, based on Council records, 45 workplaces have signed up to the Healthy Together Victoria Achievement program. |
| Council achieve the Victorian prevention and health promotion achievement program for a healthy workplace | Council was registered as a Health Promoting Workplace for physical activity, healthy eating and no smoking in 2016-17. |

Strategic Objective

Provide a range of programs, services and partnerships that aim to build local connections between people and reduce social isolation

Strategies

Actively build opportunities for improved community connections into Council's service review program

As part of Knox's four-year service planning program, each service, as part of its service analysis, is required to consider opportunities for improving community connections within the service. Each service analysis addressed any impacts, as was required in the development of their service plan. All services to date have considered opportunities to improve community connections as part of their service analysis work. Guidance has been provided to specific areas, where relevant, to support this initiative.

Undertake a mapping exercise of Council-led programs and services that aim to build connections between people and prevent social isolation

A framework has been developed to identify programs and activities delivered by individual services, which aim to build connections between people and prevent social isolation. This framework will be fully populated once all service plans have been completed. Year four service plans are expected to be finalised in December 2017.

Implement identified actions to increase participation in programs and services, which aim to build community connections and reduce social isolation across all life stages

Reducing social isolation has been included in the service planning template for all Council service reviews. The service analysis section of this process considers this issue and includes proposed actions to help reduce social isolation. The following services have considered reducing social isolation as part of the service planning process for 2016-17: Arts and Culture, Biodiversity, Emergency Management, Finance, Strategic Planning, Traffic and Transport and Urban Planning.

Strategic Indicator

Comment

Complete a mapping exercise of Council-led programs that promote community connection

A framework was developed to identify programs and activities delivered by individual services, which aim to build connections between people and prevent social isolation. This framework will be fully populated once all service plans have been completed. Year 4 service plans are expected to be finalised in December 2017.

Number of service reviews that actively consider community connections as part of their service plan

All 34 services that have completed a service analysis as part of the service planning program have considered community connections.

Strategic Objective

Strengthen the effectiveness and efficiency of Council’s processes and systems for managing Council’s volunteers

Strategies

Develop a policy and supporting procedures for managing the volunteers who assist with Council services and programs

A review of volunteer management practices and related risks was completed in 2016, which highlighted the need to embed a strengthened approach to the management and recognition of Council volunteers. The creation of a new volunteer advisor position has been approved and will commence in 2017–18. A review of the Volunteer Management Policy and Managing Volunteers procedure manual was also completed.

Deliver appropriate training and support for Council volunteers

A new volunteer advisor position for Council has been approved and will commence in 2017–18. The new role will be responsible for establishing systems and processes to support volunteers and volunteer coordinators and for the provision of training.

Strategic Indicator

Comment

Number of Council volunteer process and system improvement activities completed

Percentage of Council volunteers who report an increase in satisfaction with Council’s procedure improvements

The new volunteer advisor position, commencing in 2017–18, will develop systems and processes to support the effective management of volunteers across Council.



2016–17 Annual Plan

Major Initiative

| Initiative | Progress | Comment |
|---|----------|---|
| Develop a plan to assist Council prepare for the Victorian rollout of the National Disability Insurance Scheme within the Eastern Metropolitan Region in November 2017. | 100% | This initiative was completed in quarter three of 2016–17. Position descriptions are now under development to enable recruitment of the disability-focused positions within the Municipal Strategic Disability Plan 2017–19 following Council's final approval of the 2017–18 Budget on 26 June 2017. |

Initiatives

| Initiative | Progress | Comment |
|--|----------|--|
| Implement the transition of the Knox Home and Community Care (HACC) Assessment Service to full operation within the MyAgedCare system and provide recommendations and implement action regarding the transition of HACC services to the Commonwealth Home Support Program (CHSP). | 100% | <p>The Eastern Regional Assessment service has been fully implemented with the Knox Council regional auspice agency. The Knox assessment service is now fully operational under MyAgedCare protocols for people over 65 and the HACC Program for Younger People has also been fully implemented. All Knox over-65 services are now operating under the Commonwealth Home Support Program (CHSP) guidelines.</p> <p>Knox Council's Active Ageing CHSP services were audited by the Australian Aged Care Quality Agency in May 2017 for compliance against the national standards and achieved full compliance.</p> <p>An Aged Reform update and opportunities for Council's role in supporting older people was presented to Council in May 2017 for consideration.</p> |
| Increase utilisation of Council's current Senior Citizens' Centre facilities through assessment of demand and capacity of Clubs across the municipality to respond to the ageing population; the implementation of a Senior Citizens' Support Network; rebranding of existing Seniors' Clubs; and establishment of an Asset development plan for Council's five designated centres | 100% | The Asset Plan for Council's Senior Citizens' Centres was completed and includes a detailed analysis of current utilisation data, population trends and options for future use. A report was prepared and presented to Council in May 2017 for feedback and consideration of the recommendations. Outcomes of the report will inform rebranding of the existing facilities and a detailed communication and engagement plan will be developed from July 2017. Ongoing engagement with the Senior Citizens' Clubs and groups supporting older people continues through the Seniors Support Officer and the Knox Seniors' Bright Ideas Network. |

| Initiative | Progress | Comment |
|---|----------|---|
| <p>Increase utilisation of Council's current Senior Citizens' Centre facilities through assessment of demand and capacity of Clubs across the municipality to respond to the ageing population; the implementation of a Senior Citizens' Support Network; rebranding of existing Seniors' Clubs; and establishment of an Asset development plan for Council's five designated centres</p> | 100% | <p>The Asset Plan for Council's Senior Citizens' Centres was completed and includes a detailed analysis of current utilisation data, population trends and options for future use. A report was prepared and presented to Council in May 2017 for feedback and consideration of the recommendations. Outcomes of the report will inform rebranding of the existing facilities and a detailed communication and engagement plan will be developed from July 2017. Ongoing engagement with the Senior Citizens' Clubs and groups supporting older people continues through the Seniors Support Officer and the Knox Seniors' Bright Ideas Network.</p> |
| <p>Commence planning for the two Early Years Hubs in Wantirna South and Bayswater. The work during 2016-17 would include developing a detailed design (for the Wantirna South and Bayswater hubs), planning for the relocation of existing services (preschool, maternal and child health, and playgroup at both hubs), and commencing construction and planning for the transition and establishment phase to commence operation at the Wantirna South Hub in 2017-18. (Subject to Council's consideration of the feasibility and scoping)</p> | 100% | <p>Knox Gardens Preschool was closed in December 2016 and educational equipment was distributed to local preschools in collaboration with the outgoing Knox Gardens Volunteer Committee.</p> <p>Following the appointment of the successful tenderer, a Breaking Ground Ceremony was held for the Wantirna South Early Years Hub in Wantirna on 29 May 2017. Construction has now commenced.</p> <p>The tender for detailed design for the Bayswater Early Years Hub was conducted in June 2017 and a community information session was held on Saturday 17 June 2017.</p> <p>Operational planning relating to the naming of the two services, support to temporarily relocate existing services operating from Blue Hills Children and Family Centre, and transitional arrangements for the relocation of six childcare services to the hub locations is now underway.</p> |

| Initiative | Progress | Comment |
|--|----------|---|
| Develop an integrated life stage plan that merges the Municipal Early Years, Knox Youth Strategic plan and Healthy Ageing plan and promotes the benefits of intergenerational connections | 70% | <p>The first stage of the Integrated Life Stages Plan has been completed with a focus of aligning the framework of the plan with the Community and Council Plan 2017–21.</p> <p>Following Council’s endorsement of the Community and Council Plan, a proposed overarching Outcome Statement and set of Key Life Stages Principles was developed to guide the next phase of the project focusing on the development of a more detailed implementation plan. This plan will be informed by research and evidence relating to where intervention will have the greatest benefit and sits in the context of the most recent data about Knox people across the life stages.</p> <p>A draft Key Life Stages Implementation Plan will be taken to Issues Briefing on 2nd October 2017.</p> |
| Develop a Community Access and Equity strategic plan integrating multicultural, indigenous, disability, other equity issues and strategic plans to support an integrated approach and response to a diverse range of access and equity issues. | 90% | <p>The Community Access and Equity Implementation Plan 2017–22 has been developed and a draft plan was approved by Council on 26 June 2017 for community consultation. A finalised plan will be presented to Council on 25 September 2017 for final approval.</p> |



Services

Active Communities

This service works to encourage Knox residents as they get older to socialise and participate in activities that will enable them to have greater independence and live active and healthy lives in the community. This is achieved by promoting active ageing and by providing events and programs, support to 11 Senior Citizens Clubs and other older persons' support groups within the municipality.

Active Living

This service provides a range of Home and Community Care (HACC) services that support over 2,500 frail older people, and people who have a disability and their carers. The service helps eligible Knox residents maximise their independence, remain living in their own homes, stay connected to the community and enhance the quality of their life.

Community Access and Equity

This service provides programs that support and advocate for disadvantaged and marginalised communities to foster an accessible, inclusive and supportive Council and community. The service provides both program-based service delivery and development roles that are aligned to Council's Vision.

Community Safety

This service provides advice, support and programs to strengthen community safety in order that neighbourhood amenity is protected, people feel safe and can enjoy public spaces, and individual rights are preserved.

Community Strengthening

This service aims to create a stronger Knox community through building the capacity of our organisation and our community organisations, developing and nurturing partnerships, and creating connections between community groups, individuals and businesses. This is achieved through the delivery of a range of programs that focuses on supporting and resourcing Not-for-Profit (NFP) community groups.

Community Transport

This service offers residents who are older, who have a disability and/or are in other ways disadvantaged, to be engaged in community life through the provision of transport. There are three buses in operation that enable people to do such activities as shopping, participate in senior citizens' clubs or go to the library. The Community Transport Service is also used to transport residents to attend Council events, for the Council's induction program as well as some other Council activities.

Early Years Planning, Innovation and Partnerships

This service supports early years and family support services to provide good-quality, well-coordinated and integrated services to meet the needs of families and children. The service undertakes service planning and reviews, including research and community consultation, to ensure children and family services are available to meet identified priority needs of the community in Knox. The service also builds and supports partnerships between Council and non-Council services and community-managed programs to provide the right support at the right time in children's and families' lives.

Family Health, Development & Support

This service aims to support the healthy development of young children. It supports, empowers, informs and equips parents and primary carers of children from birth to six (6) years in their role as their child's first teacher. The service also aims to support and empower service providers, professionals, volunteer committees and community leaders to successfully engage and support families with young children. Additional supports are provided to vulnerable families who are not connected with services. The core components of the service are Maternal and Child Health (MCH), playgroups, other group programs, and a number of activities which support these services.

Health Services

This service aims to mitigate adverse community health outcomes through:

- Monitoring, surveillance and enforcement activities that are aimed at food safety and controlling the spread of infectious disease.
- Immunisation services, which protect the community against vaccine-preventable diseases.
- Delivery of health promotion and education services, including tobacco control and emergency management, which aims to change community behaviour towards improved health outcomes.
- Provision of expert advice on preventative health related matters.

Community Laws

This service provides local law and parking enforcement, school-crossing supervision, and animal management programs to the community.

Social Policy and Planning

This service researches, informs, analyses, develops and contributes to Council social policy, planning and action. It identifies and recommends evidence-based priorities and strategies for Council and community planning and action. This service provides support and advice on the development of new and improved service and facility proposals.

Youth Services

This service promotes, develops and encourages physical, social and mental wellbeing of young people by providing, facilitating, planning, funding and advocating for the needs of young people, their families and their community. Youth Services includes delivery of youth counselling and referral, youth leadership development, parenting programs, and partnerships with schools in Knox.

Local Government Performance Reporting Framework Indicators

Theme 1

This section contains the results of the prescribed service performance indicators and measures of the Local Government Performance Reporting Framework (LGPRF). Comments are provided to assist in understanding the results where there may be a discrepancy between this year's results and the previous year's (material variation). Knox Council has set its material variation threshold at +/-10% of the previous year's result.

LGPRF Indicators

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|---------|---------|---------|--|
| | 2015 | 2016 | 2017 | |
| Animal Management | | | | |
| Timeliness | 0.00 | 1.95 | 2.01 | |
| Time taken to action animal requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests] | | | | |
| Service standard | 43.10% | 45.47% | 49.70% | |
| Animals reclaimed [Number of animals reclaimed / Number of animals collected] | | | | |
| Service cost | \$35.45 | \$37.82 | \$37.02 | |
| Cost of animal management service [Direct cost of the animal management service / Number of registered animals] | | | | |
| Health and safety | 15 | 5 | 12 | Council's enforcement approach under the Domestic Animals Act continues to prosecute defendants that cannot be dealt with by way of direct fines, which is mostly for serious dog attacks. |
| Animal management prosecutions [Number of successful animal management prosecutions] | | | | |
| Food Safety | | | | |
| Timeliness | 0.00 | 1.35 | 1.62 | The vast majority of food complaints (92%) were investigated on the same day as they were received, or the following day. A small number (8%) were lodged over holiday cycles (Easter) or long weekends, which influenced the overall figure slightly based on the previous calendar year. |
| Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints] | | | | |

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|--|----------|----------|----------|--|
| | 2015 | 2016 | 2017 | |
| Food Safety | | | | |
| Service standard | 97.45% | 100% | 99.55% | |
| Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100 | | | | |
| Service cost | \$480.51 | \$393.61 | \$635.21 | There is a significant difference between the 2015-16 cost figure and the 2016-17 cost figure as a large number of premises in the Streatrader program were not included in the 2015-16 calculation. The Budget figure is relatively stable but a significant reduction in the attributed premises has been applied. |
| Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984] | | | | |
| Health and safety | 94.73% | 91.95% | 90.50% | |
| Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises] x100 | | | | |
| Maternal and Child Health (MCH) | | | | |
| Satisfaction | 108.15% | 104.22% | 102.51% | |
| Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x100 | | | | |

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|--------|---------|---------|--|
| | 2015 | 2016 | 2017 | |
| Maternal and Child Health (MCH) | | | | |
| Service standard | 100% | 98.74% | 101.47% | |
| Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100 | | | | |
| Service cost | \$0.00 | \$73.19 | \$71.95 | |
| Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses] | | | | |
| Participation | 82.75% | 79.07% | 80.88% | |
| 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 | | | | |
| 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 | 92.31% | 74.24% | 87.30% | Council's Maternal and Child Health services are heavily advertised through General Practitioners and Hospitals within the municipality. This advertising has been effective in increasing the awareness and participation in the service by Aboriginal children in 2016-17. |

Prosperous Advancing Economies

Council Plan Achievements 2013–17

Strategic Objective

Increase Council’s active partnerships within the business community

Strategies

Promote connections between educational institutions and businesses in Knox

For the 2013–17 period, connections between educational institutions and businesses in Knox have been established and promoted through the following partnerships:

1. Knox Innovation Opportunity and Sustainability Centre (KIOSC)

The Memorandum of Understanding resulted in the delivery of annual STEM (Science, Technology, Engineering and Mathematics) festivals and events themed around career opportunities in the areas of science, technology, engineering and mathematics, and connecting local businesses with KIOSC programs.

2. Swinburne University of Technology (SUT)

The Statement of Intent enabled:

- assistance to be provided for the Bayswater Business Precinct project,
- collaborative research opportunities to be provided,
- Melbourne Eastern Suburbs Hackers Inc (MESH) to secure premises at the SUT,
- the Department of Education and Training 2016 Mini Makers Fair to take place at SUT’s Wantirna campus, and
- the introduction of a Swinburne Business Forum to assist business leaders in working on their businesses and to align, where appropriate, with Council’s future workforce planning and development.

3. Outer Eastern Local Learning and Employment Network (OELLEN)

Partnership work included the following:

- Facilitation of community projects by local secondary schools, connecting students and workplaces under as part of the Industry Pathway program.
- Implementation of the ‘Be Inspired’ pilot, which supports female students from local secondary schools to connect with local businesswomen to share personal and career development.
- Participation in the Outer Eastern Trade Training Alliance.

Expand and strengthen business networks in Knox

Knox Council became an annual member of the South-East Melbourne Manufacturing Alliance (SEMMA) from 1 June 2016. SEMMA is a peak industry group that represents more than 200 leading manufacturers. SEMMA participates in the ongoing regional and national debate regarding the critical need for an innovative and sustainable manufacturing community, and provides an important networking focus for manufacturing companies of all sizes to help them forge inter-business links locally, nationally, and around the world.

Initiatives over the past four-year period have included the 'Future of Manufacturing' project and the 'Smart Manufacturing 16' event. The event program aimed to aggressively promote Dandenong and South-East Melbourne as being the largest manufacturing centre in Australia. The relationship between Council and SEMMA will continue in 2017-18.

In addition, the Knox Business Conferences held in 2014 and 2015 enabled local businesses to network with Council and each other.

Deliver and build Knox's annual business attraction program

Initiatives over the past four years to deliver and build Knox's annual business attraction program have included the following:

- The utilisation of data through various communication channels on the Knox economy (from REMPLAN, IBIS World), including responding to investment enquiries and expansions of existing firms.
- The development of business success case studies.
- An integrated and planned approach to communicating the activities of the Knox Economic Development Program and promotion of the Knox Business Direct website.
- Active participation in regional programs and activities including the Melbourne East Regional Investment Attraction Strategy and Smart Manufacturing 16.

Thirty-two enquiries have been supported through the Development Facilitation Service in relation to property developers, new business to Knox and the eastern regional office of the Department of Economic Development, Jobs, Transport and Resources.

Update and share economic data about Knox

Economic data is drawn from REMPLAN, IBIS World and the Australian Business Register. Various communication channels are utilised to share information on the Knox economy including:

- Regular updates to the business community through business visits
- Events, the ebulletin and Knox Business Life
- Updates to the Economic Development Committee
- Provision of information to internal staff to inform Council programs and initiatives.

Strategic Indicator

Number of new active partnerships as measured by memorandums of understanding (MOU) and/or statements of intent entered into by Council

Comment

During the 2013–17 period, three new partnerships were formalised: the Knox Innovation Opportunity Sustainability Centre (KIOSC) Memorandum of Understanding, Swinburne University of Technology Statement of Intent, and Melbourne East Regional Economic Development Group (MEREDG) Memorandum of Understanding. These formalised partnerships have provided mutual benefits for all parties and will continue in the next financial year.



2016–17 Annual Plan

Major Initiative

| Initiative | Progress | Comment |
|---|----------|---|
| Progress preparation of a structure plan, in collaboration with the Metropolitan Planning Authority, to guide future investment and development for the Wantirna Health and Medical Precinct. | 45% | <p>This initiative has experienced delays as a consequence of the recent release of Plan Melbourne Refresh and uncertainty around the Victorian Planning Authority's priorities. Progress on this initiative reflects the multi-stakeholder nature of the undertaking, its scale, dependency on external funding sources, and cooperation from the Department of Health and Human Services.</p> <p>Recent progress includes the following:</p> <ul style="list-style-type: none"> • Council established a core 'planning' alliance with the Victorian Planning Authority (formerly MPA), Regional Development Australia Metro East (RDA ME), Eastern Health, Invest Victoria, and the Department Health & Human Services (DHHS). • A preliminary discussion paper will be developed following a forum involving public and private sector policy and investment interests. This forum, originally scheduled for the end of May, is now scheduled for late 2017. This is as a result of delays in the Department of Health and Human Services master planning for a pivotal 10-hectare site situated in the middle of the precinct area. Monies (including the Regional Development Australia Committee for the Melbourne East funding) dedicated to this undertaking will be carried forward. • A 'Precinct Investment Planning' project scope has been completed. This document, coupled with the outcomes of the forum, will serve to coordinate the overall precinct investment planning process. |

Initiatives

| Initiative | Progress | Comment |
|--|----------|---|
| Attract and assist new investment and assist existing businesses to grow through the Knox Investment Facilitation Service. | 100% | <p>At the end of the 2016–17 financial year, four investment enquiries remained open awaiting further information and assistance from businesses. Local businesses were also assisted with two new planning applications.</p> <p>Implementation of the Regional Investment Attraction Strategy Implementation Framework for Melbourne's east will continue into 2017–18. During 2016–17, work included the development of a digital strategy for the region and strengthening of the 'About ME' website that promotes key investment sites within the region.</p> |

| Initiative | Progress | Comment |
|--|----------|--|
| Continue delivery of the Business Visits and Engagement Program to improve Council's understanding of the business community and their needs in terms of skills, growth, labour force, technology and infrastructure requirements. | 100% | <p>128 business visits and 39 business engagement opportunities took place during the 2016–17 financial year.</p> <p>Connecting directly with businesses through visits and at various events provides an opportunity to promote Council's Business and Economic Development Service and to better understand the challenges and opportunities facing Knox businesses.</p> |
| Continue to advance Council's place based planning to achieve business growth, attract investment and boost employment in key strategic precincts, specifically Bayswater Employment/Industrial Precinct. | 100% | <p>A new Bayswater business precinct coordinator was appointed to the project in April 2017. The precinct coordinator has conducted a review of the project to date and is working with the project control group to establish a robust governance framework and project plan, which will drive the delivery of key outcomes.</p> <p>57 business visits in the Bayswater business precinct were completed. In addition, eight promotional and network business events occurred that facilitated engagement with over 100 businesses.</p> |
| Proactively participate in regional forums and initiatives with Melbourne East Regional Development Australia Group and the Regional Metropolitan Planning Group to achieve regional collaboration, build networks across Government and business and increase joint advocacy. | 100% | <p>The Melbourne East region's seven councils and the Victorian Government, under a Memorandum of Understanding, have set up a model of collaborative working with the Melbourne East Regional Economic Development Group (MEREDG), which reports to the Eastern Metropolitan CEOs Group. This group's priority is to advance the implementation framework for delivery against the Regional Investment Attraction Strategy and related major regional economic development initiatives.</p> <p>Progress has continued based on the confirmed regional priorities established late last year. This has included the development of a digital strategy for the region, which includes a strengthening of the 'About ME' website that promotes key investment sites within the region. Maroondah Council will take on the management of the website leading the future direction, with the other six councils providing additional input into its content.</p> <p>Planning for a regional conference in October 2017 has commenced. This event will target businesses throughout Melbourne's east.</p> <p>MEREDG is preparing a brief for a Melbourne East Employment Precinct – Economy Business and Land Use Capacity Analysis that will be funded from the Bayswater business precinct budget</p> |

Services

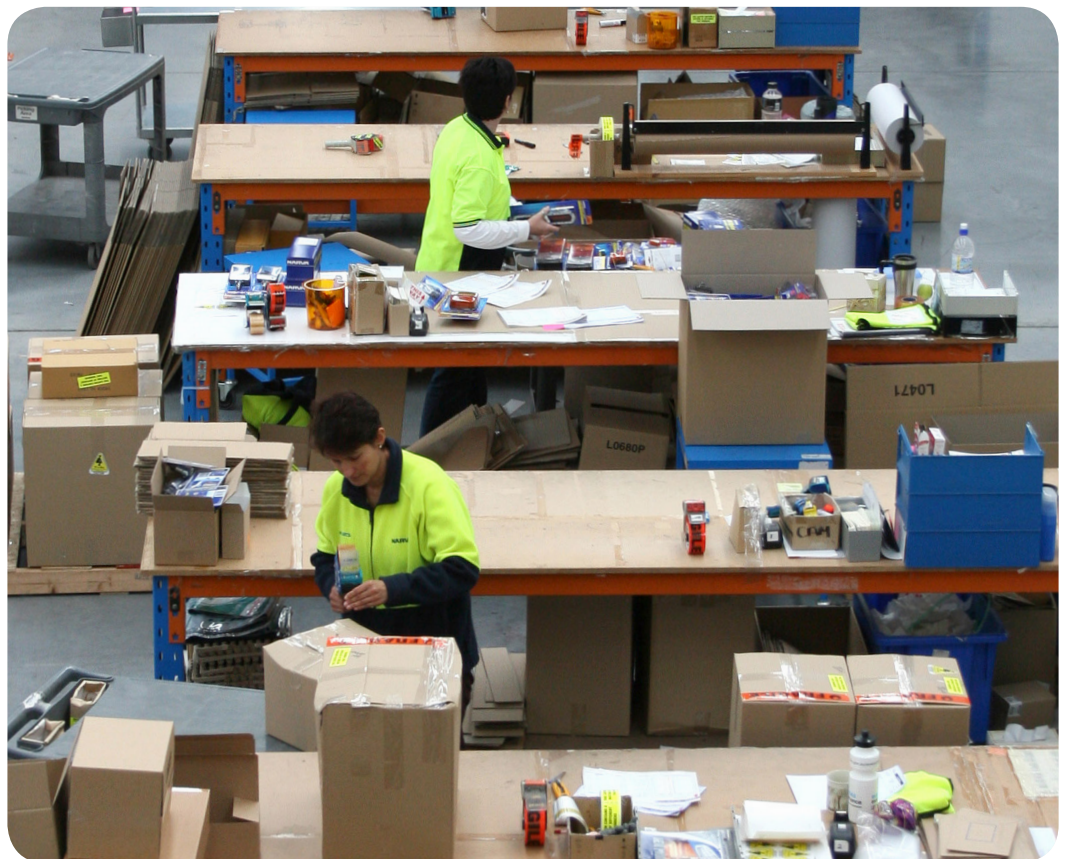
Economic Development

Council's Economic Development service aims to realise Knox's potential as a prosperous, advancing economy. It provides an integrated approach to information, advice and action to encourage private and public sector investment that will increase business establishment and growth; encourage and attract new business and investment; lift productivity; create prosperity; and boost employment within the Knox economy.

The service informs and supports businesses within Knox by providing education and assistance with business development; attraction and facilitation of investment; connecting Knox businesses with each other or in groups; and highlighting opportunities that may exist within government funding programs.

Place Program

This service provides an integrated approach to build partnerships and ensure better social, environmental and economic outcomes are delivered in community hubs. It sets out to improve the amenity and neighbourhood character of the municipality, increase prosperity, and increase the capacity for the community to be resilient to change and work together to determine what is important in their Place.



Local Government Performance Reporting Framework Indicators

Theme 2

There are no prescribed LGPRF service performance indicators and measures relevant to Theme 2.

Council has chosen not to include the optional LGPRF service performance indicators for Economic Development. Instead, Council has developed its own measures through the development of the 2016–17 Annual Plan.

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|--|--------|------|------|--|
| | 2015 | 2016 | 2017 | |
| Economic Development | | | | |
| Investment Attraction <i>Participation in Knox Investment Facilitation Service</i> [Number of individuals and businesses who engage with Knox Investment Facilitation Service] | - | 5 | 7 | Council engaged with seven (7) businesses with the Knox Investment Facilitation Service during the 2016–17 reporting period. |
| Investment in the City of Knox [Number of individuals and businesses that locate or expand within the City of Knox following engagement with the Knox Investment Facilitation Service] | - | 5 | 2 | Two (2) of the seven (7) businesses completed their expansion in 2016–17. Of the remaining five: <ul style="list-style-type: none"> • 2 are waiting on internal management decisions. • 1 is waiting on planning documents to be submitted by their architects. • 1 business expansion was closed due to the project contract being awarded to another party. • 1 was closed due to business expansion plans being placed on hold |

Vibrant and Sustainable Built and Natural Environments

Council Plan Achievements 2013–17

Strategic Objective

Plan for a mix of housing to cater for all different stages of life

Strategies

Review, update and communicate locations identified through Council’s planning to accommodate a change in housing type

The Knox Housing Strategy identifies four residential areas across Knox – Bush Suburban, Knox Neighbourhood, Local Living and Activity Areas. The strategy clearly articulates that the priority areas for the location of new housing are the Local Living and Activity Areas.

In particular, the strategy supports townhouses and apartments in these areas (apartments only in Activity Areas), which are discouraged in the Knox Neighbourhood and Bush Suburban Areas. Knox Neighbourhood and Bush Suburban areas will continue to be characterised by detached dwellings and dual occupancies, with villa units only possible on large sites.

A two-month community engagement process was undertaken to advise the community of the draft Housing Strategy. This included a mail-out of 77,000 letters to all properties in Knox; 18 information sessions attended by approximately 400 people; and extensive information on Council’s website. The strategy, together with Amendment C141, which implements the strategy into the Knox Planning Scheme, was adopted by Council in January 2015.

Amendment C131 was approved after changes were made by the Minister for Planning on 17 March 2016. All submitters to the amendment were notified in writing of the Minister’s approval.

Develop clear statements of valued neighbourhood characteristics to be considered in Council’s Housing Policy

As mentioned previously, the Knox Housing Strategy identifies four residential areas throughout the City of Knox. The key characteristics and desired future development of these areas are articulated in the strategy, which was drafted in 2014 and adopted in January 2015.

Strategic Indicator

Comment

Council’s housing monitoring report shows an increase in the diversity of housing in preferred locations as defined by Council’s housing policy

The diversity of new housing being approved has increased across Knox in each calendar year from 2013 to 2017 when compared to the previous housing mix, particularly in preferred locations designed as Activity Areas.

Strategic Objective

Improve the connections between existing shared paths and footpaths, especially to key places

Strategies

Prioritise upgrades and renewals for connectivity

A priority listing, which outlines a 20-year program of new and upgraded works to enhance path connectivity, was presented to Council as part of the annual budgeting process. The priority listing indicates an increase in the level of funding commitment to paths of approximately \$300,000 per year. In addition, Council spent \$1.6 million per year on footpath renewals and \$500,000 on shared path renewals. As at 30 June 2017, both the new and upgrade, and the renewal programs for footpaths and shared paths had been fully expended with the exception of two projects, which are on hold pending the completion of environmental assessment reports.

Identify gaps between existing bike and footpaths and key places

The Knox Bicycle Plan and the Knox Pedestrian Plan serve as the key defining documents to develop path priorities, which then inform the capital works program through application of ranking criteria to potential projects. These plans are supplemented by the Mobility Study and Implementation Plan, which identifies key missing links in and around activity centres. When combined, these documents provide the base list informing the future capital works program. Over the four-year period, Council has invested over \$11 million in both the renewal of existing path assets to improve the quality of service provided to the community and the expansion of the path networks across Knox. In addition, Council continues to oversee the expansion of the network through the provision of paths as a result of major and local subdivision and through negotiation agreements associated with major projects such as road duplications delivered by VicRoads. This has seen the path network increase in total.

| Strategic Indicator | Comment |
|---|--|
| The number of metres of new footpath and shared path delivered annually to improve connectivity | Council has increased its footpath (1.5 km) and shared path networks (1.7 km) as a result of delivery of Council's capital works program and mobility implementation plan and assets contributed through development. This represents an overall network of 1,162 km of footpaths and 91 km of shared paths. |
| The number of key places that have new footpath and bike path connections | A new 1.4km shared path was delivered as part of the High Street Road duplication works connecting the Knox Central Activity Centre between Burwood Highway and Stud Road. |

Strategic Objective**Improve the provision of integrated public transport options in Knox**

Strategies**Promote a holistic and integrated approach to planning and delivery of public transport projects in Knox through Knox's Integrated Transport Plan**

Following a period of community consultation and invitation for submissions, Council formally adopted the revised Integrated Transport Plan at its meeting on 24 February 2015. Aligned to the key strategies identified within the *Transport Integration Act 2010*, the Integrated Transport Plan incorporates a series of actions, which are to be delivered on an ongoing basis across key themes.

Officers are progressing with two key priority initiatives from the Integrated Transport Plan: the development of a Principle Pedestrian Plan and a Parking Policy for Knox, both of which are expected to be presented to Council in the second half of 2017. The principles of the Integrated Transport Plan have been used as a basis to advocate for strategic transport priorities, plan for major integrated projects, such as the Bayswater Level Crossing Removal program, and prioritise initiatives in Council's Capital Works program.

Continue to advocate to the State Government for the delivery of the Bayswater Grade Separation project

This \$170 million project was announced by the State Government as part of its commitment for the removal of 50 level crossings across Melbourne over an eight-year period. The project included the removal of both the Mountain Highway and the Scoresby Road level crossings. Council was heavily involved in the design development and has supported and contributed to the project through the provision of funding to support streetscape enhancements along Mountain Highway in Bayswater. The 18-month construction period is nearly complete, with the final streetscape works expected to be finished in September 2017.



Continue to advocate to the State Government for the extension of a rail line to Rowville

A letter was presented to the Premier, under the Mayor's signature, calling for appropriate planning measures to be put in place to protect the future Rowville rail corridor from inappropriate development. This was identified as a key finding of the of the Stage 1 feasibility assessment and has not progressed significantly since the release of the Stage 2 report.

The 'Let's Connect the Dots' campaign incorporated a series of banners across key arterial links in Knox and called for an integrated and holistic approach to delivering strategic public transport projects, which included extending the rail line to Rowville.

Council prepared a submission in response to Infrastructure Victoria's 'All Things Considered' document, where it called for a more holistic approach to transport planning for metropolitan Melbourne. This included a specific section to support the proposed Rowville rail line extension and the need for appropriate planning measures to be in place to protect the corridor from future development. Council officers met directly with representatives from Infrastructure Victoria in November 2016 to engage on this matter. As a key member of the Eastern Transport Coalition, Council was involved in the development of a strategy document on behalf of the coalition, which calls for both the protection of the corridor and the progression the project to support Melbourne's transport future.

Continue to advocate to the State Government for the extension of tram service number 75 to Knox Central

Council's 'Let's Connect the Dots' campaign also advocated for the extension of the number 75 tram service to Knox Central. Council's written response to Infrastructure Victoria's 'All Things Considered' document also included a specific section to support the proposed tram extension to Knox in response to a changing adjacent land use environment. As a key member of the Eastern Transport Coalition, Council was involved in the development of a strategy document on behalf of the coalition, which calls for the delivery of key tram extensions, including the Knox tram, to support Melbourne's transport future.

| Strategic Indicator | Comment |
|---|--|
| <p>Deliver an annual transport advocacy program, incorporating the Rowville rail, Knox tram and Bayswater Grade Separation projects</p> | <p>Council continues to advocate for strategic public transport priorities and has been an active participant in the recently delivered Bayswater Level Crossing Removal project.</p> <p>Key advocacy initiatives have included preparing a submission to Infrastructure Victoria’s 30-year infrastructure strategy, calling for a more holistic approach to transport planning for metropolitan Melbourne and, more specifically, the delivery of both the Rowville rail and Knox tram extensions.</p> <p>A private delegation from the Eastern Transport Coalition made representations to support the proposal and a formal letter calling for protection of the corridor to support the Rowville rail extension was presented to the State Government.</p> |
| <p>Review Council’s Integrated Transport Plan</p> | <p>The reviewed Integrated Transport Plan was adopted at the Council meeting on 24 February 2015.</p> |

2016–17 Annual Plan

Major Initiative

| Initiative | Progress | Comment |
|--|----------|---|
| Continue to work collaboratively with Stockland to progress the development of the residential parcel, advance planning of the parkland and progress the restoration of the Stamford Homestead in accordance with the Stamford Park Master Plan. | 100% | <p>Stockland is continuing with earthworks to construct the residential pad. The earthworks are now planned to be completed by August 2017. Civil works for Stage one are planned to commence mid to late August 2017.</p> <p>A concept and associated costings for the implementation of Council owned public open space was presented to Council for endorsement at its meeting on 10 July 2017.</p> <p>Underpinning works are continuing on the homestead and the concept design has commenced on the Homestead's Gardens.</p> |

Initiatives

| Initiative | Progress | Comment |
|--|----------|--|
| Progress preparation of a detailed structure plan to guide and support future development within the Knox Central Activity Centre. | 100% | A draft Structure Plan was presented to the Knox Central Advisory Committee on 27 June 2016. The final draft is now proposed to be presented to Council's Strategic Planning Committee Meeting in September 2017. |
| Progress the development of Developer Contributions Planning and its feasibility as a new model for alternative infrastructure funding. | 100% | There has been significant progress made in the development of Developer Contributions Planning. The mapping of the second draft long-term capital works renewal program is complete. The 20-year street tree replacement renewal program and the 20-year major projects and new and upgrade schedule have been finalised and are ready for mapping. A specialist consultant has been engaged to review and validate associated project mapping and undertake feasibility and cost analysis of these long-term capital works projects in the first quarter of 2017–18. |
| Continue preparation of a detailed structure plan and Planning Scheme Amendment to guide and support future development within the Knox Central Activity Centre. | 100% | Council adopted the draft structure plan and proposed a planning scheme amendment for exhibition at Council's Strategic Planning Committee (SPC) meeting in September 2016. The amendment was exhibited from November to December 2016. Following consideration of 106 submissions on 27 March 2017, Council resolved to refer all submissions to an independent planning panel. The panel hearing was held over four days in early June 2017. Council is now waiting for the recommendations from the panel. |

| Initiative | Progress | Comment |
|--|----------|--|
| Progress a strategic review of land for business and employment in the municipality to reinforce Knox's important areas for employment and the role and function of its Activity Centres. | 90% | <p>Additional revisions were sought from the consultants regarding the Land for Business Review and the draft Future Directions Plan, which have been progressively actioned. Work is being undertaken in order to present and report on the Review, the draft Future Directions Plan and the proposed planning scheme amendment to Council in the first quarter of 2017-18.</p> <p>To support the Land for Business Review and Future Directions Plan Project, a planning scheme amendment process will be initiated to facilitate the key planning findings and recommendations. This separate project will principally occur during 2017-18.</p> |
| Complete the bulk streetlight replacement program to achieve significant energy and cost savings and promote energy efficiency in the community. | 100% | <p>The first phase of the bulk streetlight replacement program, which has seen the replacement of all standard 80W mercury vapour lights with 18W LED street lighting across the Knox municipality, has been completed.</p> <p>Works have commenced on the second phase, which will see the replacement of an additional 690 decorative lights, with works expected to be completed by October 2017. Postcards informing residents about the program and promoting energy efficiency in the community were developed and delivered between May and June 2016.</p> |
| Following on from the release of Stage 2 of the Rowville Rail Study, continued advocacy to seek a commitment from the state government to improve existing bus services, to protect a land corridor for the future train line, and expedite delivery of the Rowville Rail. | 100% | <p>Council continues to advocate on these issues, including preparing a submission in response to Infrastructure Victoria's 30-year infrastructure strategy, which called for a more holistic approach to transport planning for metropolitan Melbourne. Council's response included a specific section to support the proposed Rowville rail line extension and the need for appropriate planning measures to be put in place to protect the corridor from future development. A private delegation from the Eastern Transport Coalition made representations to support the proposal and a formal letter calling for the protection of the corridor was presented to the State Government.</p> |
| Continue to participate in the implementation of the Bayswater Level Crossing Renewal Project to provide an integrated product that satisfies both the state government's business case and Council's objectives as outlined in the Bayswater Structure Plan. | 100% | <p>The station works have been completed and opened, with the level crossings removed on Mountain Highway and Scoresby Road in December 2016. Recent works nearing completion are the landscaping works and tree planting in proximity to the station, car park and immediate surrounds on Station Street.</p> <p>The Mountain Highway streetscape works, being delivered by the Level Crossing Removal Authority, were delayed as approvals for the undergrounding of powerlines were sought from AusNet services. The streetscape works along Mountain Highway commenced in mid-June and they are expected to take two to three months to complete.</p> |

| Initiative | Progress | Comment |
|---|----------|---|
| Actively participate in an advocacy program for improved public transport through membership of the Eastern Transport Coalition. | 100% | <p>Council has been actively participating in the Eastern Transport Coalition's (ETC) programs and initiatives, and currently serves as its chair. The ETC recently prepared a submission to Infrastructure Victoria in response to the agency's 'All Things Considered' document, which has sought to identify infrastructure priorities in Victoria over the next 30 years.</p> <p>A key focus in the year to date has been to secure enhanced outcomes through the grade separation projects.</p> |
| Continue to prioritise Council's Integrated Transport Plan to inform reviews of the Pedestrian Plan, the Bicycle Plan, Mobility Study Implementation Plan and Road Management Plan. | 100% | <p>Priority actions from the Integrated Transport Plan include the development of parking policy and parking precinct plans for the municipality, which have recently been endorsed by Council to progress through to a public consultation phase.</p> <p>The program of proposed path connections for 2016–17 has now been completed, with two projects carrying forward to the next financial year to support evaluation of environmental factors. Council made a successful submission to the Transport Accident Commission (TAC) to improve road bicycle facilities in George Street, Scoresby. An information letter was sent to residents in March, and detailed design work has commenced with construction proposed to begin in January 2018. A review of Council's principal pedestrian network has been completed, with a draft plan developed to be presented to Council and to subsequently inform Council's Capital Works planning.</p> <p>Works associated with the Mobility Implementation Plan are ongoing, delivering a combination of local treatments and path connections in proximity to activity centres. Future years' works programs are currently being evaluated. A review of Council's Road Management Plan was presented to Council within six months of the recent election. This will inform the next update of the plan.</p> |

Services

Asset Management

This service provides strategic direction for asset management incorporating the development of processes and systems to maintain and regularly update Council's asset register and management system, collection of asset condition data, and the development and implementation of strategic asset management plans for all asset categories. The service also provides asset preservation and protection functions in areas associated with subdivisions; private developments; and Council capital infrastructure projects and works undertaken by service authorities, contractors and government agencies. The service also manages the coordination, planning, development and monitoring of the delivery of Council's Capital Works Program.

Biodiversity

This service provides for the conservation, enhancement and celebration of local biodiversity within the City of Knox. The service provides bushland management to protect and enhance over 40 Council bushland reserves and over 120 sites of biological significance, as well as education/awareness programs in order to increase the appreciation and understanding of the values of biodiversity within the broader community. This includes encouraging and supporting active participation by members of the community in the conservation and enhancement of remnant vegetation on public and private land.

Building

This service provides for building assessment and regulatory services in accordance with the *Building Act 1993* and other relevant legislation. The service issues building permits, performs building inspections, responds to complaints with inspections; and performs swimming pool inspections.

Emergency Management

This service coordinates and delivers Council's legislative and community-focused responsibilities for emergency and fire management. It includes services to mitigate risk to people and property, preparedness/planning through to response and recovery.

Facilities

This service provides building services, including capital construction, programmed and reactive maintenance and ancillary services (e.g. graffiti control, security, essential safety measures) for all Council buildings; internal architectural advice and building management services on land where Council has an interest.

Integrated Water Management

This service provides technical and strategic advice and drainage advice/drainage services related to developer and resident enquiries and the provision of integrated water management. The service aims to safeguard the community against flooding, provide a municipal drainage system that is safe and fit for purpose, ensure that stormwater is a valued and well used resource, and maintain clean waterways.

Major Initiatives

This service provides for the delivery of major initiatives supplementing the full program of capital projects being delivered by the various delivery teams at Council. The Unit utilises a combination of internal and specialist skills – and include architectural, quantity surveying, project management, construction management, specialist engineering and site supervision services.

Open Space Management

This service provides planning, design, consultation and implementation of enhanced passive open space. The service also includes the development of policy and provision of planning and landscape architectural design expertise for other areas of Council.

Operations

This service is responsible for the management and delivery of maintenance services and delivery of new, renewed and upgraded Council infrastructure assets. This includes parks services, works services, construction, and fleet management. The service provides well-maintained infrastructure assets that meet present-day and future needs of the community in compliance with various Acts and regulations and Council policies.

Planning Approvals

This service provides for statutory planning assessment and enforcement and regulatory services under of the Planning and Environment Act and related Acts and Regulations.

Strategic Land Use Planning

This service undertakes research to inform planning policies and decisions. It also proactively updates the Knox Planning Scheme to reflect the Council Plan. This includes the preparation and assessment of planning scheme amendments, internal referral responses to planning applications, provision of general strategic land use planning advice to internal and external customers, and a statutory requirement to review the Knox Planning Scheme every four years. Community engagement and consultation is a core part of this service.

Sustainable Futures

This service provides for environmental planning, community engagement in sustainability, policy development and project implementation. The service provides a range of learning and engagement programs that focus on supporting Council and the community to move towards environmental, social and economic sustainability.

Traffic and Transport

This service provides local traffic management (on roads, footpaths, shared paths, etc), advice and advocacy for broad transport choices for a range of traffic and transport services as provided by Council and others.

Waste Management

This service aims to minimise waste and provides waste collection and disposal services for the Knox community.

Local Government Performance Reporting Framework Indicators

Theme 3

This section contains the results of the prescribed service performance indicators and measures of the LGPRF. Comments are provided to assist in understanding the results where there may be a discrepancy between this year's results and the previous year's (material variation). Knox Council has set its material variation threshold at +/-10% of the previous year's result.

LGPRF Indicators

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|--|---------|----------|---------|---|
| | 2015 | 2016 | 2017 | |
| Roads | | | | |
| Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100 | 31.67 | 32.10 | 39.60 | Council includes all requests received from external customers (via customer service requests or after-hours requests) that relate to the quality of the sealed road surface and kerb and channel. Requests are counted regardless of whether a maintenance activity is required to be undertaken in accordance with Council's service levels. |
| Condition Sealed local roads below the intervention level [Number of kilometres of sealed local roads below the renewal intervention level set by Council / Kilometres of sealed local roads] x100 | 95.25% | 95.64% | 95.56% | |
| Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed] | \$99.26 | \$136.33 | \$0 | Council has not completed any road reconstructions during the reporting period that comply with the definition. |
| Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed] | \$22.34 | \$26.59 | \$21.56 | Road resealing is completed by contractors to Council. A significant number of roads are resealed in any given year to meet Council's service standard and to address the average life of an asphalt surface. The cost includes the total contract cost of road resealing, including any preparatory patching works. |

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|------------|------------|------------|---|
| | 2015 | 2016 | 2017 | |
| Roads | | | | |
| Satisfaction | 70 | 67 | 68 | |
| Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads] | | | | |
| Statutory Planning | | | | |
| Timeliness | 65 | 67 | 63 | |
| Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application] | | | | |
| Service standard | 69.68% | 75.53% | 80.19% | |
| Planning applications decided within 60 days [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100 | | | | |
| Service cost | \$1,970.88 | \$1,561.78 | \$1,762.98 | The cost per application has increased in the past 12 months primarily due to a decrease in the number of amendments to planning permit applications and an increase in the number of secondary consent applications (the latter of which is not counted as a planning application). This is likely to have occurred as a result of the changes to the fee structure in October 2016. |
| Cost of statutory planning service [Direct cost of statutory planning service / Number of planning applications received] | | | | |
| Decision-making | 41.67% | 44.83% | 52.00% | Council continues to have success at VCAT. This figure is a 7% increase on last year's success rate, which may be attributed to approval of the Knox Housing Strategy (Amendment C131 to the Knox Planning Scheme) in 2016. |
| Council planning decisions upheld at the Victorian Civil and Administrative Tribunal (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 | | | | |

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|----------|----------|----------|--|
| | 2015 | 2016 | 2017 | |
| Waste Collection | | | | |
| Satisfaction | 75.10 | 70.38 | 63.86 | |
| <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000 | | | | |
| Service standard | 4.38 | 4.10 | 3.33 | This indicator demonstrates the ratio of bins missed compared to the scheduled bin collection, with found bins reported as missed for every thousand scheduled collections. As from July 2014, a new waste collection contractor commenced with Council, which has improved the service in terms of reducing the number of bins missed, particularly over the past 12 months with the enhanced bin collection management system in the vehicles. |
| <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000 | | | | |
| Service cost | \$101.06 | \$106.78 | \$108.62 | |
| <i>Cost of kerbside garbage bin collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins] | | | | |
| <i>Cost of kerbside recyclables bin collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins] | \$3.66 | \$11.71 | \$11.35 | |
| Waste Diversion | 53.30% | 52.01% | 53.41% | |
| <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | | | | |

Culturally Rich and Active Communities

Council Plan Achievements 2013–17

Strategic Objective

Increase the current use of Council’s festivals, events and arts programs to promote the acceptance and valuing of cultural diversity in Knox

Strategies

Provide opportunities to include multicultural programming in Knox’s events and annual arts programs

Multicultural community groups are encouraged to participate as stallholders and performers at the Knox and Stringybark festivals each year through the expression-of-interest process, and food vendor selection offers a wide cross-section of multicultural food options.

Aboriginal Cultural Heritage has been supported and celebrated by having Welcome to Country ceremonies at each major festival and making bush tucker available. During NAIDOC Week, there are also Aboriginal cultural heritage programs at the Ferntree Gully Community Arts Centre.

Community arts projects have focused on multiculturalism in Knox, such as Section 32, which explored housing issues faced by immigrating families, and The Holding Zone, which explored the complex issues around family violence, capturing the stories of women from the diverse cultural sectors of our community.

Strategic Indicator

Comment

Number of Council-delivered festivals, events and arts programs that offer an opportunity for a multicultural component

During 2016–17, there were four major events, which included the promotion of artists from differing backgrounds, and the production of bespoke projects that promoted and appealed to those from diverse ethnic and cultural backgrounds.

Percentage of participants or audience who report that festivals, events and arts programs that have a multicultural component, promote acceptance and valuing diversity

Research and survey tools are being reviewed and developed and will be implemented in the next financial year.

2016–17 Annual Plan

Major Initiative

| Initiative | Progress | Comment |
|---|----------|--|
| Develop a Knox Aquatic Strategy to determine future aquatic needs and service facility provision for the Knox community | 30% | <p>Community consultation has been completed and findings discussed with an internal steering group. Options and an opportunity briefing paper are being developed.</p> <p>It is anticipated that the final report will be presented to Council in April 2018.</p> |

Initiatives

| Initiative | Progress | Comment |
|--|----------|--|
| Progress the development of a temporary library facility within Knox City Shopping Centre | 100% | A heads of agreement has been signed between Westfield and Council. The detailed design process is underway and the relocation program and schedule are being finalised. |
| Continue the development of the Immerse exhibition program in Knox to promote visual arts in Council, community and commercial venues | 100% | The <i>Immerse</i> program for 2016–17 was successful and completed, with significant positive feedback from the community and the arts sector in Knox. |
| Promote positive attributes of young people identified in the Knox Youth Social Profile through social and print media outlets to strengthen the positive image of young people in Knox. | 100% | Fact sheets on the youth social profile were developed and distributed. Promotion of the Green Foot Flicks film festival was conducted through social media with the event held on 5 April 2017 at Village Cinemas Knox. The Knox School Expo held in March was also promoted through social media and school newsletters. |

Services

Arts and Cultural Services

This service delivers and engages the local community in a range of arts and cultural services and programs. These services and programs include performing arts, events, festivals, arts courses, performances and public art projects.

Leisure Services

This service includes the management, operation and/or support for Council's leisure facilities, including two Council-managed leisure centres (including aquatic facilities), 11 externally managed facilities, 17 community-managed and 10 public access tennis facilities, one community-managed hockey facility and 59 council-managed sports grounds.

Libraries

The Libraries service provides resources and programs and a variety of media for education, information, leisure and personal development. There are currently five branch libraries in Knox and one library service bus. The service is managed by the Eastern Regional Library Corporation, a formal partnership between Maroondah, Yarra Ranges and Knox Councils.



Local Government Performance Reporting Framework Indicators

Theme 4

This section contains the results of the prescribed service performance indicators and measures of the LGPRF. Comments are provided to assist in understanding the results where there may be a discrepancy between this year's results and the previous year's (material variation). Knox Council has set its material variation threshold at +/-10% of the previous year's result.

LGPRF Indicators

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|---------|---------|---------|---|
| | 2015 | 2016 | 2017 | |
| Aquatic Facilities | | | | |
| Satisfaction <i>User satisfaction with aquatic facilities</i> [User satisfaction with how Council has performed on provision of aquatic facilities] | - | - | - | This measure is optional and was not reported. |
| Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities] | 4 | 4 | 4 | |
| Reportable safety incidents at aquatic facilities [Total number of WorkSafe reportable aquatic facility safety incidents] | 1 | 1 | 2 | Two incidents occurred at the centre during the reporting period: 1. A patron fainted due to their new cardiac medication 2. A staff member slipped in the changerooms due to excessive water on the floor. This issue has been rectified. On both occasions the people affected made a full recovery. |
| Service cost <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities] | -\$0.84 | -\$0.97 | -\$0.06 | As part of Council's contract with the aquatic services provider, the annual dividend was renegotiated in 2016-17 as part of an additional term. |
| Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population] | 3.62 | 3.67 | 3.60 | |

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|--------|--------|--------|--|
| | 2015 | 2016 | 2017 | |
| Libraries | | | | |
| Utilisation | 8.08 | 8.51 | 9.03 | |
| <i>Library collection usage</i> [Number of library collection item loans / Number of library collection items] | | | | |
| Resource standard | 85.66 | 78.36% | 78.25% | |
| <i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100 | | | | |
| Service cost | \$3.71 | \$4.14 | \$4.75 | The cost of the library service increased in 2016–17 due to a decrease in the number of visits to Council libraries. Much of this decrease can be attributed to 18 days lost due to closures. |
| <i>Cost of library service</i> [Direct cost of the library service / Number of visits] | | | | |
| Participation | 18.14% | 14.01% | 13.01% | System capabilities to determine active library members were improved in 2016–17 to identify only those individuals who borrowed either a physical or electronic item. Council has reinstated 2015–16 figures to reflect these changes and to ensure comparative data. |
| <i>Active library members</i> [Number of active library members / Municipal population] x100 | | | | |

Democratic and Engaged Communities

Council Plan Achievements 2013–17

Strategic Objective

To more actively support community groups with governance, administration and management practices

Strategies

Build consideration of potential multiple community uses into new and upgrades of Council facilities developments to allow for greater diversity of use and to maximise the use of facilities

An Integrated Facility Planning Policy has been developed and presented to Council for endorsement. It seeks to provide a framework to ensure consideration is given to integration opportunities when planning new or upgraded facilities. A procedure to support this policy is also in development.

Council is currently investigating tools to support the exploration of both service and asset needs throughout the organisation, recognising the intrinsic relationship between the two. Such tools will support the integration of opportunities across services.

To assist Council in its deliberations on priority major project initiatives within the Capital Works program, Council now considers and deliberates on a multi-criteria analysis methodology, which incorporates assessment criteria including service integration and asset alignment.

Council has commenced a review of its Buildings Asset Management Plan, which incorporates an updated framework for making informed decisions about building programs and priorities. Key to this review is the development of service levels to align with asset, service and place planning. The provision of identifying and developing integrated and multi-use facilities is central to this work.

Review existing skills programs for community groups as well as opportunities for skill sharing and mentoring between groups within Knox

In 2016–17, combined promotional material for community training across Council was produced, with the development of the new website providing the ability to explore further opportunities for consolidated training programs. Evaluations at each session and feedback through engagement with groups have confirmed that participants consistently value the opportunity to attend workshops, to learn skills and network with others.

In 2017, new initiatives have been trialled, such as weekend and half-day workshops for community groups, with limited success.

Ongoing consideration will be given to the content and ongoing sustainability of the program as part of Council's innovation focus to ensure that the program continues to be an efficient and effective way of building capacity in our community groups.

Implement the new funding agreement and approach to delivering Council's Volunteer Resource Centre service model

The funding agreement for the Volunteer Resource Centre has been in place for two years. Regular meetings have continued to be held every eight weeks to monitor the establishment phase of the new centre (Volunteer for Knox). The service has set up a distinctive web presence, is actively promoting various Council volunteering opportunities, and is building relationships with other volunteer organisations within Knox.

Volunteer for Knox has continued to build its client base and increase community recognition of its role as the Knox Volunteer Resource Centre. A physical presence has been established at Knox Westfield to support promotion of volunteering and other community activity.

A searchable database was introduced in June 2016 with links to broader volunteer sites to increase accessibility.

Engage with community groups to better understand the range of solutions that may support the effectiveness of their groups

A community engagement process was undertaken in April and May 2015 involving interviews and focus groups with 162 individuals who represented over 80 Knox-based community organisations.

The recommendations generated have been presented in a number of different Council forums, including the Community Development Fund Evaluation Panel and to Council.

System improvements are being considered as part of continuous improvement and implemented where possible within existing resources. Streamlining of the Community Development Fund guidelines and acquittal forms has already been implemented. Ongoing engagement with community groups through a range of programs including training, grants, networks and advisory committees ensures that officers are able to continuously consider and implement improvements and monitor the needs of community groups in order to support their ongoing effectiveness.

Review and simplify Council's administrative systems that directly impact on the operation of community groups, to ensure they are user-friendly and accessible, while managing risk and fulfilling legislative requirements

A report has been completed, documenting responses from the community engagement process and internal staff consultation. It provided recommendations for changes to relevant policy, procedures, programs and practices, which impact on the effectiveness of community groups and organisations in Knox.

Several processes have been investigated and modifications implemented to improve community group experiences with Council, including events management processes and an online grants management system.

Through numerous programs and activities, Council will continue to have regular contact with community groups to identify further opportunities for process improvements that will provide better accessibility for groups to available resources.

| Strategic Indicator | Comment |
|--|---|
| Number of programs, seminars or training delivered to community groups delivered by Council for the purposes of improving their governance, understanding of regulation, access to resourcing, and knowledge of volunteering | Council delivered 14 training sessions for volunteer and not-for-profit community organisations through the community group training program in 2016-17. |
| Number of participants attending seminars or training delivered to community groups by Council for the purposes of improving their governance, understanding of regulation, access to resourcing, and knowledge of volunteering. | 182 participants from volunteer and not-for-profit community organisations attended community group training program sessions provided by Council in 2016-17. |

Strategic Objective

Reduce the funding gap for renewal of infrastructure under the stewardship of Council

Strategies

Implement a financial strategy to reduce the funding gap for the renewal of infrastructure under Council's stewardship

Council continues to aggregate its asset renewal requirement data in a centralised database. The database is updated periodically when revised forecasting is undertaken upon the receipt of new asset condition data. This information, in turn, is used to inform the Capital Works component of Council's Long Term Financial Forecast. The adopted Capital Works renewal budget for 2017-18 amounts to \$28.31m. As at 30 June 2017, the proposed asset renewal budget for 2016-17 is expected to exceed 100% of modelled renewal requirements to ensure that Council seeks to address its current backlog of Asset Renewal requirements.

| Strategic Indicator | Comment |
|--|--|
| Allocated budget for the renewal of Council infrastructure is increased to greater than 96% of required renewal funding by 2016-17 | Asset collection data informs the capital works component of Council's long-term financial forecast. The adjusted Capital Works renewal budget for 2016-17 amounts to \$30.15m. As at 30 June 2017, the proposed asset renewal budget for both 2016-17 and proposed for 2017-18 is expected to exceed 100% of modelled renewal requirements to ensure that Council seeks to address its current backlog of Asset Renewal requirements. |

Strategic Objective

Strengthen the effectiveness and efficiency of Council's services

Strategies

Review all Council services during 2013-17 and develop a service plan for each

Council services have been reviewed over a four-year period in accordance with the endorsed service planning policy, guidelines and toolkit. Work has now been completed for years 1, 2 and 3 of the four-year program, with service plans endorsed by Council in December 2014, December 2015 and December 2016 respectively, and implementation is under way. Eight of the ten services in Year 4 of the service planning program presented service analyses to Council in June 2017, with the remaining two services presenting their service analyses to Council in the first quarter of 2017-18. A service plan for each service within year 4 of the program is under development and will be finalised by December 2017.

| Strategic Indicator | Comment |
|---|--|
| Number of Council services reviewed | At the commencement of the service planning program, 41 services were identified to complete a service analysis and develop a service plan. After a review of the program at the end of Year 2, four services were identified as not requiring a service analysis – two due to the service elements being captured through other service reviews and two as a result of significant policy reform occurring, which will require review once the policy direction is determined. Of the remaining 37 services, 34 services had presented their service analyses to Council at the end of 2016-17. The three remaining services are continuing to review their operations and will present their service analyses to Council in 2017-18. |
| Number of Council services with service plans containing improvement recommendations for effectiveness and efficiency | Seven services have identified recommendations for effectiveness and efficiency in the four-year service planning cycle. |
| Number of recommendations for effectiveness and efficiency implemented | Of the recommendations for effectiveness and efficiency identified within the service plans endorsed by Council, a proportion has been implemented, with the remainder at various stages of implementation. In support of progressing the remainder of the recommendations and advancing a continuous improvement culture, Council has commenced the implementation of Knox Lean to embed Lean methodologies into its operations commencing 2017-18. |

Strategic Objective

Ensure adequate community engagement occurs in all key Council projects

Strategies

Review Council’s Community Engagement Policy, project planning and approval methodology to ensure community engagement opportunities are incorporated into key community projects

A Communications Strategy is currently under development. This Strategy aims to include an organisational approach to support community engagement activities.

Strategic Indicator

Percentage of identified key projects that have documented community engagement plans

Comment

In 2016–17, Council included community engagement in several of its key projects including the Community and Council Plan, the Henderson Road Bridge, the Community Access and Equity Plan and The Basin Community House redevelopment.



2016–17 Annual Plan

Major Initiative

| Initiative | Progress | Comment |
|---|----------|--|
| Prepare the new City Plan and Council Plan 2017–21 through the use of a range of community engagement approaches including the introduction of a Community Panel, for Council adoption by 30 June 2017. | 100% | Council adopted the new Council and Community Plan 2017–21 on 26 June 2017. This significant, forward-looking plan had been developed over the previous 18 months and involved input from many community organisations, businesses, groups and individuals including an appointed Community Panel. |

Initiatives

| Initiative | Progress | Comment |
|---|----------|---|
| Conduct the 2016 Council general elections and a comprehensive induction program for the new Council. | 100% | The conduct of the general election was finalised with the tabling of the General Election Report prepared by the Victorian Electoral Commission (VEC) at the February 2017 meeting of Council. The VEC continues to progress the enforcement of penalties for those who did not vote in the 2016 General Election. |
| Complete a minimum of 10 service reviews as part of the implementation of Year 4 of Council's four-year rolling service review program. | 80% | The Year 4 service planning program has progressed, with 10 services conducting reviews of their operations in the 2016–17 financial year. Six of the 10 services included a focus on process improvement using Lean principles. Regular meetings to support the service analysis stage with key staff were also held. Eight of the ten service analyses for the final year have been presented to Councillors at an Issues Briefing in June 2017. Two services have been delayed and will present their service analyses to Councillors in the first quarter of 2017–18. |

| Initiative | Progress | Comment |
|---|----------|---|
| Implement a customer focused business improvement approach to drive improved customer experiences and organisational efficiencies. | 95% | <p>An Expression of Interest (EOI) process to implement a customer focused business improvement approach based on Lean and Six Sigma principles was conducted in November 2016 with a strong response received. A number of short-listed submissions were invited to present to the Executive Management Team in December 2016. A more detailed project specification was developed and released for stage two of the EOI process. The tender evaluation panel made a recommendation on the preferred supplier and the approval process is underway. In the meantime, a number of pilot improvement processes were implemented. Other activities that also occurred in 2016–17 include the following:</p> <ul style="list-style-type: none"> • The customer focused business improvement approach was discussed at the strategic leadership forum held on 10 April 2017. • An innovation space was created to support teams in their process improvement and innovation ideas. • A 'shark tank' initiative was held in June 2017, where eight staff groups 'pitched' an idea to a panel. Each idea was focused on improving operational effectiveness and efficiency and supporting improved community outcomes. |
| Continue the preparation of a digital plan that focuses on increasing customer interaction including options for self-service through technology. | 100% | The Digital/ICT Strategy has been completed and is awaiting adoption by Council. The Data Management Plan and the Information Management Plan have been endorsed by Council's Executive Management Team. |
| Continue to advance Council's Advocacy Strategy to guide Council's advocacy priorities and efforts. | 100% | A draft Advocacy Framework has been developed and will be presented to a meeting of the Senior Management Team on 24 August for feedback and case study discussion. Following this meeting, the Framework will go to Council's Executive Management Team for endorsement and a decision regarding the next steps. |
| Commence the replacement of Council's Electronic Document and Records Management System (EDRMS). | 100% | Replacement of Council's Electronic Document and Records Management system (EDRMS) with Knox Explorer (KX) was completed. The removal of the network drive is underway to ensure that Council records will always be preserved as a part of Council's corporate memory. Council has also introduced the Mobility Application with Knox Explorer, which means that Knox Explorer can be accessed via a mobile device. |

Services

Communications

This service is responsible for organisational communications and promotions, leadership and advice in communications and marketing, the production and management of corporate publications (including brand development and integrity), media connections, staff communications and the development of community information.

Customer Service

This service is designed to support the delivery of a range of Council's programs and services to the community via telephone and counter contact centres. The service supports the organisation to provide personalised, responsive customer service via all Council's contact channels including online. The team provides guidance and support for all customer interactions and exists to support information and connection between Council and the community.

Financial Services

This service provides the strategic thinking, leadership, service delivery and management of all matters relating to financial management. The department is responsible for leading the processes for budgeting and forecasting, regular financial reporting, annual financial accounts preparation, rating services, and management of the debtors and creditors, and provides oversight of Council's property management obligations. The Finance team works closely with the Governance team to develop and support the organisational financial compliance frameworks and works across the organisation, educating and supporting stakeholders. The Finance team continuously reviews its operations to ensure compliance with statutory obligations and community expectations.

Governance

The Governance service provides key internal and external services to Councillors, staff and the community to facilitate a well-governed organisation. The service has overall responsibility for legislative compliance, Councillor support and development, Council meetings, and the maintenance of the Civic Centre meeting rooms. The service oversees Council's strategic procurement function and is responsible for Council's integrity framework, including the Audit Committee, fraud and corruption prevention, privacy compliance and Freedom of Information.

Information Technology

This service incorporates provision of information technology and records management services and IT support for the organisation. This encompasses hardware and software support as well as internal and external telecommunications. This service is a key foundation platform for efficient service delivery for the community and the organisation.

People Performance (Human Resources)

This service provides strategic and operational leadership, services and programs for all aspects of human resource management. These include industrial and employee relations, recruitment, induction, corporate learning and development, leadership development, organisational culture, performance management workforce planning, remuneration, and employee safety, health and wellbeing. This service works across the organisation, developing and implementing programs, and works with stakeholders to educate and build capability and continuously develop their teams. This service also includes Council's risk management systems, insurances and the front-line support to customers and residents for insurance-related issues.

Strategy & Innovation

This service provides leadership, guidance and direction for the planned and measurable delivery of Council's Vision. This is achieved through strategic planning, corporate planning, service planning, performance monitoring, evaluation and reporting, continuous improvement, and various other organisational improvement projects.



Local Government Performance Reporting Framework Indicators

Theme 5

This section contains the results of the prescribed service performance indicators and measures of the LGPRF. Comments are provided to assist in understanding the results where there may be a discrepancy between this year's results and the previous year's (material variation). Knox Council has set its material variation threshold at +/-10% of the previous year's result.

LGPRF Indicators

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|--|--------|--------|--------|---|
| | 2015 | 2016 | 2017 | |
| Governance | | | | |
| Transparency Council decisions made at meetings closed to the public [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100 | 3.39% | 4.92% | 4.05% | There were fewer resolutions made in closed meetings in the 2016-17 financial year, primarily due to the timing and staging of key strategic projects and the contractual arrangements requiring decisions to be made in closed meetings. |
| Consultation and engagement Satisfaction with community consultation and engagement [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement] | 59 | 60 | 55 | |
| Attendance Councillor attendance at Council meetings [The sum of the number of Councillors who attended each ordinary and special Council meeting / (Number of ordinary and special Council meetings) x (Number of Councillors elected at the last Council general election)] x100 | 93.21% | 91.67% | 99.21% | |

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|-------------|-------------|-------------|--|
| | 2015 | 2016 | 2017 | |
| Governance | | | | |
| Service cost | \$51,034.00 | \$55,042.56 | \$55,473.56 | |
| Cost of governance [Direct cost of the governance service / Number of councillors elected at the last council general election] | | | | |
| Satisfaction | 59 | 62 | 55 | Council had a particularly controversial planning matter regarding one of its activity centres in 2016-17. The timing of the satisfaction survey was undertaken in the middle of this process. |
| Satisfaction with Council decisions [Community satisfaction rating out of 100 with the performance of Council in making decisions in the interest of the community] | | | | |

Governance and Statutory Information

Governance

Knox City Council is constituted under the *Local Government Act 1989* to provide leadership for the good governance of the municipality and the Knox community.

Council is committed to effective and sustainable forms of leadership as the key to ensuring the community's priorities are met. The community has many opportunities to provide input into Council's decision-making processes, which include community consultation, public forums and the ability to make submissions to Council on a range of matters.

Council delegates the majority of its decision-making to Council's CEO and other staff. These delegations are exercised in accordance with adopted Council policies and budget. Knox's formal decision-making processes are conducted through Council meetings and special committees of Council.

Council Meetings

Council conducts an Ordinary Meeting on the fourth Monday of each month. Council also conducts a Strategic Planning Committee Meeting on the second Monday of each month. Meetings are open to the public and are held at the Knox Civic Centre located at 511 Burwood Highway, Wantirna South. Ordinary Meetings provide the opportunity for community members to submit a question to the Council and to speak to their question.

In addition to the regular meetings of Council, Councillors are appointed to committees. The following tables provide a summary of Councillor attendance at Council meetings, Strategic Planning Committee meetings, and Special Committees and Advisory Committees for the 2016–17 financial year.



Governance and Statutory Information

Meetings of Council 2016–17 Financial Year

Councillor Attendance by Committee 1 July 2016 – 27 October 2016

| Committee | Cr Cooper | Cr Gill | Cr Holland | Cr Lockwood | Cr Mortimore | Cr Pearce | Cr Seymour | Cr Cossari | Cr Orpen |
|--|--------------------------------------|---------|------------|-------------|--------------|-----------|------------|------------|----------|
| Audit Committee | | | 1/1 | | | 1/1 | | | 1/1 |
| Australia Day Awards Committee | No meetings held during this period | | | | | | | | |
| CEO's Performance Evaluation Committee | | | 1/1 | 1/1 | | | | 1/1 | |
| Community Development Fund Evaluation Panel | | | | | | | 3/3 | | 3/3 |
| Community Health and Wellbeing Reference Group | | | | | 1/1 | | 0/1 | | |
| Early Years Advisory Committee | 0/1 | | | | | | 1/1 | | |
| ERLC Board | | | | 2/2 | 2/2 | | | | |
| Eastern Transport Coalition | | | | 4/4 | | | | | |
| Economic Development Committee | | | | 1/1 | | 1/1 | | 1/1 | |
| Environment Advisory Committee | | | | | 1/1 | | | | |
| Ferntree Gully Cemetery (Special Committee) | | | 0/1 | | 1/1 | | | | 1/1 |
| Knox Active Ageing Advisory Committee | | | | | 4/6 | | 5/6 | | |
| Knox Affordable Housing Reference Group | | | | 0/0 | 0/0 | | | | |
| Knox Arts and Culture Advisory Committee | | | | 1/1 | | | | 1/1 | |
| Knox Central Advisory Committee | 1/1 | | 1/1 | 1/1 | | 1/1 | | 1/1 | 1/1 |
| Knox Community Safety Advisory Committee | | 1/2 | | | 2/2 | | | | |
| Knox Community Sports Centre Management Committee | 0/0 | | | | | | | | |
| Knox Disability Advisory Committee | | | | | 1/1 | | 1/1 | | |
| Knox Housing Advisory Committee | No Councillor representation | | | | | | | | |
| Knox Multicultural Advisory Committee | | | | 2/2 | | | | 1/1 | |
| Knox Regional Sports Park Advisory Committee | 0/1 | | | | | | 1/1 | | 1/1 |
| Knox Transfer Station & Recycling Facility Management Advisory Committee | 1/1 | | | | 1/1 | | | | |
| Recreation Minor Capital Works Grant Scheme | No meetings held during this period. | | | | | | | | |
| Recreation and Leisure Liaison Group | | 0/2 | 1/2 | | | | | | |
| Stamford Park Community Reference Group | | | | | | | 1/1 | | 1/1 |
| Stamford Park Project Steering Committee | | | | | | | 1/1 | | 1/1 |
| Transport and Mobility Advisory Committee | No Councillor representation | | | | | | | | |
| Youth Issues Advisory Committee | | | | 1/1 | | | | | |

Meetings of Council 2016–17 Financial Year

Councillor Attendance by Committee 8 November 2016 – 30 June 2017

| Committee | Cr Cooper | Cr Gill | Cr Holland | Cr Keogh | Cr Lockwood | Cr Mortimore | Cr Pearce | Cr Seymour | Cr Taylor |
|--|------------------------------|---------|------------|----------|-------------|--------------|-----------|------------|-----------|
| Audit Committee | | | 2/3 | 2/3 | | | 2/3 | | |
| Australia Day Awards Committee | | | | | 2/2 | | | 2/2 | 2/2 |
| CEO's Performance Evaluation Committee | | | 2/2 | | 2/2 | | 2/2 | | |
| Community Development Fund Evaluation Panel | | | 1/1 | | | | | 1/1 | 1/1 |
| Community Health and Wellbeing Reference Group | | | | | | | 3/3 | 1/3 | |
| Early Years Advisory Committee | 4/4 | | | | | | | 3/4 | |
| ERLC Board | | 2/2 | 2/2 | | | | | | |
| Eastern Transport Coalition | | | | | 6/6 | | | | |
| Economic Development Committee | No Councillor representation | | | | | | | | |
| Environment Advisory Committee | No Councillor representation | | | | | | | | |
| Ferntree Gully Cemetery (Special Committee) | | | 1/1 | 1/1 | 1/1 | | | | |
| Knox Active Ageing Advisory Committee | | | | | | 0/1 | | 1/1 | |
| Knox Affordable Housing Reference Group | | | | | 1/1 | 1/1 | | | |
| Knox Arts and Culture Advisory Committee | | | | | | | | | |
| Knox Central Advisory Committee | 1/3 | | 2/3 | 2/3 | 3/3 | | 3/3 | | 3/3 |
| Knox Community Safety Advisory Committee | | | | | | 3/4 | | | 4/4 |
| Knox Community Sports Centre Management Committee | | | | | | | | | 0/0 |
| Knox Disability Advisory Committee | | | | 1/3 | | | | 3/3 | |
| Knox Housing Advisory Committee | No Councillor representation | | | | | | | | |
| Knox Multicultural Advisory Committee | | | | 2/2 | 2/2 | | | | |
| Knox Regional Sports Park Advisory Committee | 1/1 | 1/1 | | | | | | 1/1 | |
| Knox Transfer Station & Recycling Facility Management Advisory Committee | No Councillor representation | | | | | | | | |
| Marie Wallace Bayswater Park Reference Committee | | 0/0 | | | 0/0 | | | | 0/0 |
| Recreation Minor Capital Works Grant Scheme | | | | 1/1 | | | | | 1/1 |
| Recreation and Leisure Liaison Group | | 1/2 | | 2/2 | | | | | 1/2 |
| Stamford Park Community Reference Group | No Councillor representation | | | | | | | | |
| Stamford Park Project Steering Committee | | | 1/2 | | | | 2/2 | 2/2 | |
| Transport and Mobility Advisory Committee | No Councillor representation | | | | | | | | |
| Youth Issues Advisory Committee | | | | 1/1 | | | | | 1/1 |

Governance and Statutory Information

Meetings of Council 2016–17 Financial Year

1 July 2016 to 27 October 2016

| Meetings of Council | Cr Cossari | Cr Mortimore | Cr Orpen | Cr Gill | Cr Pearce | Cr Holland | Cr Lockwood | Cr Seymour | Cr Cooper |
|---|------------|--------------|----------|---------|-----------|------------|-------------|------------|-----------|
| Council | 4/4 | 4/4 | 4/4 | 4/4 | 4/4 | 4/4 | 4/4 | 4/4 | 4/4 |
| Special meetings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Strategic Planning Committee | 3/3 | 2/3 | 1/3 | 3/3 | 3/3 | 3/3 | 3/3 | 1/3 | 3/3 |
| Leave of absence granted to Councillors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

8 November 2016 to 30 June 2017

| Meetings of Council | Cr Cossari | Cr Mortimore | Cr Orpen | Cr Gill | Cr Pearce | Cr Holland | Cr Lockwood | Cr Seymour | Cr Cooper |
|---|------------|--------------|----------|---------|-----------|------------|-------------|------------|-----------|
| Council | 8/8 | 8/8 | 8/8 | 8/8 | 8/8 | 8/8 | 7/8 | 8/8 | 8/8 |
| Special meetings | 2/2 | 2/2 | 2/2 | 2/2 | 2/2 | 2/2 | 2/2 | 2/2 | 2/2 |
| Strategic Planning Committee | 6/6 | 5/6 | 4/6 | 6/6 | 6/6 | 4/6 | 6/6 | 5/6 | 4/6 |
| Leave of absence granted to Councillors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Governance and Statutory Information

Governance and Management Checklist

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

| Governance and Management Items | Assessment |
|--|---|
| 1 Community Engagement Policy (policy outlining Council's commitment to engaging with the community on matters of public interest) | Policy ✓ Date of operation of current policy: 23/02/2016 |
| 2 Community Engagement Guidelines (guidelines to assist staff to determine when and how to engage with the community) | Guidelines ✓ Date of operation of current guidelines: 23/02/2016 |
| 3 Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next four financial years) | Adopted in accordance with section 126 of the Act ✓ Date of adoption: 26/06/2017 |
| 4 Annual Budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required) | Adopted in accordance with section 130 of the Act ✓ Date of adoption: 26/06/2017 |
| 5 Asset Management Plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years) | Plans ✓ Date of operation of current plans: Knox has the following asset management plans endorsed: <ul style="list-style-type: none"> • footpath & shared path AMP – June 2016 • road AMP – March 2007 • building AMP – June 2009 • drainage AMP – November 2010 • open space AMP – December 2011 • bridge AMP – February 2013 • car park AMP – February 2013 • playground AMP – December 2013 • street tree AMP – May 2016 • strategic AMP – December 2014 |
| 6 Rating Strategy (strategy setting out the rating structure of Council to levy rates and charges) | Strategy ✓ Date of operation of current strategy: 26/06/2017 |
| 7 Risk Policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations) | Policy ✓ Date of operation of current policy: 1/09/2015 |

| Governance and Management Items | Assessment |
|--|--|
| 8 Fraud Policy (policy outlining Council's commitment and approach to minimising the risk of fraud) | Policy ✓ Date of operation of current policy: 31/03/2014 |
| 9 Municipal Emergency Management Plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery) | Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> ✓ Date of preparation: 27/01/2016 |
| 10 Procurement Policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works) | Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> ✓ Date of approval: 30/09/2016 |
| 11 Business Continuity Plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster) | Plan ✓ Date of operation of current plan: Knox's business continuity framework was approved in September 2015. Knox has numerous business continuity plans, which are reviewed annually. The most recent review for major plans occurred in March 2017. |
| 12 Disaster Recovery Plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster) | Plan ✓ Date of operation of current plan: 12/06/2007 |
| 13 Risk Management Framework (framework outlining Council's approach to managing risks to Council's operations) | Framework ✓ Date of operation of current framework: 1/09/2015 |
| 14 Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of Council's financial reporting, processes to manage risks to Council's operations and for compliance with applicable legal, ethical, and regulatory requirements) | Established in accordance with section 139 of the Act ✓ Date of establishment: Knox established an audit committee in 2003 and has maintained an audit committee since that date. The most recent terms of reference were endorsed on 27 March 2017. |
| 15 Internal Audit (independent accounting professionals engaged by Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls) | Engaged ✓ Date of engagement of current provider: 12/05/2015 |

| Governance and Management Items | Assessment |
|--|---|
| 16 Performance Reporting Framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act) | Framework ✓ Date of operation of current framework: Council and community plan endorsed 26/06/2017 |
| 17 Council Plan Reporting (report reviewing the performance of Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year) | Report ✓ Date of report: 23/08/2016; 22/11/2016; 27/02/2017 and 22/05/2017 |
| 18 Financial Reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure) | Statements presented to Council in accordance with section 138(1) of the Act ✓ Dates of reports: 23/08/2016; 22/11/2016; 27/02/2017 and 22/05/2017 |
| 19 Risk Reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies) | Reports ✓ Date of reports: 28/7/2016, 20/10/2016, 20/04/2017 |
| 20 Performance Reporting (six-monthly reports of indicators measuring results against financial and non-financial performance, including the performance indicators referred to in section 131 of the Act) | Reports ✓ Dates of reports: 23/08/2016; 22/11/2016; 27/02/2017 and 22/05/2017 |
| 21 Annual Report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements) | Considered at meeting of the Council in accordance with section 134 of the Act ✓ Date of consideration: 18/10/2016 |
| 22 Councillor Code of Conduct (code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors) | Reviewed in accordance with section 76C of the Act ✓ Date reviewed: 20/02/2017 |

Governance and Management Items**Assessment**

23 **Delegations** (a document setting out the powers, duties and functions of Council and the CEO that have been delegated to members of staff)

Reviewed in accordance with section 98(6) of the Act ✓

Date of review:

Council to CEO – 26/06/2017

Council to SPC – 22/11/2016

Council to Ferntree Gully Cemetery Trust Special Committee – 27/09/2013

Council to Staff – Cemeteries and Crematoria – 27/09/2013

Council to Staff – Domestic Animals, Environmental Protection and Food – 20/09/2016

Council to Staff – Road Management Responsibilities – 24/09/2013

Council to Staff – Planning – 22/05/2017

VicSmart – 19/09/2014

CEO Powers – 20/09/2016

CEO sub-delegations to staff – 21/04/2017

MBS to Building Department – 17/10/2016

24 **Meeting Procedures** (a local law governing the conduct of meetings of Council and special committees)

Meeting procedures local law made in accordance with section 91(1) of the Act ✓

Date local law made: 24/06/2008

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



Tony Doyle
Chief Executive Officer

Date: 28 August 2017
Wantirna South



Cr Darren Pearce
Mayor

Date: 28 August 2017
Wantirna South

Governance and Statutory Information

Audit Operations

Consistent with good governance practice, Knox City Council has operated an Audit Committee during 2016–17. The Audit Committee is an advisory committee of the Council and has a focus on monitoring Council's:

- Internal control systems
- Financial management practices
- Risk management
- Good governance practices
- Ethical operations.

Council members of the Audit Committee during 2016–17 were:

- Cr Darren Pearce
- Cr Tony Holland
- Cr Karin Orpen (June to October 2016)
- Cr Jake Keogh (November 2016 to June 2017).

Independent, external members were:

- Ms Linda MacRae (Chair)
- Mr Peter Harford (June 2016 to March 2017)
- Mr Stan Naylor (June 2016 to March 2017)
- Dr John Purcell (from June 2017)
- Ms Lisa Tripodi (from June 2017).

The Audit Committee met on five occasions during 2016–17 and oversaw the programmed internal audit work plan. This involved the following separate internal audits by contractor DFK Kidsons Pty Ltd:

- Council's Property Leases and License Agreements
- Risk Management
- Fraud Management and Prevention
- Cash Handling and Receipting
- Discretionary Grants – efficiency of program, outcomes and acquittal
- Contractor Tendering

Governance and Statutory Information

The Audit Committee plays a key role in providing Council with confidence that the annual financial audit accurately reflects its financial performance. The Audit Committee also receives quarterly reports on the Council's risk register and mitigating actions.

The committee received reports on a range of matters relevant to its terms of reference as well as developments in the local government sector. The issues presented this year included Asset Management; the review of policies, including the Corporate Purchasing Card Policy and the Procurement Policy; an overview of the State Government's Directions Paper on the review of the *Local Government Act 1989*; the proposed governance-monitoring framework; and the governance model for the ICT Strategy.

Finally, the Audit Committee continued to take a keen interest in Council's ongoing financial sustainability, receiving a report on Council's financial key performance indicators, the capital works program, and the 2016-17 Budget.



Statutory Information

As part of its commitment to good governance, Knox City Council is required to report against several relevant acts and regulations.

Privacy and Data Protection

The *Privacy and Data Protection Act 2014* states that Council must not contravene information Privacy Principles in respect of personal information it has collected, held, managed, used, disclosed or transferred.

Council's Privacy Policy is a public document available from Council's website at www.knox.vic.gov.au or on request. The policy was reviewed in July 2016.

One complaint was received and investigated by Council during 2016–17 for breaches of the *Privacy and Data Protection Act 2014*. No complaints were received or investigated for breaches of the *Health Records Act 2001*.

All questions or complaints regarding Council's obligations under the *Privacy and Data Protection Act 2014* and Council's Privacy and Data Protection Policy can be discussed with Council's Chief Privacy Officer on 03 9298 8000.

Chief Privacy Officer: Manager Governance and Innovation

Freedom of Information (FOI)

The *Freedom of Information Act 1982* gives members of the public a legal right of access to documents held by Council limited only by exemptions. It also provides individuals with the right to access and correct documents containing their own personal information.

Requests for access to Council documents under the Act must be in writing, accompanied by the application fee of two fee units and should provide sufficient information to identify the particular documents being sought.

During 2016–17, Council received 19 FOI requests. Determinations were made on 13 applications, with six applications still being processed at year end. The median time for determination of FOI applications in 2016–17 was 21 working days.

There were no applications for review lodged with the FOI Commissioner or appeals to VCAT regarding requests processed throughout the year.

Requests for access to information under the *Freedom of Information Act* should be lodged with the Freedom of Information Officer, Knox City Council, 511 Burwood Highway, Wantirna South, VIC 3152. Enquiries regarding the *Freedom of Information Act 1982* can also be made by calling 03 9298 8000.

Freedom of Information Officer: Governance Officer

Statutory Information

Improvement Incentive Principles Agreement

While payments under the Improvement Incentive Principles Agreement were terminated in 2005–06, Council was required to recommit to the principles contained in the agreement under the National Competition Policy, regarding Australian Consumer Law, local laws and competitive neutrality.

There were no complaints under the National Competition Policy or Australian Consumer Law received during the 2016–17 financial year. Council continues to comply with these principles under the national policy and in fulfilment of its obligations.

The Australian Consumer Law Compliance Officer: Manager Governance and Innovation.

Road Management Act

The Road Management Act requires Council to develop a road management plan, which in effect provides an opportunity to establish a policy defence against civil liability claims associated with the management of its road network. Council's road management plan outlines roads under management, inspection regimes and service and maintenance standards against which Council will manage its roads and road-related assets.

In 2016–17, Council received notice that:

A new version of the Code of Practice for Operational Responsibility for Public Roads (the Code) has been made by the Minister for Roads and Road Safety and published in the Victoria Government Gazette (No. S 174 Tuesday 30 May 2017).

The new Code, which commences on Tuesday, 30 May 2017, follows a review by VicRoads, in consultation with a wide range of stakeholders, including the Infrastructure Reference Panel, Municipal Association of Victoria, Councils, Local Government Victoria, Department of Environment, Land, Water & Planning, Public Transport Victoria and providers of public transport. The review included the release of a Consultation Draft of the revised Code for comment in June 2013.

A copy of the Code, which replaces the previous 2004 version (No. S 267 Friday 17 December 2004), may be obtained via the following link:

<http://www.gazette.vic.gov.au/gazette/Gazettes2017/GG2017S174.pdf>

Council has updated its published Road Management Plan on Council's website to reflect the release of the new Code of Practice.

National Competition Policy

Knox City Council continues to comply with the requirements of the National Competition Policy and the Australian Consumer Law legislation in the operation of its business. Knox's significant businesses operate in accordance with the principles of competitive neutrality to ensure that Council does not unduly influence the private market in the provision of services.

Officer responsible for National Competition Policy: Manager Governance and Innovation

Protected Disclosure Act

The *Protected Disclosure Act 2012* came into effect on 10 February 2013. Knox City Council adopted its Protected Disclosure Policy and procedures in August 2013, and they are available on Council's website and from Council's offices.

During 2016–17, no disclosures were made to the Independent Broad-based Anti-corruption Commission (IBAC).

Protected Disclosure Coordinator: Director Corporate Development

Charter of Human Rights and Responsibilities

The Victorian *Charter of Human Rights and Responsibilities Act 2006* is an Act of Parliament that sets out the rights, freedoms and responsibilities of all Victorians. Government departments and public bodies must observe the rights set out in the Act when creating laws, developing policy and providing services. This means that government, public servants, local councils, Victoria Police and others are required to act in a way that is consistent with the rights protected under the charter.

During 2016–17, no complaints were received by Council or the Victorian Ombudsman in relation to Knox City Council's implementation of the *Charter of Human Rights and Responsibilities Act*.

Any questions or complaints regarding the Charter of Human Rights and Responsibilities Act can be discussed with Council's Human Rights Officer on 03 9298 8000.

Human Rights Officer: Manager Governance and Innovation

Best Value

In accordance with the *Local Government Act 1989*, Council applies best value principles to its strategic and service planning processes. At Knox this happens through the regular process of future planning and ensuring continuous review and improvement across all Council's service areas. This means the following:

- All services provided by Council must meet quality and cost standards.
- Each service provided by Council must be accessible to those members of the community for whom the service is intended.
- All services provided by Council must be responsive to the needs of the community.
- Council provides for continuous improvement in providing services for its community
- Council has developed a program of regular consultation with its community about the services it provides.
- Council reports regularly to its community on its achievements against the principles.

Statutory Information

These best value principles are incorporated into the delivery of Knox's Vision: Our City, Our Future, and Knox's City Plan 2013–17, and are given effect through Council's Service Planning Policy. The service planning program has been one of Council's key commitments over the past four years in the Council Plan and guides the approach to continuous improvement for all Council services.

This Annual Report illustrates Council's performance against these best value principles.

Documents Available for Inspection

Under section 222 of the *Local Government Act 1989*, the following Council documents are available for public inspection by contacting the Governance Coordinator on 03 9298 8000:

- Details of overseas or interstate travel undertaken in an official capacity by Councillors or any member of Council staff in the previous 12 months. This excludes interstate travel by land for less than three days.
- Agendas for and minutes of Ordinary and Special Meetings of Council held in the previous 12 months, excluding confidential information considered by Council.
- Minutes of meetings of special committees held in the previous 12 months, excluding confidential information considered by Council (special committees are established under section 86 of the *Local Government Act 1989*. Council may, by instrument of delegation, delegate functions, duties or powers to a special committee).
- A register of delegations made pursuant to the *Local Government Act 1989*.
- A document containing details of all leases involving land entered into by the Council.
- A register of authorised officers appointed under section 224 of the *Local Government Act 1989* (section 224 allows Council to appoint any person other than a Councillor to be an authorised officer for the purposes of the administration and enforcement of any Act, regulation or local law which relates to Council's functions and powers).
- A list of donations and grants made by Council during the previous 12 months.

Food Act 1984

Knox City Council is responsible for meeting and enforcing the legislative requirements of the *Food Act 1984*.

Council manages its statutory obligations by meeting the necessary inspection targets, relevant follow-ups, food sampling requirements and food-related investigations.

Approximately 70% of the work of Council's environmental health officers relates to food compliance functions at premises including restaurants, takeaway food outlets, hotels, cafes and supermarkets. Officers promptly react to food-related complaints with a same-day or next-day response to commence an investigation.

Council's emphasis is primarily aimed at educating proprietors of their responsibilities; however, escalating enforcement action is applied to those proprietors who continually breach food standards.

Food Safety Programs for relevant premises are monitored by the environmental health officers health team, who also oversee the external third-party food audit system.

Disability Act 2006 – Disability Action Plan Implementation

Knox City Council is committed to creating a community that is accessible, welcoming and inclusive of everyone. Of the current 157,052 residents in Knox, it is estimated that approximately 16% or 25,000 (SDAC. 2015) people have some form of disability, representing a significant portion of our community.

Council acknowledges that initiatives to create a more accessible and inclusive community cannot be achieved without addressing the specific needs and rights of people with disabilities, their families and carers. Council's draft Access and Equity Implementation Plan 2017-22 (the plan) encapsulates the strategic directions Council will take to promote the rights of people with disabilities while enhancing access and inclusion to the benefit of the whole community.

The plan focuses on building the capacity of people with disabilities and providing opportunities for leadership within the community.

Aligned to the *Disability Act 2006*, Council aims to:

- reduce barriers to people with a disability in accessing goods, services and facilities,
- reduce barriers to people with a disability in obtaining and maintaining employment,
- promote inclusion and participation in the community, and
- achieve tangible changes in the attitudes and practices that discriminate against people with a disability.

To achieve this, Council provides a wide range of services and programs for the community, many of which are accessible and inclusive for people with disabilities. Council also provides a range of services to more directly meet the needs of people with disabilities, their families and carers. These include:

- Supports delivered under the Home and Community Care Program for Younger People (HACC PYP) include services for people with a disability under the age of 65 years and their carers. These include in home assessment, domestic assistance, personal care, respite care and home maintenance and planned activity groups.
- Support delivered under the Commonwealth Home Support Program (CHSP) for people aged over 65 years (including those ineligible for NDIS) and their carers. These include Regional Assessment Service, domestic assistance, personal care, flexible respite, home maintenance, home modifications, social support group and social support individual.
- HACC PYP and CHSP Food Services (meals on wheels) – home-delivered meals, distributed by community volunteers.
- Community participation (transport) – a community transport service is available for Knox residents with priority given to people with disabilities, the frail and aged, and people at risk of social isolation.
- Seniors Housing Support Program – for older residents, including those with a disability, who are homeless or at risk of becoming homeless.
- A dedicated Active Ageing and Disability Services NDIS Transition Liaison Officer.
- Parking permits – Council administers the disabled persons parking permit scheme.
- Retrofitting program – allocation of dedicated funds through the capital works program to enhance access to Council-owned buildings and facilities.
- Bi-monthly meetings of the Knox Disability Advisory Committee, which is made up of people with a disability, carers and representatives from disability service providers to assist Council in the consultative process and provide feedback to support Council's decision-making.

Statutory Information

- Providing a range of communication materials on services and relevant information, which encourages and demonstrates actions to improve access and inclusion through such mediums as: a *Guide to Disability and Aged Services in Knox*, the *People First Guide* and the email newsletter, *Accessing Knox*.
- Facilitation and development of the Eastern Disability Housing Network, which is designed to engage community members and explore opportunities to improve housing options for people with a disability.
- Celebration of International Day of People with Disability as part of Knox's *Carols by Candlelight*.
- Training and information sharing for community members and services in preparation for the rollout of the National Disability Insurance Scheme (NDIS).
- The Eastern Regional Libraries Corporation offers a range of services to people with disabilities, which includes a home delivery service, tactile, audio and large print books, captioned DVDs and assistive devices for computer users.

Carers Recognition Act 2012

Knox Council acknowledges the legislated *Carers Recognition Act 2012* and has taken steps to deliver the principles of the Act in a practical sense, supported by policy and practice relating to people who require care, those who are carers and the wider community.

Council's Enterprise Agreement acknowledges that carer responsibilities for employees may extend beyond that of immediate family members. Carer responsibilities are now more broadly acknowledged to include a definition of a 'significant other person', where an employee is responsible for providing direct and immediate care and support to that person.

A Flexible Work Arrangements Policy and Procedure has been prepared that recognises the role of the carer in accordance with the Carers Recognition Act. The policy provides flexible work options for staff who have carer responsibilities.

Council has taken all practicable measures to ensure staff, Council agents and volunteers working for Council are informed about the principles and obligations of the Act by including information on the care relationship through the following:

- Council's induction and training programs for staff working in CHSP and HACC PYP, disability services and all outward-facing community services, and for staff and volunteers in frontline positions with the general community.
- A number of initiatives have been implemented to ensure that the Carers Recognition Act is recognised and delivered to the community. Some of the programs are delivered in partnership with other community support services;
- Approximately 850 residents subscribe to *Accessing Knox*, the electronic publication distributed by email. Council has received positive feedback about the information and available services provided in this communication.
- An extensive update of the Guide to Services for Disability and Aged Services is currently underway for completion in August 2017. This includes sections outlining support options for carers. This guide has been widely distributed to individuals and community organisations throughout Knox.

- A parent/carer legal information session was held, which involved 30 participants and focused on power of attorney, administration, guardianship, wills and trusts for carers.
- Council provides respite care for carers of people with a disability who are under 65 years through the HACC PYP program and flexible respite services through the CHSP for people over 65 years, both of which are supported by funding from the State and Federal Governments.
- Council's Active Ageing and Disability Services team provides service coordination, referral and support to carers through the Regional Assessment and Home Support Assessment Services. HACC PYP, CHSP and Council-funded services are also provided to carers to support their caring role (for example, domestic assistance, community transport and food services).
- Active Ageing and Disability Services has commenced a partnership with U3A Knox to deliver the new Knox U3A Carers group after identifying the need in the Knox community for such a group given the previous limited support networks for carers in the region.
- The Lab Program is in its third year. It is hosted by two Knox neighborhood houses that provide programs for young people with Asperger's syndrome and also respite for their parents and carers.
- Support for the Autism Spectrum Disorder (ASD) Network that helps parents of children with autism.
- The Playconnect Playgroup is part of the federal government's Helping Children with Autism package, which provides support and services for children with ASD.
- NDIS-readiness sessions – three sessions were delivered that provided advice and guidance for carers/parents of people with a disability, with over 200 community members attending.
- The Eastern Disability Housing Network is a network that has been established to support parents/carers, people with a disability and the disability sector to mobilise the community and improve housing options for people with a disability;
- The Carer Expo featured 32 service providers and was attended by over 150 community members.
- My Time is a support playgroup for parents and carers of a young child with a disability or a chronic medical condition. The playgroup is facilitated by a trained worker employed by Playgroup Victoria and supported by Knox City Council. The program is funded by the federal government.
- Knox City Council is a member of the Carer Card Program, which is a State Government initiative that offers carers a wide range of discounts and benefits from businesses, local government and community organisations.

Statutory Information

Domestic Animal Management Plan 2013-17

In order to improve animal management in Victoria, all councils are required to have a Domestic Animal Management Plan (DAMP).

Knox City Council supports this strategic approach and has developed its DAMP using the guidelines provided by the Department of Economic Development, Jobs, Transport and Resources.

The aims of the DAMP are to promote responsible pet ownership and the welfare of dogs and cats in the community as well as to protect the community and environment from nuisance dogs and cats. Animal ownership can provide community members with opportunities to connect with other people and encourages greater use of open space.

Council's DAMP highlights 66 actions that were delivered throughout the life of the plan. In addition to some specific projects, there are a number of ongoing actions.

The following actions were delivered in 2016-17:

- Undertook a program of animal registration compliance that included:
 - SMS/ texts sent to owners, who had provided Council with a mobile phone number, to follow up unpaid registration renewals.
 - Telephoning and door-knocking residents for unregistered animals and issuing owners with fines for non-compliance.
 - Improving the accuracy of Council's animal registration database.
- Community consultation, including written submissions and public/resident and animal welfare sector consultation sessions, was held to provide feedback on:
 - the development of Council's 2018-22 Domestic Animal Management Plan,
 - any benefit that could be achieved through the introduction of a night-time cat curfew, and
 - the necessity or feasibility of introducing the compulsory desexing of dogs.
- Community education that included the promotion of animal registration and desexing through media releases, social media posts and Council's newspaper (distributed to all households in the municipality).
- Ongoing training of officers in Certificate IV in Animal Control and Regulation.

A detailed list of all actions from the DAMP and progress against those actions can be found at www.knox.vic.gov.au

Performance Statement

For the year ending 30 June 2017

Understanding the Performance Statement

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 (the Regulations).

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 (for example, the Australian Bureau of Statistics).

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures and the results forecast by Council's Strategic Resource Plan. The Regulations require explanation of any material variations in the results contained in the Performance Statement. The materiality thresholds have been set as +/-10% of the 2015-16 results.

The forecast figures included in the statement are those adopted by Council in its Strategic Resource Plan on 26 June 2017, 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 are 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 is available on Council's website.

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

Description of the municipality

Located approximately 25 kilometres from Melbourne's Central Business District, the Knox municipality is a major hub of cultural, commercial, business and innovative activity in the eastern suburbs of Melbourne. It is a diverse municipality, with residents from 130 different countries who speak 54 languages. The City of Knox has an estimated resident population of 157,052 (as at 30 June 2017) and covers an area of 113.84 square kilometres. The area boasts a green, leafy image extending to the foothills of the picturesque Dandenong Ranges. Knox comprises the following suburbs: The Basin, Bayswater, Boronia, Ferntree Gully, Knoxfield, Lysterfield, Rowville, Sassafra, Scoresby, Upper Ferntree Gully, Wantirna and Wantirna South.

Performance Statement

For the year ending 30 June 2017

Sustainable Capacity Indicators

For the year ended 30 June 2017

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|---|------------|------------|------------|--|
| | 2015 | 2016 | 2017 | |
| Population | | | | |
| Expenses per head of municipal population | \$899.43 | \$919.62 | \$918.47 | |
| [Total expenses / Municipal population] | \$5,545.93 | \$5,663.62 | \$5,682.68 | |
| <i>Infrastructure per head of municipal population</i> | | | | |
| [Value of infrastructure / Municipal population] | 215.68 | 215.92 | 217.52 | |
| <i>Population density per length of road</i> [Municipal population / Kilometres of local roads] | | | | |
| Own-source revenue | \$741.84 | \$888.59 | \$800.05 | |
| <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population] | | | | |
| Recurrent grants | \$184.31 | \$130.59 | \$178.36 | In 2017 Council received \$3.611 million in prepaid 2018 Victoria Grants Commission Grant funding. |
| <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population] | | | | |
| Disadvantage | 9.00 | 9.00 | 9.00 | |
| <i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile] | | | | |

Definitions

“adjusted underlying revenue” means total income other than:
 (a) non-recurrent grants used to fund capital expenditure;
 (b) non-monetary asset contributions; and
 (c) contributions to fund capital expenditure from sources other than those referred to above

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

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

“population” means the resident population estimated by Council

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

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

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

“unrestricted cash” means all cash and cash equivalents other than restricted cash.

Service Performance Indicators

For the year ended 30 June 2017

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|--|--------|--------|--------|--|
| | 2015 | 2016 | 2017 | |
| Animal Management Health and Safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions] | 15 | 5 | 12 | Council's enforcement approach under the Domestic Animals Act continues to prosecute defendants that cannot be dealt with by way of direct fines, which is mostly for serious dog attacks. |
| Aquatic facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population] | 3.62 | 3.67 | 3.60 | |
| Food safety Health and Safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about a food premises followed-up / Number of critical non-compliance outcome notifications and major non-compliance outcome notifications about food premises] x100 | 94.73% | 91.95% | 90.50% | |
| Governance Satisfaction <i>Satisfaction with council decisions [Community satisfaction rating</i> out of 100 with the performance of Council in making decisions in the interest of the community] | 59 | 62 | 55 | Council had a particularly controversial planning matter regarding one of its activity centres over the previous 12 months. The timing of the satisfaction survey was undertaken in the middle of this process. |
| Libraries Participation Active library members [Number of active library members / Municipal population] x100 | 18.14% | 14.01% | 13.01% | System capabilities to determine active library members were improved in 2016-17 to identify only those individuals who borrowed either a physical or electronic item. Council has reinstated 2015-16 figures to reflect these changes and to ensure comparative data. |

Performance Statement

For the year ending 30 June 2017

| Service/Indicator/Measure | Result | | | Material Variations and Comments |
|--|--------|--------|--------|--|
| | 2015 | 2016 | 2017 | |
| Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 | 82.75% | 79.07% | 80.88% | |
| Participation <i>Participation in the MCH service by Aboriginal children</i> [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 | 92.31% | 74.24% | 87.30% | Council's Maternal and Child Health services are heavily advertised through General Practitioners and Hospitals within the municipality. This advertising has been effective in increasing the awareness of the service and participation by Aboriginal children in 2016-17. |
| Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads] | 70 | 67 | 68 | |
| Statutory Planning Decision-making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100 | 41.67% | 44.83% | 52.00% | Council continues to have success at VCAT. This figure is a 7% increase on last year's success rate, which may be attributed to approval of the Knox Housing Strategy (Amendment C131 to the Knox Planning Scheme) in 2016 |
| Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100 | 53.30% | 52.01% | 53.41% | |

Definitions

'Aboriginal child' means a child who is an Aboriginal person.

'Aboriginal person' has the same meaning as in the *Aboriginal Heritage Act 2006*.

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

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

'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*.

'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 Council under section 19N(3) or (4) of the *Food Act 1984*, or advice given to Council by an authorised officer under that Act, of a deficiency that does not pose an immediate serious threat to public health but may do so if no remedial action is taken

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

'Population' means the resident population estimated by council

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

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

Performance Statement

For the year ending 30 June 2017

| Financial Performance Indicators | Dimension/indicator/measure | 2015 |
|---|--|------------|
| For the year ended 30 June 2017 | Efficiency | |
| | Revenue level | \$1,266.69 |
| | <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments] | |
| | Expenditure level | \$2,196.09 |
| | <i>Expenses per property assessment</i> [Total expenses / Number of property assessments] | |
| | Workforce turnover | 7.94% |
| | <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x 100 | |
| | Liquidity | |
| | Working capital | 181.09% |
| | <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x 100 | |
| | Unrestricted cash | 45.74% |
| | <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x 100 | |
| | Obligations | |
| | Asset renewal | 109.72% |
| <i>Asset renewal compared to depreciation</i> [Asset renewal expensed / Asset depreciation] x 100 | | |
| Loans and borrowings | 15.99% | |
| <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x 100 | | |
| <i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x 100 | 3.14% | |
| Indebtedness | 14.38% | |
| <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x 100 | | |

| Results | | Forecasts | | | | Comments* |
|------------|-------------------|------------|------------|------------|------------|--|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| \$1,290.92 | \$1,267.96 | 1,293.32 | \$1,296.45 | \$1,322.38 | \$1,325.97 | |
| \$2,232.71 | \$2,219.18 | \$2,375.00 | \$2,348.05 | \$2,418.64 | \$2,447.43 | |
| 11.70% | 12.77% | 0.00% | 0.00% | 0.00% | 0.00% | |
| 229.86% | 235.53% | 109.65% | 102.81% | 92.61% | 137.25% | |
| -11.27% | -4.34% | 67.58% | 58.38% | 48.77% | 93.04% | The composition of Council's cash holdings is invested in term deposits with original maturity greater than 90 days which is not reflected in this measure. At 30 June 2017, Council had \$36.8 million in term deposits due to mature within 90 days. |
| 101.74% | 112.65% | 124.79% | 121.71% | 130.09% | 129.35% | Future years reflect a greater anticipated expenditure in asset renewal. |
| 12.99% | 0.00% | 22.63% | 33.90% | 41.84% | 43.46% | All outstanding loans were settled in August/September 2016. Over the next four year period it is anticipated that Council will use loan borrowings to fund several planned major projects in the municipality. |
| 2.94% | 14.34% | 0.64% | 2.17% | 3.45% | 4.45% | All outstanding loans were settled in August/September 2016. |
| 12.36% | 4.62% | 24.13% | 32.89% | 39.75% | 34.45% | The percentage of non-current liabilities to own source revenue has reduced due to the settlement of loans in August/September 2016. Over the next four year period there is an increase in the percentage as a result of anticipated borrowings to fund several planned major projects in the municipality. |

Performance Statement

For the year ending 30 June 2017

| Financial Performance Indicators | Dimension/indicator/measure | 2015 |
|----------------------------------|--|--------|
| For the year ended 30 June 2017 | Operating positions | |
| | Adjusted underlying result | 7.05% |
| | <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x 100 | |
| | Stability | |
| | Rates concentration | 63.86% |
| | <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x 100 | |
| | Rates effort | 0.29% |
| | <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x 100 | |
| | Definitions | |
| | <p>“adjusted underlying revenue” means total income other than:</p> <ul style="list-style-type: none"> (a) non-recurrent grants used to fund capital expenditure; (b) non-monetary asset contributions; and (c) contributions to fund capital expenditure from sources other than those referred to above <p>“adjusted underlying surplus (or deficit)” means adjusted underlying revenue less total expenditure</p> <p>“asset renewal expenditure” means expenditure on an existing asset or on replacing an existing asset that returns the service capability of the asset to its original capability</p> <p>“current assets” has the same meaning as in the AAS</p> <p>“current liabilities” has the same meaning as in the AAS</p> <p>“non-current assets” means all assets other than current assets</p> <p>“non-current liabilities” means all liabilities other than current liabilities</p> <p>“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</p> | |

| Results | | Forecasts | | | | Comments* |
|---------|---------------|-----------|--------|--------|--------|---|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| 13.59% | 10.31% | -0.91% | 2.91% | 0.64% | 12.96% | The reduction in surplus for the 2016-17 year is mainly due to the sale of land in 2015-16. |
| 61.56% | 66.59% | 69.85% | 68.48% | 69.60% | 60.71% | |
| 0.30% | 0.26% | 0.26% | 0.23% | 0.23% | 0.21% | Property valuations increasing at a higher rate than rate revenue increase. |

"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.

Certification of the Performance Statement 2016–17

Statement by Principal Accounting Officer

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*.



Dale Monk

Principal Accounting Officer
Date: 28 August 2017
Wantirna South

Statement by Councillors and Chief Executive Officer

In our opinion, the accompanying Performance Statement of Knox City Council for the year ended 30 June 2017 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 Council and by the Local Government (Planning and Reporting) Regulations 2014 to certify this Performance Statement in its final form.



Tony Doyle

Chief Executive Officer
Date: 28 August 2017
Wantirna South



Cr Darren Pearce

Mayor
Date: 28 August 2017
Wantirna South



Cr John Mortimore

Deputy Mayor
Date: 28 August 2017
Wantirna South

Auditor-General's Certification of Performance Statement

Certification of Performance Statement 2016-17



Independent Auditor's Report

To the Councillors of Knox City Council

| | |
|--|--|
| Opinion | <p>I have audited the accompanying performance statement of Knox City Council (the council) which comprises the:</p> <ul style="list-style-type: none">• description of municipality for the year ended 30 June 2017• sustainable capacity indicators for the year ended 30 June 2017• service performance indicators for the year ended 30 June 2017• financial performance indicators for the year ended 30 June 2017• other information and• the certification of the performance statement. <p>In my opinion, the performance statement of Knox City Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the performance statement | <p>The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p> |

Certification of Performance Statement 2016-17

Auditor's responsibilities for the audit of the performance statement

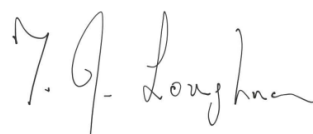
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or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

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

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

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

MELBOURNE
8 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

Understanding the Financial Statements

The Financial Report shows how Council performed financially during the 2016-17 year and the overall position at the end of the financial year, 30 June 2017.

What is contained in the Annual Financial Report?

Council's financial report contains a set of financial statements and accompanying notes. These are prepared by Council staff to meet the requirements of the *Local Government Act 1989*, Australian Accounting Standards (AASs) as well as the Victorian Auditor-General's model accounts which are designed to standardise financial reporting for local government bodies throughout Victoria.

The statements are audited by the Victorian Auditor-General's office before being approved in principle by Council's Audit Committee and Council itself. The Financial Statements are then forwarded to the Auditor-General for final approval. Once approval has been received, the Statements are made available for public inspection.

The Financial Statements are made up of five key financial reports:

- Comprehensive Income Statement
- Balance Sheet
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Capital Works

The notes detail Council's accounting policies and a breakdown of values contained in the statements.

In addition to the Financial Statements, Council is also required to prepare budget comparison notes which are included in this Annual Report. The budget comparison notes provide a comparison between actual results for the year and the annual adopted budget, and provides explanations for major variances.

Comprehensive Income Statement

The Comprehensive Income Statement measures Council's performance over the year and shows if a surplus or deficit has resulted from delivering Council services.

The Statement shows:

- The sources of Council's revenue under various income headings.
- The expenses incurred in running the Council during the year. This includes depreciation or the writing-down of the value of buildings, roads, footpaths, drains and all other infrastructure assets, which are used to provide Council services. These assets are depreciated over the life of the asset as they are used. Capital costs or new assets purchased or created during the year are excluded from the statement but as indicated above, are depreciated as they are used.
- Other Comprehensive Income which demonstrates the movement in the value of Council's net assets as a result of asset revaluations as at 30 June 2017.

The Statement is prepared on an 'accrual' basis. This means that all income and expenses for the year are recognised even though the income may not yet be received (such as interest on investments) or expenses not yet paid (invoices not yet received for goods and services already used).

The key figure to look at is the surplus or (deficit) for the year. A surplus means that Council is creating sufficient surplus to renew infrastructure assets at the time when they need to be renewed.

Understanding the Financial Statements

Balance Sheet

The Balance Sheet sets out Council's net accumulated financial worth at a point in time. It shows the assets that Council holds as well as liabilities or claims against these assets. The bottom line of this statement is Net Assets which shows the net worth of Council which has been built up over many years.

The assets and liabilities are separated into current and non-current. Current assets or liabilities are those that will fall due within the next 12 months, with non-current ones falling due after 12 months.

The components of the Balance Sheet are:

Current and Non-Current Assets

Council's assets are as follows:

- Cash and cash equivalents: Cash held in the bank and in petty cash, and the value of Council's investments with a maturity term of no greater than three months.
- Other financial assets: The value of Council's investments with a maturity term of greater than three months.
- Trade and other receivables: Monies owed to Council by ratepayers and others.
- Non-current assets classified as held for sale: Assets available for immediate sale. For infrastructure assets including property, these relate to a resolution of Council.
- Other assets: Includes prepayments which are expenses that Council has paid in advance of service delivery.
- Inventories: Comprises various stock items held by Council.
- Investment in Eastern Regional Libraries Corporation: Represents Council's investment in the Eastern Regional Libraries Corporation and its share of the Corporation's accumulated surplus.
- Property, infrastructure, plant and equipment: The largest component of Council's worth – representing the value of all the land, buildings, roads, plant and equipment, etc, which has been built up by Council over many years.
- Intangible assets: Non-current assets held by Council that are not physical assets, for example computer software.

Current and Non-Current Liabilities

Council's liabilities are as follows:

- Trade and other payables: People and businesses to whom Council owes money.
- Trust funds and deposits: Monies held in trust by Council.
- Provisions: The accrued value of annual and long service leave employee entitlements and the net present value of the cost of landfill rehabilitation at two facilities.
- Interest-bearing loans and borrowings: The outstanding balance Council owes on bank loans.

Net assets

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at 30 June.

Total equity

This always equals Net Assets and is made up of the following components:

- Accumulated surplus: The value of all net assets, other than those below, accumulated over time.
- Reserves: The reserves are made up of asset revaluation reserve and other reserves.

The asset reserve being the difference between the previously recorded value of assets and their current valuation, and other reserves being funds that have restrictions placed on their use and are not readily available for use by Council.

Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in Council's net worth. Council's net worth can only change as a result of one of the following:

- A 'surplus' or '(deficit)' as recorded in the Comprehensive Income Statement.
- The use of monies from Council's reserves.
- An increase/decrease in the value of non-current assets resulting from a revaluation of those assets.

Statement of Cash Flows

Statement of Cash Flows

The Cash Flow Statement summarises Council's cash receipts and payments for the financial year and the net 'cash in hand' position. The values may differ from those shown in the Comprehensive Income Statement because the Comprehensive Income Statement is prepared on an accrual accounting basis.

Cash in this statement refers to bank deposits and other forms of highly liquid investments that can readily be converted into cash.

Council's cash arises from, and is used in, three main areas:

Cash flows from operating activities

- Receipts: All cash receipts arising from the general operations of Council, including rates, general trading sales and debtors, grants and interest earnings. Receipts do not include cash from the sale of assets or loan funds.
- Payments: All cash paid by Council from its bank account to employees, suppliers and other persons. It does not include the costs associated with the creation of assets.

Cash flows from investing activities

This section shows the cash invested in the creation or purchase of property, infrastructure, plant and equipment assets, and the cash received from the sale of these assets.

Cash flows from financing activities

This is where the receipt and repayment of borrowed funds are recorded.

The bottom line of the Cash Flow Statement is the cash at the end of the financial year. This shows the capacity of Council to meet its cash debts and other liabilities.

Understanding the Financial Statements

Statement of Capital Works

The Capital Works Statement details Council's capital works expenditure for the financial year. It sets out the expenditure on creating or buying property, plant and equipment, and infrastructure by each category of asset. It also shows how much has been spent on renewing, upgrading, expanding or creating new assets of this type.

Notes to the Accounts

The notes to the accounts are a very important and informative section of the report. While the Australian Accounting Standards are not prescriptive about the provision of details of Council's accounting policies, they are provided here to enable the reader to understand the values shown in the statements.

Apart from describing the main accounting policies (Note 1), it also provides details on many of the summary items contained in the Annual Financial Report. The note numbers are shown beside the relevant items in each of the statements. The notes also provide an opportunity for Council to disclose additional information that cannot be incorporated into the Annual Financial Report.

The notes should be read at the same time as, and together with, the other parts of the financial statements to get a clear picture of the accounts.

Statements by Principal Accounting Officer, Councillors and Chief Executive Officer

The certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in her/his opinion, the financial statements have met all the statutory and professional reporting requirements.

The certification of the Chief Executive Officer and Councillors is made by two Councillors and the Chief Executive Officer on behalf of Council that, in their opinion, the financial statements are fair and not misleading.

Auditor-General's Report on the Financial Report

An Independent Audit Report provides the reader with an external and independent opinion on the financial statements. It confirms that the financial report has been prepared in accordance with relevant legislation and professional standards and that it represents a fair picture of the financial affairs of the Council.

Financial Report

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Comprehensive Income Statement For the Year Ended 30 June 2017

| Income | Note | 2017 \$'000 | 2016 \$'000 |
|---|-------|------------------|------------------|
| Rates and charges | 3 | 107,084 | 102,452 |
| Statutory fees and fines | 4 | 2,658 | 2,110 |
| User fees | 5 | 14,911 | 14,674 |
| Grants - operating | 6 | 25,957 | 20,455 |
| Grants - capital | 6 | 4,572 | 3,183 |
| Contributions - monetary | 7 | 6,520 | 5,023 |
| Contributions - non-monetary | 7 | - | 1,210 |
| Share of net profit of associate | 8 | 240 | 219 |
| Other income | 9 | 2,991 | 3,190 |
| Total income | | 164,933 | 152,516 |
| Expenses | | | |
| Employee costs | 10 | (65,843) | (67,952) |
| Materials and services | 11 | (49,969) | (48,740) |
| Depreciation and amortisation | 12 | (19,307) | (19,145) |
| Contributions and donations | 13 | (5,566) | (5,151) |
| Borrowing costs | 14 | (2,045) | (874) |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | 15 | (2,235) | 15,691 |
| Bad and doubtful debts | 16 | (41) | 10 |
| Other expenses | 17 | (1,476) | (1,316) |
| Total expenses | | (146,482) | (127,477) |
| Surplus for the year | | 18,451 | 25,039 |
| Other comprehensive income | | | |
| Items that will not be reclassified to surplus or deficit in future periods: | | | |
| Net asset revaluation increment | 29(a) | 5,010 | 147,503 |
| Total comprehensive result | | 23,461 | 172,542 |

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

Balance Sheet

As At 30 June 2017

| Assets | Note | 2017 \$'000 | 2016 \$'000 |
|--|------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 18 | 18,430 | 8,830 |
| Other financial assets | 19 | 49,100 | 58,100 |
| Trade and other receivables | 20 | 10,543 | 9,841 |
| Non-current assets classified as held for sale | 21 | 314 | 25 |
| Other assets | 22 | 1,271 | 1,458 |
| Inventories | | 5 | 4 |
| Total current assets | | 79,663 | 78,258 |
| Non-current assets | | | |
| Investment in Eastern Regional Libraries Corporation | 8 | 3,981 | 3,741 |
| Property, infrastructure, plant and equipment | 23 | 1,695,782 | 1,686,028 |
| Intangible assets | 24 | 1,858 | 1,312 |
| Total non-current assets | | 1,701,621 | 1,691,081 |
| Total assets | | 1,781,284 | 1,769,339 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 25 | 10,020 | 10,894 |
| Trust funds and deposits | 26 | 7,164 | 2,653 |
| Provisions | 27 | 16,639 | 16,688 |
| Interest-bearing loans and borrowings | 28 | - | 3,811 |
| Total current liabilities | | 33,823 | 34,046 |
| Non-current liabilities | | | |
| Provisions | 27 | 5,803 | 7,660 |
| Interest-bearing loans and borrowings | 28 | - | 9,436 |
| Total non-current liabilities | | 5,803 | 17,096 |
| Total liabilities | | 39,626 | 51,142 |
| Net assets | | 1,741,658 | 1,718,197 |
| Equity | | | |
| Accumulated surplus | | 629,163 | 615,468 |
| Reserves | 29 | 1,112,495 | 1,102,729 |
| Total equity | | 1,741,658 | 1,718,197 |

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

Statement of Changes in Equity

For the Year Ended 30 June 2017

| 2017 | Note | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|-------|------------------|----------------------------------|----------------------------------|-----------------------------|
| Balance at beginning of the financial year | | 1,718,197 | 615,468 | 1,067,083 | 35,646 |
| Surplus for the year | | 18,451 | 18,451 | - | - |
| Net asset revaluation increment/(decrement) | 29(a) | 5,010 | - | 5,010 | - |
| Transfers to other reserves | 29(b) | - | (12,082) | - | 12,082 |
| Transfers from other reserves | 29(b) | - | 7,326 | - | (7,326) |
| Balance at end of the financial year | | 1,741,658 | 629,163 | 1,072,093 | 40,402 |

| 2016 | Note | Total \$'000 | Accumulated Surplus \$'000 | Revaluation Reserve \$'000 | Other Reserves \$'000 |
|---|-------|------------------|----------------------------------|----------------------------------|-----------------------------|
| Balance at beginning of the financial year | | 1,545,655 | 604,516 | 919,580 | 21,559 |
| Surplus for the year | | 25,039 | 25,039 | - | - |
| Net asset revaluation increment/(decrement) | 29(a) | 147,503 | - | 147,503 | - |
| Transfers to other reserves | 29(b) | - | (24,507) | - | 24,507 |
| Transfers from other reserves | 29(b) | - | 10,420 | - | (10,420) |
| Balance at end of the financial year | | 1,718,197 | 615,468 | 1,067,083 | 35,646 |

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

Statement of Cash Flows

For the Year Ended 30 June 2017

| | Note | 2017 Inflows / (Outflows) \$'000 | 2016 Inflows / (Outflows) \$'000 |
|--|------|---|---|
| Cash flows from operating activities | | | |
| Rates and charges | | 106,569 | 102,318 |
| Statutory fees and fines | | 2,661 | 2,113 |
| User fees | | 15,354 | 14,813 |
| Grants - operating | | 25,918 | 20,522 |
| Grants - capital | | 4,696 | 3,057 |
| Contributions | | 6,598 | 5,026 |
| Interest received | | 1,471 | 1,174 |
| Net GST refund | | 8,064 | 7,726 |
| Other receipts | | 1,738 | 1,971 |
| Net movement in trust deposits | | 4,511 | (497) |
| Employee costs | | (66,863) | (67,805) |
| Materials and services | | (59,206) | (53,399) |
| Contributions and donations | | (6,068) | (5,651) |
| Other payments | | (1,652) | (1,343) |
| Net cash provided by operating activities | 30 | 43,791 | 30,025 |
| Cash flows from investing activities | | | |
| Payments for property, infrastructure, plant and equipment | | (29,396) | (29,731) |
| Proceeds from sales of property, infrastructure, plant and equipment | | 1,559 | 19,655 |
| Payments for investments | | (49,100) | (58,100) |
| Proceeds from sale of investments | | 58,100 | 22,100 |
| Net cash used in investing activities | | (18,837) | (46,076) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (13,247) | (2,120) |
| Finance costs | | (2,107) | (883) |
| Net cash used in financing activities | | (15,354) | (3,003) |
| Net increase/(decrease) in cash and cash equivalents | | 9,600 | (19,054) |
| Cash and cash equivalents at the beginning of the financial year | | 8,830 | 27,884 |
| Cash and cash equivalents at the end of the financial year | 18 | 18,430 | 8,830 |
| Financing arrangements | 31 | | |
| Restrictions on cash assets | 18 | | |

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

Statement of Capital Works

For the Year Ended 30 June 2017

| Property | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Land | 290 | 3,372 |
| Total land | 290 | 3,372 |
| Buildings | 5,155 | 3,551 |
| Total buildings | 5,155 | 3,551 |
| Total property | 5,445 | 6,923 |
| Plant and equipment | | |
| Artworks | - | 22 |
| Plant, machinery and equipment | 1,388 | 1,816 |
| Fixtures, fittings and furniture | 174 | 187 |
| Computers and telecommunications | 1,605 | 1,195 |
| Total plant and equipment | 3,167 | 3,220 |
| Infrastructure | | |
| Roads | 9,612 | 6,115 |
| Bridges | 251 | 278 |
| Footpaths and cycleways | 2,862 | 4,065 |
| Drainage | 1,951 | 3,337 |
| Recreational, leisure and community facilities | 5,065 | 4,690 |
| Off street car parks | 1,054 | 975 |
| Other infrastructure | - | 163 |
| Total infrastructure | 20,795 | 19,623 |
| Total capital works expenditure | 29,407 | 29,766 |
| Represented by: | | |
| New asset expenditure | 2,110 | 4,811 |
| Asset renewal expenditure | 21,245 | 19,252 |
| Asset expansion expenditure | 392 | 357 |
| Asset upgrade expenditure | 5,660 | 5,346 |
| Total capital works expenditure | 29,407 | 29,766 |

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Introduction

Knox City Council was established by an Order of the Governor in Council in 1994 and is a body corporate. The Council's main office is located at 511 Burwood Highway, Wantirna South, Victoria.

Statement of Compliance

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

Note 1

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1 (k))
- the determination of depreciation for buildings, infrastructure, plant and equipment and intangibles (refer to Note 1 (l))
- the determination of employee provisions (refer to Note 1 (q))
- the determination of landfill rehabilitation provisions (refer to Note 1 (r))

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) Changes in accounting policies

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(c) Accounting for investment in associate

An associate is an entity over which Council has significant influence but not control or joint control. Investment in an associate is accounted for using the equity method of accounting, after initially being recognised at cost.

Eastern Regional Libraries Corporation (ERLC)

An investment has been recognised in the Eastern Regional Libraries Corporation (ERLC) based on Council's contribution of the net assets to the entity on its commencement on 1 July 1996. Changes in the net assets of the ERLC are brought to account as an adjustment to the carrying value of the investment. Council's share of the equity of the ERLC is 36.39%, representing the percentage of Council's original equity contribution upon establishment of the ERLC as at July 1996.

Council's investment at 30 June 2017 is based on the Corporation's financial report and has been disclosed in Note 8.

(d) Revenue recognition

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

Rates and charges

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

Statutory fees and fines

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

User fees

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

Grants

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(d) Revenue recognition (cont'd)

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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

(e) Fair value measurement

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(f) Cash and cash equivalents

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.

(g) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. A provision for doubtful debts is recognised when there is objective evidence that impairment has occurred. Long term receivables are carried at amortised cost using the effective interest rate method.

(h) Other financial assets

Term deposits are held to maturity and measured at amortised cost.

(i) Inventories

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

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

A non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs of disposal, and is not subject to depreciation. Non-current 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 is expected to be completed within 12 months from the date of classification.

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

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributed 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 and an appropriate share of directly attributable variable and fixed overheads.

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(k) Recognition and measurement of property, plant and equipment, infrastructure, intangibles (cont'd)

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. Further details regarding the fair value hierarchy are disclosed at Note 23 Property, infrastructure, plant and equipment.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 3 years. The valuations are performed either by experienced Council officers or independent experts. Cycleways, bridges and drainage were formally revalued as at 30 June 2017.

Where the assets are revalued, the revaluation increments are credited directly to the relevant 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 asset, revaluation increments and decrements within the year are offset.

Land under roads

Land under roads acquired after 30 June 2008 is brought to account at cost. Council does not recognise land under roads that it controlled prior to that date.

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(I) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles (cont'd)

Land, land improvements, land under roads, roads - earthworks and artworks are not depreciated on the basis that they are assessed as not having a limited useful life.

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

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

| Asset recognition thresholds and depreciation periods | Depreciation Period - Years | Threshold Limit \$'000 |
|---|-----------------------------|------------------------|
| Property | | |
| Land | n/a | 10 |
| Land improvements | n/a | 10 |
| Land under roads | n/a | 10 |
| Buildings | | |
| Buildings | 20-200 | 10 |
| Plant and equipment | | |
| Plant, machinery and equipment | 3-10 | 2 |
| Fixtures, fittings and furniture | 3-10 | 1 |
| Computers and telecommunications | 3-10 | 1 |
| Artworks | n/a | 1 |
| Infrastructure | | |
| Roads - surfacing | 2-50 | 5 |
| Roads - kerb and channel | 70 | 5 |
| Roads - substructure | 30-185 | 20 |
| Roads - earthworks | n/a | 20 |
| Bridges | 30-100 | 5 |
| Footpaths and cycleways | 2-50 | 5 |
| Drainage | 80 | 5 |
| Recreational, leisure and community facilities | 15-60 | 10 |
| Off street car parks | 2-185 | 10 |
| Other infrastructure | 7-30 | 2 |
| Intangible assets | | |
| Intangible assets | 5 | 10 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(m) Repairs and maintenance

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

(n) Impairment of assets

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

(o) Trust funds and deposits

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 (refer to Note 26).

(p) Borrowings

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

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

Borrowing costs

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

Borrowing costs include interest on bank overdrafts and interest on borrowings.

(q) Employee costs and benefits

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

Wages and salaries and annual leave

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(q) Employee costs and benefits (cont'd)

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

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

The components of this current liability are measured at:

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

Classification of employee costs

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

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

Gratuity retirement allowance

A Gratuity retirement allowance exists for employees who commenced prior to 3 May 1996, with new employees who commenced after that date not being eligible and is recognised in the provision for employee benefits as a current liability. The components of this current liability are measured at:

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

(r) Landfill rehabilitation provision

Council owns two former landfill sites - Cathies Lane and Llewellyn Reserve. Under the terms of a licence agreement with the Environment Protection Authority (EPA) and Pollution Abatement notices, Council is required to monitor, progressively rehabilitate and conduct rectification works. The provision for landfill rehabilitation has been calculated based on the present value of the expected cost of works to be undertaken including site aftercare and monitoring costs. The expected cost of works has been estimated based on current understanding of work required to progressively rehabilitate the sites to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(s) Leases

Operating leases

Lease payments for operating leases, where the lessor effectively retains substantially all risks and benefits incidental to ownership of the leased item, 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. Commitments under these lease agreements are included in Note 33 Operating leases.

(t) Goods and Services Tax (GST)

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

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

(u) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that that right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 35 Contingent liabilities and contingent assets.

(v) Contingent liabilities and contingent assets and commitments

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of a note and presented inclusive of the GST payable.

(w) Pending accounting standards

The following new Australian Accounting Standards have been issued that are not mandatory for the 30 June 2017 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1

Significant accounting policies (cont'd)

(w) Pending accounting standards (cont'd)

Revenue from contracts with customers (AASB 15) (applies 2018-19)

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

Leases (AASB 16) (applies 2019-20)

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

Council has a significant number of operating leases that will be impacted as a result of this change. This will see assets and liabilities of approximately \$1.790 million recognised.

(x) Rounding

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2

Budget comparison

The budget comparison note compares 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 ten percent and \$1,000,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2016. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

(a) Income and expenditure

| | Budget 2017 \$'000 | Actual 2017 \$'000 | Variance 2017 \$'000 | Ref |
|---|--------------------------|--------------------------|----------------------------|-----|
| Income | | | | |
| Rates and charges | 104,834 | 107,084 | 2,250 | |
| Statutory fees and fines | 2,584 | 2,658 | 74 | |
| User fees | 15,314 | 14,911 | (403) | |
| Grants - operating | 22,417 | 25,957 | 3,540 | 1 |
| Grants - capital | 3,909 | 4,572 | 663 | |
| Contributions - monetary | 4,633 | 6,520 | 1,887 | 2 |
| Contributions - non monetary | 2,000 | - | (2,000) | 3 |
| Share of net profit of associate | - | 240 | 240 | |
| Other income | 2,108 | 2,991 | 883 | |
| Total income | 157,799 | 164,933 | 7,134 | |
| Expenses | | | | |
| Employee costs | 66,797 | 65,843 | 954 | |
| Materials and services | 52,725 | 49,969 | 2,756 | |
| Depreciation and amortisation | 19,780 | 19,307 | 473 | |
| Contributions and donations | 5,323 | 5,566 | (243) | |
| Borrowing costs | 1,021 | 2,045 | (1,024) | 4 |
| Net loss on disposal of property, infrastructure, plant and equipment | 1,564 | 2,235 | (671) | |
| Bad and doubtful debts | 64 | 41 | 23 | |
| Other expenses | 559 | 1,476 | (917) | |
| Total expenses | 147,833 | 146,482 | 1,351 | |
| Surplus/(deficit) for the year | 9,966 | 18,451 | 8,485 | |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2

Budget comparison (cont'd)

(a) Income and expenditure (cont'd)

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|------------------------------|--|
| 1 | Grants – operating | Grants - operating is higher than budget in part due to the early receipt of 50% of the 2017-18 Victoria Grants Commission funds in June 2017 (\$3.072 million). |
| 2 | Contributions – monetary | \$2.028 million higher than budget in developers monetary contributions due to a higher than anticipated number of developments during the year. |
| 3 | Contributions – non monetary | Developers have not provided Council with the necessary documentation to finalise the receipt of any non monetary contributions. Refer to Note 35 (e) Contingent assets – Developer contributions. |
| 4 | Borrowing costs | \$1.024 million increase in loan interest payments as a result of the strategic early extinguishment of Council's existing interest bearing loans. |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2

Budget comparison (cont'd)

(b) Capital works

| Property | Budget 2017 \$'000 | Actual 2017 \$'000 | Variance 2017 \$'000 | Ref |
|------------------------|--------------------------|--------------------------|----------------------------|-----|
| Land | 7,985 | 290 | 7,695 | 1 |
| Land improvements | - | - | - | |
| Total land | 7,985 | 290 | 7,695 | |
| Buildings | 17,253 | 5,155 | 12,098 | 2 |
| Total buildings | 17,253 | 5,155 | 12,098 | |
| Total property | 25,238 | 5,445 | 19,793 | |

Plant and equipment

| | | | | |
|----------------------------------|--------------|--------------|--------------|---|
| Artworks | 60 | - | 60 | |
| Plant, machinery and equipment | 3,217 | 1,388 | 1,829 | 3 |
| Fixtures, fittings and furniture | 5 | 174 | (169) | |
| Computers and telecommunications | 3,072 | 1,605 | 1,467 | 4 |
| Total plant and equipment | 6,354 | 3,167 | 3,187 | |

Infrastructure

| | | | | |
|---|---------------|---------------|---------------|---|
| Roads | 9,370 | 9,612 | (242) | |
| Bridges | 350 | 251 | 99 | |
| Footpaths and cycleways | 3,114 | 2,862 | 252 | |
| Drainage | 3,195 | 1,951 | 1,244 | 5 |
| Recreational, leisure and community facilities | 6,325 | 5,065 | 1,260 | 6 |
| Off street car parks | 550 | 1,054 | (504) | |
| Other infrastructure | 2,636 | - | 2,636 | 7 |
| Total infrastructure | 25,540 | 20,795 | 4,745 | |
| Total capital works expenditure | 57,132 | 29,407 | 27,725 | |

Represented by:

| | | | | |
|--|---------------|---------------|---------------|--|
| New asset expenditure | 12,877 | 2,110 | 10,767 | |
| Asset renewal expenditure | 25,857 | 21,245 | 4,612 | |
| Asset expansion expenditure | 3,787 | 392 | 3,395 | |
| Asset upgrade expenditure | 14,611 | 5,660 | 8,951 | |
| Total capital works expenditure | 57,132 | 29,407 | 27,725 | |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2

Budget comparison (cont'd)

(b) Capital works (cont'd)

(i) Explanation of material variations

| Variance Ref | Item | Explanation |
|--------------|--|--|
| 1 | Land | Capital expenditure is lower than budget due to the carry forward to 2017-18 of land purchases relating to the Knox Central project. |
| 2 | Buildings | Capital expenditure is lower than budget due to \$1.534 million of works unable to be capitalised, mainly from general building maintenance costs (\$1.028 million), together with projects being capitalised under different classes (\$0.060 million). Also, works on the Early Years Hubs (\$6.602 million) and Stamford Park development (\$3.753 million) that is to be carried forward to 2017-18. |
| 3 | Plant, machinery and equipment | Capital expenditure is lower than budget due to \$0.732 million of works to be carried forward to 2017-18, together with projects being capitalised under different classes (\$0.800 million). Also, a \$0.300 million saving due to fleet vehicles not reaching their target replacement kilometres during the 2016-17 financial year. |
| 4 | Computers and telecommunications | Capital expenditure is lower than budget due to \$1.211 million of works unable to be capitalised together with projects being capitalised under different classes (\$0.625 million). |
| 5 | Drainage | Capital expenditure is lower than budget due to \$0.337 million of works unable to be capitalised, works on the Mint Street Wetland construction (\$0.364 million) to be carried forward to 2017-18, and works on the Boronia Road Overland Flowpath being put on hold (\$0.474 million). |
| 6 | Recreational, leisure and community facilities | Capital expenditure is lower than budget due to landscaping and planting works unable to be capitalised (\$1.040 million). |
| 7 | Other infrastructure | Capital expenditure is lower than budget due to street light works that cannot be capitalised (\$3.021 million including carry forwards from 2015-16), plus an additional \$0.500 million which will be carried forward to 2017-18. |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 3

Rates and charges

Council uses Capital Improved Value (CIV) as the basis of rating of all properties within the municipal district. The CIV takes into account the total value of a property including all land, buildings and other improvements but excluding fixtures and fittings.

The valuation base used to calculate general rates for 2016-17 was \$41,011 million (2015-16 \$33,591 million). The 2016-17 rate in the CIV dollar was \$0.0021114 (2015-16 \$0.0026614) for the residential rate.

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| General rates | 100,856 | 97,517 |
| Service rates and charges | 3,843 | 3,735 |
| Supplementary rates and rate adjustments | 1,859 | 688 |
| Cultural and recreational | 43 | 44 |
| Interest on rates and charges | 483 | 468 |
| Total rates and charges | 107,084 | 102,452 |

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

Note 4

Statutory fees and fines

| | | |
|---------------------------------------|--------------|--------------|
| Permits | 1,642 | 939 |
| Infringements and costs | 704 | 733 |
| Town planning fees | 200 | 323 |
| Land information certificates | 110 | 107 |
| Court recoveries | 2 | 8 |
| Total statutory fees and fines | 2,658 | 2,110 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

| Note 5 | User fees | 2017 \$'000 | 2016 \$'000 |
|--------|--------------------------------|----------------|----------------|
| | Waste management services | 4,869 | 4,612 |
| | Child care/children's programs | 3,470 | 3,776 |
| | Registration and other permits | 1,798 | 1,548 |
| | Leisure centre and recreation | 1,518 | 1,991 |
| | Aged and health services | 969 | 1,039 |
| | Building services | 573 | 473 |
| | Other fees and charges | 1,714 | 1,235 |
| | Total user fees | 14,911 | 14,674 |

| Note 6 | Grants | | |
|--------|---|---------------|---------------|
| | Grants were received in respect of the following: | | |
| | Summary of grants | | |
| | Commonwealth funded grants | 18,641 | 8,367 |
| | State funded grants | 11,888 | 15,271 |
| | Total grants received | 30,529 | 23,638 |
| | Operating grants | | |
| | Recurrent - Commonwealth Government | | |
| | Victoria Grants Commission | 9,006 | 3,004 |
| | General home care | 3,882 | - |
| | Family and children - child care | 2,432 | 2,522 |
| | Family and children - other | - | 1 |
| | Recurrent - State Government | | |
| | Family and children - preschool | 5,676 | 5,405 |
| | General home care | 1,978 | 5,312 |
| | Family and children - maternal and child health | 1,215 | 1,023 |
| | School crossing supervisors | 410 | 389 |
| | Family and children - youth services | 237 | 229 |
| | Other | 183 | 143 |
| | Community health | 158 | 142 |
| | Family and children - child care | 80 | 64 |
| | Aged care | - | 137 |
| | Total recurrent operating grants | 25,257 | 18,371 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 6

Grants (cont'd)

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Non-recurrent - Commonwealth Government | | |
| Family and children - early intervention | - | 414 |
| Family and children - family day care | - | 226 |
| Family and children - maternal and child health | - | 2 |
| Non-recurrent - State Government | | |
| Family and children - early intervention | 528 | 815 |
| Other | 76 | 42 |
| Community health | 32 | 202 |
| Environmental planning | 23 | 46 |
| Recreation | 22 | 39 |
| Family and children - youth services | 19 | 21 |
| General home care | - | 204 |
| Community safety | - | 40 |
| Family and children - maternal and child health | - | 30 |
| Family and children - child care | - | 3 |
| Total non-recurrent operating grants | 700 | 2,084 |
| Total operating grants | 25,957 | 20,455 |
| Capital grants | | |
| Recurrent - Commonwealth Government | | |
| Victoria Grants Commission - local roads | 1,581 | 506 |
| Roads to recovery | 1,174 | 1,453 |
| Total recurrent capital grants | 2,755 | 1,959 |
| Non-recurrent - Commonwealth Government | | |
| Recreational, leisure and community facilities | 471 | 152 |
| Buildings | 75 | 17 |
| Off street car parks | 20 | 70 |
| Non-recurrent - State Government | | |
| Recreational, leisure and community facilities | 1,036 | 686 |
| Buildings | 150 | 238 |
| Roads | 65 | - |
| Footpaths | - | 54 |
| Off street car parks | - | 7 |
| Total non-recurrent capital grants | 1,817 | 1,224 |
| Total capital grants | 4,572 | 3,183 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

| Note 6 | Grants (cont'd) | 2017 \$'000 | 2016 \$'000 |
|--------|---|----------------|----------------|
| | Unspent grants received on condition that they be spent in a specific manner | | |
| | Balance at start of year | 143 | 101 |
| | Received during the financial year and remained unspent at balance date | 1,011 | 143 |
| | Received in prior years and spent during the financial year | (143) | (101) |
| | Balance at year end | 1,011 | 143 |

| Note 7 | Contributions | | |
|--------|----------------------------|--------------|--------------|
| | Monetary | 6,520 | 5,023 |
| | Non-monetary | - | 1,210 |
| | Total contributions | 6,520 | 6,233 |

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

| | | |
|---|----------|--------------|
| Land | - | 815 |
| Drainage | - | 220 |
| Roads | - | 146 |
| Footpaths and cycleways | - | 29 |
| Total non-monetary contributions | - | 1,210 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 8

Investment in associates

Investment in associate accounted for by the equity method is:

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Eastern Regional Libraries Corporation (ERLC) | 3,981 | 3,741 |

Eastern Regional Libraries Corporation (ERLC)

Background

The principal activity of ERLC is the operation of libraries. Council's ownership interest of ERLC as at 30 June 2017 was 36.39% (2016 - 36.39%) based on Council's share of net assets. Council's proportion of voting power as at 30 June 2017 was 33.33% (2016 - 33.33%).

| | | |
|---|--------------|--------------|
| Fair value of Council's investment in Eastern Regional Libraries Corporation | 3,981 | 3,741 |
|---|--------------|--------------|

Council's share of accumulated surplus

| | | |
|--|--------------|--------------|
| Council's share of accumulated surplus at start of year | 3,741 | 3,522 |
| Reported surplus for year | 240 | 219 |
| Council's share of accumulated surplus at end of year | 3,981 | 3,741 |

Movement in carrying value of specific investment

| | | |
|--|--------------|--------------|
| Carrying value of investment at start of year | 3,741 | 3,522 |
| Share of surplus for year | 240 | 219 |
| Carrying value of investment at end of year | 3,981 | 3,741 |

Council's share of expenditure commitments

| | | |
|---|------------|------------|
| Operating commitments | 227 | 131 |
| Capital commitments | - | 2 |
| Council's share of expenditure commitments | 227 | 133 |

Council directly provides a number of additional resources free of charge to the Eastern Regional Libraries Corporation in relation to the mobile library and library branches in the Knox municipality. The annual operating cost to Council for providing these facilities are as follows:

| | | |
|---|-----|-----|
| Mobile Library | 35 | 34 |
| Knox City, Rowville, Ferntree Gully, Boronia and Bayswater Library Branches | 676 | 646 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

| Note 9 | Other income | 2017 | 2016 |
|--------|---------------------------|--------------|--------------|
| | | \$'000 | \$'000 |
| | Interest | 1,313 | 1,426 |
| | Recyclable material sales | 783 | 702 |
| | Reimbursements | 549 | 623 |
| | Rent | 343 | 393 |
| | Other | 3 | 46 |
| | Total other income | 2,991 | 3,190 |

| Note 10 | (a) Employee Costs | 2017 | 2016 |
|---------|-------------------------------------|---------------|---------------|
| | | \$'000 | \$'000 |
| | Wages and salaries | 49,127 | 50,250 |
| | Annual leave and long service leave | 6,188 | 6,989 |
| | Superannuation | 4,860 | 4,980 |
| | Agency staff | 4,261 | 4,471 |
| | WorkCover | 993 | 850 |
| | Fringe benefits tax | 414 | 412 |
| | Total employee costs | 65,843 | 67,952 |

| Note 10 | (b) Superannuation | 2017 | 2016 |
|--|--|--------------|--------------|
| | | \$'000 | \$'000 |
| Council made contributions to the following funds: | | | |
| Defined benefit fund | | | |
| | Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 416 | 499 |
| | Employer contributions - other funds | - | - |
| | | 416 | 499 |
| | Employer contributions payable at reporting date | - | - |
| Accumulation funds | | | |
| | Employer contributions to Local Authorities Superannuation Fund (Vision Super) | 3,071 | 3,294 |
| | Employer contributions - other funds | 1,586 | 1,376 |
| | | 4,657 | 4,670 |
| | Employer contributions payable at reporting date | 359 | 383 |

Refer to Note 34 for further information relating to Council's superannuation obligations.

Notes to the Financial Statements

For the Year Ended 30 June 2017

| Note 11 | Materials and services | 2017 \$'000 | 2016 \$'000 |
|----------------|-------------------------------------|------------------------|------------------------|
| | Contract payments | 30,244 | 28,606 |
| | Administration costs | 5,725 | 5,355 |
| | Consultants | 2,689 | 2,417 |
| | Consumable Materials and Equipment | 2,610 | 2,826 |
| | Utilities | 2,581 | 3,216 |
| | Information technology | 1,665 | 1,801 |
| | Insurance | 1,498 | 1,459 |
| | Building maintenance | 1,472 | 1,572 |
| | Finance and legal costs | 925 | 751 |
| | General maintenance | 560 | 737 |
| | Total materials and services | 49,969 | 48,740 |

| Note 12 | Depreciation and amortisation | | |
|----------------|--|---------------|---------------|
| | Property | 3,463 | 3,587 |
| | Plant and equipment | 1,426 | 1,429 |
| | Infrastructure | 13,970 | 13,906 |
| | Total depreciation | 18,859 | 18,922 |
| | Intangible assets | 448 | 223 |
| | Total depreciation and amortisation | 19,307 | 19,145 |

Refer to Notes 23 and 24 for a more detailed breakdown of depreciation and amortisation charges.

| Note 13 | Contributions and donations | | |
|----------------|--|--------------|--------------|
| | Contribution to the Eastern Regional Libraries Corporation | 3,930 | 3,808 |
| | Community support payments | 1,636 | 1,306 |
| | Governance - Ward funds | - | 37 |
| | Total contributions and donations | 5,566 | 5,151 |

| Note 14 | Borrowing costs | | |
|----------------|---------------------------------|--------------|------------|
| | Interest - borrowings | 148 | 874 |
| | Interest - borrowings break fee | 1,897 | - |
| | Total borrowing costs | 2,045 | 874 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

| | | | |
|----------------|---|----------------|---------------|
| Note 15 | Net gain/(loss) on disposal of property, infrastructure, plant and equipment | | |
| | | 2017 | 2016 |
| | | \$'000 | \$'000 |
| | Proceeds of sale | 1,545 | 19,629 |
| | Written down value of assets disposed | (3,780) | (3,938) |
| | Total net gain/(loss) on disposal of property, infrastructure, plant and equipment | (2,235) | 15,691 |

| | | | |
|----------------|---|-----------|-------------|
| Note 16 | Bad and doubtful debts | | |
| | Parking and animal infringement debtors | 19 | 82 |
| | Other debtors | 22 | (92) |
| | Total bad and doubtful debts | 41 | (10) |

| | | | |
|----------------|---|--------------|--------------|
| Note 17 | Other expenses | | |
| | Operating lease rentals | 929 | 797 |
| | Councillors allowances | 345 | 351 |
| | Auditor's remuneration - internal | 136 | 116 |
| | Auditor's remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals | 66 | 52 |
| | Total other expenses | 1,476 | 1,316 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

| Note 18 | Cash and cash equivalents | 2017 \$'000 | 2016 \$'000 |
|---------|---|----------------|----------------|
| | Cash on hand | 6 | 6 |
| | Cash at bank | 13,424 | 8,824 |
| | Term deposits | 5,000 | - |
| | Total cash and cash equivalents | 18,430 | 8,830 |
| | Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include: | | |
| | • Trust funds and deposits (Note 26) | 7,164 | 2,653 |
| | • Restricted reserves (Note 29) | 11,723 | 9,872 |
| | • Unexpended grants (Note 6) | 1,011 | 143 |
| | Total restricted funds | 19,898 | 12,668 |
| | Total unrestricted cash and cash equivalents | (1,468) | (3,838) |

As at balance date Council had \$36.800 million in term deposits maturing within 90 days. Refer to Note 19.

Intended allocations

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

| | | |
|--|---------------|---------------|
| • Other reserves (Note 29) | 28,679 | 25,774 |
| Total funds subject to intended allocations | 28,679 | 25,774 |

Refer also to Note 19 for details of other financial assets held by Council.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 19

Other financial assets

| | | |
|-------------------------------------|---------------|---------------|
| Term deposits | 49,100 | 58,100 |
| Total other financial assets | 49,100 | 58,100 |

Note 20

Trade and other receivables

Current

Statutory receivables

| | | |
|--|-------|-------|
| Rates debtors | 7,407 | 6,583 |
| Special rate assessment | 52 | 52 |
| Parking and animal infringement debtors | 1,325 | 1,201 |
| Provision for doubtful debts - parking and animal infringement debtors | (759) | (739) |

Non statutory receivables

| | | |
|--|-------|-------|
| Other debtors | 2,538 | 2,756 |
| Provision for doubtful debts - other debtors | (20) | (12) |

| | | |
|--|---------------|--------------|
| Total current trade and other receivables | 10,543 | 9,841 |
|--|---------------|--------------|

(a) Ageing of receivables

At balance date, other debtors representing financial assets were past due but not impaired (except for the debtors included in the impairment table below). The ageing of the Council's trade and other receivables (excluding statutory receivables) was:

| | | |
|--|--------------|--------------|
| Current (not yet due) | 2,120 | 2,424 |
| Past due by up to 30 days | 162 | 83 |
| Past due between 31 and 180 days | 133 | 128 |
| Past due between 181 and 365 days | 33 | 24 |
| Past due by more than 1 year | 90 | 97 |
| Total trade and other receivables | 2,538 | 2,756 |

Notes to the Financial Statements For the Year Ended 30 June 2017

Note 20

Trade and other receivables (cont'd)

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| (b) Movement in provisions for doubtful debts | | |
| Balance at the beginning of the year | 12 | 140 |
| New provisions recognised during the year | 21 | 2 |
| Amounts already provided for and written off as uncollectible | (13) | (36) |
| Amounts provided for but recovered during the year | - | (94) |
| Balance at the end of the year | 20 | 12 |

(c) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$4,675 (2016: \$1,847) were impaired. The amount of the provision raised against these debtors was \$4,675 (2016: \$1,847). The individually impaired debtors relate to family day care, preschool and child care debtors and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with the Council's debt collectors or are on payment arrangements.

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

| | | |
|--|----------|----------|
| Current (not yet due) | - | - |
| Past due by up to 30 days | - | - |
| Past due between 31 and 180 days | - | 1 |
| Past due between 181 and 365 days | - | - |
| Past due by more than 1 year | 5 | 1 |
| Total trade and other receivables | 5 | 2 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 21

Non-current assets classified as held for sale

| | | |
|---|------------|-----------|
| Plant and equipment | - | 14 |
| Land at fair value | 314 | 11 |
| Total non-current assets classified as held for sale | 314 | 25 |

Note 22

Other assets

| | | |
|---------------------------|--------------|--------------|
| Prepayments | 802 | 839 |
| Accrued income | 469 | 619 |
| Total other assets | 1,271 | 1,458 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 23

Property, infrastructure, plant and equipment

| | At fair value 30 June 2016 | At cost 30 June 2016 | Acquisitions |
|---|-------------------------------|-------------------------|---------------|
| Summary of property, infrastructure, plant and equipment | \$'000 | \$'000 | \$'000 |
| Land | 798,630 | 5,680 | 178 |
| Buildings | 129,539 | - | 2,313 |
| Plant and equipment | - | 8,268 | 2,044 |
| Infrastructure | 690,025 | 47,634 | 16,919 |
| Work in progress | - | 6,252 | 7,083 |
| | 1,618,194 | 67,834 | 28,537 |

Summary of work in progress

Buildings

Infrastructure

| Contributions | Revaluation | Depreciation | Disposal | Transfers | At fair value 30 June 2017 | At cost 30 June 2017 | Written down value 30 June 2017 |
|---------------|--------------|-----------------|----------------|--------------|-------------------------------|-------------------------|---------------------------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| - | - | - | (1,182) | - | 797,448 | 5,858 | 803,306 |
| - | - | (3,463) | (1,039) | 861 | 125,071 | 3,140 | 128,211 |
| - | - | (1,426) | (496) | - | - | 8,390 | 8,390 |
| - | 5,010 | (13,970) | (1,353) | 3,118 | 695,815 | 51,568 | 747,383 |
| - | - | - | - | (4,843) | - | 8,492 | 8,492 |
| - | 5,010 | (18,859) | (4,070) | (864) | 1,618,334 | 77,448 | 1,695,782 |

| Opening Work in progress \$'000 | Additions \$'000 | Transfers \$'000 | Write offs \$'000 | Closing Work in progress \$'000 |
|---------------------------------------|---------------------|---------------------|----------------------|---------------------------------------|
| 1,518 | 2,961 | (861) | (39) | 3,579 |
| 4,734 | 4,122 | (3,604) | (339) | 4,913 |
| 6,252 | 7,083 | (4,465) | (378) | 8,492 |

Notes to the Financial Statements For the Year Ended 30 June 2017

Note 23

Property, infrastructure, plant and equipment

Land and buildings

At fair value 1 July 2016

At cost 1 July 2016

Accumulated depreciation at 1 July 2016

Movements

Acquisition of assets at cost

Contributed assets

Revaluation increments/(decrements)

Fair value of assets disposed

Transfers at cost

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of disposals

Revaluation increments/(decrements)

At fair value 30 June 2017

At cost 30 June 2017

Accumulated depreciation at 30 June 2017

Plant and equipment

At cost 1 July 2016

Accumulated depreciation at 1 July 2016

Movements

Acquisition of assets at cost

Cost of assets disposed

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of disposals

At cost 30 June 2017

Accumulated depreciation at 30 June 2017

| Land - specialised \$'000 | Land - non specialised \$'000 | Land improvements \$'000 | Total land \$'000 | Buildings - specialised \$'000 | Total buildings \$'000 | Work in progress \$'000 | Total property \$'000 |
|---------------------------------------|---|--------------------------------|-------------------|----------------------------------|------------------------|-------------------------|-----------------------|
| 650,766 | 147,864 | - | 798,630 | 231,928 | 231,928 | - | 1,030,558 |
| 2,525 | - | 3,155 | 5,680 | - | - | 1,518 | 7,198 |
| - | - | - | - | (102,389) | (102,389) | - | (102,389) |
| 653,291 | 147,864 | 3,155 | 804,310 | 129,539 | 129,539 | 1,518 | 935,367 |
| - | 178 | - | 178 | 2,313 | 2,313 | 2,961 | 5,452 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (338) | (844) | - | (1,182) | (1,751) | (1,751) | - | (2,933) |
| - | - | - | - | 861 | 861 | (900) | (39) |
| (338) | (666) | - | (1,004) | 1,423 | 1,423 | 2,061 | 2,480 |
| - | - | - | - | (3,463) | (3,463) | - | (3,463) |
| - | - | - | - | 712 | 712 | - | 712 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | (2,751) | (2,751) | - | (2,751) |
| 650,428 | 147,020 | - | 797,448 | 230,176 | 230,176 | - | 1,027,624 |
| 2,525 | 178 | 3,155 | 5,858 | 3,175 | 3,175 | 3,579 | 12,612 |
| - | - | - | - | (105,140) | (105,140) | - | (105,140) |
| 652,953 | 147,198 | 3,155 | 803,306 | 128,211 | 128,211 | 3,579 | 935,096 |
| Plant, machinery and equipment \$'000 | Fixtures, fittings and furniture \$'000 | Computers and telecomms \$'000 | Artworks \$'000 | Total plant and equipment \$'000 | | | |
| 11,549 | 2,204 | 3,214 | 346 | 17,313 | | | |
| (4,815) | (1,508) | (2,722) | - | (9,045) | | | |
| 6,734 | 696 | 492 | 346 | 8,268 | | | |
| 1,385 | 53 | 606 | - | 2,044 | | | |
| (1,206) | (10) | (406) | - | (1,622) | | | |
| 179 | 43 | 200 | - | 422 | | | |
| (1,104) | (139) | (183) | - | (1,426) | | | |
| 713 | 10 | 403 | - | 1,126 | | | |
| (391) | (129) | 220 | - | (300) | | | |
| 11,728 | 2,247 | 3,414 | 346 | 17,735 | | | |
| (5,206) | (1,637) | (2,502) | - | (9,345) | | | |
| 6,522 | 610 | 912 | 346 | 8,390 | | | |

Notes to the Financial Statements For the Year Ended 30 June 2017

Note 23

Property, infrastructure, plant and equipment (cont'd)

Infrastructure

At fair value 1 July 2016

At cost 1 July 2016

Accumulated depreciation at 1 July 2016

Movements

Acquisition of assets at cost

Contributed assets

Revaluation increments/(decrements)

Fair value of assets disposed

Cost of assets disposed

Transfers at cost

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of disposals

Revaluation increments/(decrements)

At fair value 30 June 2017

At cost 30 June 2017

Accumulated depreciation at 30 June 2017

| Roads | Bridges | Footpaths and cycleways | Drainage | Recreational, leisure and community facilities | Off street car parks | Other infrastructure | Work in progress | Total infrastructure |
|----------------|--------------|-------------------------|-----------------|--|----------------------|----------------------|------------------|----------------------|
| \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 625,520 | 9,681 | 140,716 | 265,198 | - | 24,471 | 5,324 | - | 1,070,910 |
| - | 582 | 1,194 | 9,574 | 49,876 | - | 169 | 4,734 | 66,129 |
| (177,111) | (2,810) | (74,428) | (120,208) | (13,618) | (4,895) | (1,575) | - | (394,645) |
| 448,409 | 7,453 | 67,482 | 154,564 | 36,258 | 19,576 | 3,918 | 4,734 | 742,393 |
| 8,661 | 251 | 2,732 | 1,945 | 2,694 | 635 | - | 4,122 | 21,040 |
| - | - | - | - | - | - | - | - | - |
| - | 2,529 | (68) | 12,030 | - | - | - | - | 14,491 |
| (1,853) | - | (2,745) | - | - | - | - | - | (4,598) |
| - | - | - | - | (785) | - | - | - | (785) |
| 480 | - | 16 | 611 | 2,011 | - | - | (3,943) | (825) |
| 7,288 | 2,780 | (65) | 14,586 | 3,920 | 635 | - | 179 | 29,323 |
| (5,812) | (107) | (2,735) | (3,439) | (1,215) | (479) | (183) | - | (13,970) |
| 1,460 | - | 2,099 | - | 471 | - | - | - | 4,030 |
| - | (512) | 129 | (9,098) | - | - | - | - | (9,481) |
| (4,352) | (619) | (507) | (12,537) | (744) | (479) | (183) | - | (19,421) |
| 623,667 | 13,043 | 139,617 | 289,358 | - | 24,471 | 5,324 | - | 1,095,480 |
| 9,141 | - | 2,228 | - | 53,796 | 635 | 169 | 4,913 | 70,882 |
| (181,463) | (3,429) | (74,935) | (132,745) | (14,362) | (5,374) | (1,758) | - | (414,066) |
| 451,345 | 9,614 | 66,910 | 156,613 | 39,434 | 19,732 | 3,735 | 4,913 | 752,296 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 23

Property, infrastructure, plant and equipment (cont'd)

Valuation of land and buildings

Valuation of land and buildings were undertaken by Brian Robinson from Westlink Consulting, a qualified independent valuer, registration number 62215. 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.

The date of the current valuation is detailed in the following table. A full revaluation of these assets will be conducted in 2017-18.

Details of the Council's land and buildings and information about their fair value hierarchy as at 30 June 2017 are as follows:

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Date of valuation |
|-----------------------|-------------------|-------------------|-------------------|----------------------|
| Land | - | 147,020 | - | June 2016 |
| Specialised land | - | - | 650,428 | June 2016 |
| Specialised buildings | - | - | 125,071 | June 2016 |
| Total | - | 147,020 | 775,499 | |

Valuation of infrastructure

The valuation of cycleways, bridges and drainage has been determined in accordance with a valuation undertaken by Mr John Bixby, Asset Strategy Team, Knox City Council. The date of the current valuation is detailed in the following table. The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

A full revaluation of fire hydrants will be conducted in 2017-18 and a full revaluation of off street car parks, footpaths and roads will be conducted in 2018-19.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 23

Property, infrastructure, plant and equipment (cont'd)

Valuation of infrastructure (cont'd)

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2017 are as follows:

| | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Date of valuation |
|----------------------------|-------------------|-------------------|-------------------|-------------------------|
| Roads | - | - | 442,229 | June 2016 |
| Bridges | - | - | 9,614 | June 2017 |
| Footpaths and cycleways | - | - | 64,684 | June 2016/ June 2017 |
| Drainage | - | - | 156,613 | June 2017 |
| Off street car parks | - | - | 19,097 | June 2016 |
| Other infrastructure | - | - | 3,578 | June 2015 |
| Total | - | - | 695,815 | |

Description of significant unobservable inputs into level 3 valuations

Specialised land is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 20% and 50%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$10 and \$924 per square metre.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$450 to \$3,800 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary up to 149 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary up to 185 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

| | | | |
|----------------|---|----------------|----------------|
| Note 23 | Property, infrastructure, plant and equipment (cont'd) | | |
| | Reconciliation of specialised land at fair value | 2017 | 2016 |
| | | \$'000 | \$'000 |
| | Parks and reserves | 594,781 | 595,119 |
| | Community facilities | 24,954 | 24,954 |
| | Civic precinct | 21,737 | 21,737 |
| | Transfer station | 8,956 | 8,956 |
| | Total specialised land at fair value | 650,428 | 650,766 |

| | | | |
|----------------|--|--------------|--------------|
| Note 24 | Intangible asset | | |
| | Software | 1,858 | 1,312 |
| | Total intangible assets | 1,858 | 1,312 |
| | Gross carrying amount | | |
| | Balance at beginning of year | 3,530 | 2,721 |
| | Additions | 994 | 809 |
| | Balance at end of year | 4,524 | 3,530 |
| | Accumulated amortisation and impairment | | |
| | Balance at beginning of year | 2,218 | 1,995 |
| | Amortisation expense | 448 | 223 |
| | Balance at end of year | 2,666 | 2,218 |
| | Net book value at the end of the year | 1,858 | 1,312 |

| | | | |
|----------------|---------------------------------------|---------------|---------------|
| Note 25 | Trade and other payables | | |
| | Trade payables | 5,969 | 7,097 |
| | Accrued expenses | 3,251 | 3,291 |
| | Prepaid income | 800 | 506 |
| | Total trade and other payables | 10,020 | 10,894 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 26

Trust funds and deposits

| | 2017 \$'000 | 2016 \$'000 |
|---------------------------------------|----------------|----------------|
| Refundable deposits | 5,740 | 1,278 |
| Fire services levy | 902 | 845 |
| Retention amounts | 58 | 71 |
| Other | 464 | 459 |
| Total trust funds and deposits | 7,164 | 2,653 |

Purpose and nature of items

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

Fire service levy - Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a four instalment basis. Amounts disclosed will be remitted to the State Government in line with that process.

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

Note 27

Provisions

| | Employee \$'000s | Landfill rehabilitation \$'000s | Total \$'000s |
|---|---------------------|---------------------------------------|------------------|
| 2017 | | | |
| Balance at beginning of the financial year | 16,947 | 7,401 | 24,348 |
| Additional provisions | 6,093 | (170) | 5,923 |
| Amounts used | (6,436) | (869) | (7,305) |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | (272) | (252) | (524) |
| Balance at the end of the financial year | 16,332 | 6,110 | 22,442 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 27

Provisions (cont'd)

| | Employee \$'000s | Landfill rehabilitation \$'000s | Total \$'000s |
|---|---------------------|---------------------------------------|------------------|
| 2016 | | | |
| Balance at beginning of the financial year | 16,778 | 6,011 | 22,789 |
| Additional provisions | 6,399 | 1,739 | 8,138 |
| Amounts used | (6,638) | (715) | (7,353) |
| Change in the discounted amount arising because of time and the effect of any change in the discount rate | 408 | 366 | 774 |
| Balance at the end of the financial year | 16,947 | 7,401 | 24,348 |

(a) Employee provisions

| Current provisions expected to be wholly settled within 12 months | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Annual leave | 2,240 | 2,271 |
| Long service leave | 973 | 975 |
| Gratuities | 97 | 101 |
| | 3,310 | 3,347 |

Current provisions expected to be wholly settled after 12 months

| | | |
|--|---------------|---------------|
| Annual leave | 2,644 | 2,865 |
| Long service leave | 8,667 | 8,961 |
| Gratuities | 863 | 924 |
| | 12,174 | 12,750 |
| Total current employee provisions | 15,484 | 16,097 |

Non-current

| | | |
|--|------------|------------|
| Long service leave | 848 | 850 |
| Total non-current employee provisions | 848 | 850 |

Aggregate carrying amount of employee provisions:

| | | |
|---|---------------|---------------|
| Current | 15,484 | 16,097 |
| Non-current | 848 | 850 |
| Total aggregate carrying amount of employee provisions | 16,332 | 16,947 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 27

Provisions (cont'd)

(b) Landfill rehabilitation

| Current | 2017 \$'000 | 2016 \$'000 |
|--|------------------------|------------------------|
| Cathies Lane landfill site | 586 | 399 |
| Llewellyn Reserve landfill site | 569 | 192 |
| | 1,155 | 591 |
| Non-current | | |
| Cathies Lane landfill site | 3,499 | 4,128 |
| Llewellyn Reserve landfill site | 1,456 | 2,682 |
| Total non-current provisions | 4,955 | 6,810 |
| Total aggregate carrying amount of landfill rehabilitation provisions | 6,110 | 7,401 |

Cathies Lane landfill site

Council operated the Cathies Lane landfill site, Wantirna South from 1986 to 2004, under a licence issued by the Environment Protection Authority (EPA). Under the licence Council is required to rehabilitate the site and provide for future monitoring and aftercare of the site as well as a number of other obligations. The site is now closed as a landfill but a portion of the site is still being used as a transfer station to receive and transport waste to other sites for disposal. In 2015-16 the EPA issued a Post Closure Pollution Abatement notice and Council has surrendered the landfill licence.

In 2012 the EPA changed closed landfill guidelines and in 2013 issued several Supporting Pollution Abatement notices to Council requiring the completion of a number of management plans. These plans were completed in 2015-16, and provide further clarity regarding the future management options for leachate and landfill gas at the site and the cost implications for implementing recommended management measures.

In the financial report for June 2017, Council has an amount of \$4.085 million as a provision for the restoration of the Cathies Lane landfill site and includes an ongoing commitment of approximately \$0.259 million per annum for site aftercare to meet EPA obligations for the site where restoration works have been completed. This is based on the assessment undertaken in 2015 and a reassessment of the provision at balance date in which the provision was measured at the net present value of the future rehabilitation costs including aftercare and site monitoring costs. Council will be required to incur additional costs should it be directed to adopt an alternative approach.

Included in the aftercare is the cost to provide a bank guarantee to meet the Financial Assurance requirements imposed by the EPA on Council. The bank guarantee for \$1.094 million is required to be in place for thirty years post closure.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 27

Provisions (cont'd)

(b) Landfill rehabilitation (cont'd)

Llewellyn Reserve landfill site

Council's landfill site at Llewellyn Reserve was closed in 1985.

In 2012 the EPA changed closed landfill guidelines and in 2013 issued several Supporting Pollution Abatement notices to Council requiring the completion of a number of management plans. These plans were completed in 2015-16, and provide further clarity regarding the future management options for leachate and landfill gas at the site and the cost implications for implementing recommended management measures. The plans have concluded that a landfill gas extraction system is required for the site. In 2015-16 the EPA issued a Post Closure Pollution Abatement notice. The Post Closure Pollution Abatement notice requires Council to have in place a financial assurance for the Llewellyn Park site. There is no requirement to maintain a bank guarantee. Council provides financial assurance by way of the landfill provision for this site.

In the financial report for June 2017, Council has an amount of \$2.025 million as a provision for the restoration of the Llewellyn Reserve landfill site and includes an ongoing commitment of approximately \$0.097 million per annum to cover sampling, testing and reporting requirements as required by the EPA. This is based on an assessment undertaken in 2015 and a reassessment of the provision at balance date in which the provision was measured at the net present value of the future rehabilitation costs including aftercare and site monitoring costs. Council will be required to incur additional costs should it be directed to adopt an alternative approach.

| Summary of provisions | 2017 \$'000 | 2016 \$'000 |
|------------------------------|------------------------|------------------------|
| Current | 16,639 | 16,688 |
| Non-current | 5,803 | 7,660 |
| Total provisions | 22,442 | 24,348 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 28

Interest-bearing loans and borrowings

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Current | | |
| Borrowings - secured (1) | - | 3,811 |
| | - | 3,811 |
| Non-current | | |
| Borrowings - secured (1) | - | 9,436 |
| | - | 9,436 |
| Total interest-bearing loans and borrowings | - | 13,247 |

(1) Borrowings were secured by the general Council rates (Westpac, ANZ and Commonwealth Bank) or income of the Council (Commonwealth Bank).

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

| | | |
|---|---|---------------|
| Not later than one year | - | 3,811 |
| Later than one year and not later than five years | - | 3,336 |
| Later than five years | - | 6,100 |
| | - | 13,247 |

Note 29

Reserves

(a) Asset revaluation reserve

| 2017 | Balance at beginning of reporting period \$'000 | Increment (decrement) \$'000 | Balance at end of reporting period \$'000 |
|--|--|---------------------------------|--|
| Property | | | |
| Land | 632,959 | - | 632,959 |
| Buildings | 52,016 | - | 52,016 |
| | 684,975 | - | 684,975 |
| Plant and equipment | | | |
| Artworks | 31 | - | 31 |
| | 31 | - | 31 |
| Infrastructure | | | |
| Roads | 256,306 | - | 256,306 |
| Bridges | 3,445 | 2,017 | 5,462 |
| Footpaths and cycleways | 17,962 | 61 | 18,023 |
| Drainage | 94,221 | 2,932 | 97,153 |
| Off street car parks | 7,348 | - | 7,348 |
| Other infrastructure | 2,795 | - | 2,795 |
| | 382,077 | 5,010 | 387,087 |
| Total asset revaluation reserve | 1,067,083 | 5,010 | 1,072,093 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 29

Reserves (cont'd)

(a) Asset revaluation reserve (cont'd)

| 2016 | Balance at beginning of reporting period \$'000 | Increment (decrement) \$'000 | Balance at end of reporting period \$'000 |
|--|--|---------------------------------|--|
| Property | | | |
| Land | 500,556 | 132,403 | 632,959 |
| Buildings | 45,516 | 6,500 | 52,016 |
| | 546,072 | 138,903 | 684,975 |
| Plant and equipment | | | |
| Artworks | 31 | - | 31 |
| | 31 | - | 31 |
| Infrastructure | | | |
| Roads | 253,618 | 2,688 | 256,306 |
| Bridges | 3,445 | - | 3,445 |
| Footpaths and cycleways | 10,348 | 7,614 | 17,962 |
| Drainage | 94,221 | - | 94,221 |
| Off street car parks | 9,050 | (1,702) | 7,348 |
| Other infrastructure | 2,795 | - | 2,795 |
| | 373,477 | 8,600 | 382,077 |
| Total asset revaluation reserve | 919,580 | 147,503 | 1,067,083 |

Nature and purpose of asset revaluation reserve

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 29

Reserves (cont'd)

(b) Other reserves

| | Balance at beginning of reporting period \$'000 | Transfer from accumulated surplus \$'000 | Transfer to accumulated surplus \$'000 | Balance at end of reporting period \$'000 |
|--|--|---|---|--|
| 2017 | | | | |
| Restricted reserves | | | | |
| Open space reserve | 8,671 | 5,936 | (4,004) | 10,603 |
| Basketball stadium infrastructure reserve | 100 | 24 | (24) | 100 |
| HACC capital reserve | 508 | 45 | (278) | 275 |
| State Basketball Centre asset renewal fund | 289 | - | - | 289 |
| Football pitch replacement fund | 304 | 152 | - | 456 |
| Total restricted reserves | 9,872 | 6,157 | (4,306) | 11,723 |

Reserves are restricted in nature as either a statutory reserve or a discretionary reserve(eg: Council resolution) - refer to Note 18.

Unrestricted reserves

| | | | | |
|---|---------------|---------------|----------------|---------------|
| Mountain Gate reserve | - | 140 | - | 140 |
| City futures fund | 3,161 | - | (246) | 2,915 |
| Revegetation net gain | 121 | 61 | - | 182 |
| Revolving energy fund | 70 | - | - | 70 |
| Aged care reserve | 4,822 | 250 | (69) | 5,003 |
| Unexpended grant reserve (Victoria Grants Commission) | - | 3,611 | - | 3,611 |
| Stamford Park | 14,158 | 1,840 | (687) | 15,311 |
| Blue Hills | 3,421 | - | (2,018) | 1,403 |
| Scoresby Recreation Reserve | 21 | 23 | - | 44 |
| Total unrestricted reserves | 25,774 | 5,925 | (3,020) | 28,679 |
| Total other reserves | 35,646 | 12,082 | (7,326) | 40,402 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 29

Reserves (cont'd)

(b) Other reserves (cont'd)

| | Balance at beginning of reporting period \$'000 | Transfer from accumulated surplus \$'000 | Transfer to accumulated surplus \$'000 | Balance at end of reporting period \$'000 |
|--|--|---|---|--|
| 2016 | | | | |
| Restricted reserves | | | | |
| Open space reserve | 8,161 | 4,147 | (3,637) | 8,671 |
| Basketball stadium infrastructure reserve | 76 | 24 | - | 100 |
| HACC capital reserve | 528 | 80 | (100) | 508 |
| State Basketball Centre asset renewal fund | 225 | 100 | (36) | 289 |
| Football pitch replacement fund | 151 | 153 | - | 304 |
| Total restricted reserves | 9,141 | 4,504 | (3,773) | 9,872 |

Reserves are restricted in nature as either a statutory reserve or a discretionary reserve(eg: Council resolution) - refer to Note 18.

Unrestricted reserves

| | | | | |
|---|---------------|---------------|-----------------|---------------|
| Mountain Gate Reserve | 439 | 140 | (579) | - |
| City futures fund | 2,198 | 971 | (8) | 3,161 |
| Landfill rehabilitation reserve | 979 | - | (979) | - |
| Revegetation net gain | 50 | 71 | - | 121 |
| Revolving energy fund | 58 | 40 | (28) | 70 |
| Community infrastructure | 20 | - | (20) | - |
| Capital projects reserve | 280 | - | (280) | - |
| Aged care reserve | 4,590 | 250 | (18) | 4,822 |
| Unexpended grant reserve (Victoria Grants Commission) | 3,804 | - | (3,804) | - |
| Stamford Park | - | 14,716 | (558) | 14,158 |
| Blue Hills | - | 3,794 | (373) | 3,421 |
| Scoresby Recreation Reserve | - | 21 | - | 21 |
| Total unrestricted reserves | 12,418 | 20,003 | (6,647) | 25,774 |
| Total other reserves | 21,559 | 24,507 | (10,420) | 35,646 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 29

Reserves (cont'd)

(b) Other reserves (cont'd)

Nature and purpose of reserves

Open space reserve

The Open Space Reserve is used to provide funding for future purchases and improvements of open space. Funding is provided from developer's contributions for open space which is initially recognised in the comprehensive income statement and then transferred to the reserve from accumulated surplus to facilitate separate tracking of the total funds received but not yet spent.

Basketball stadium infrastructure reserve

The purpose of this reserve is to improve basketball stadium facilities within the Knox municipality.

HACC capital reserve

The purpose of this reserve is to refurbish, upgrade and maintain minor capital within the Home and Community Care funded programs.

State Basketball Centre asset renewal fund

The purpose of this reserve is to provide for asset renewal works at the State Basketball Centre (Knox Regional Sports Park).

Football pitch replacement fund

The purpose of this reserve is to provide for future football pitch replacement at Knox Regional Sports Park.

Mountain Gate reserve

The purpose of this reserve is to enhance community facilities within Mountain Gate.

City futures fund

The purpose of this reserve is to construct major facilities within the Knox municipality.

Revegetation net gain

The purpose of this reserve is to ensure any loss of vegetation through development is re-established in a sustainable location.

Revolving energy fund

The purpose of this reserve is to re-invest savings in energy costs to be invested in further works to minimise energy consumption.

Aged care reserve

The purpose of this reserve is to set aside the proceeds from the divestment of the Amaroo Gardens Aged Care Facility by Council on 2 November 2011 for aged services and infrastructure within the Knox municipality.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 29

Reserves (cont'd)

(b) Other reserves (cont'd)

Nature and purpose of reserves (cont'd)

Unexpended grant reserve (Victoria Grants Commission)

The purpose of this reserve is to quarantine early payment of Victoria Grants Commission General Purpose and Local Roads Federal Grant funding for use in the following year.

Stamford Park

The purpose of this reserve is to develop the Stamford Park site for the benefit of the Knox Community.

Blue Hills

The purpose of this reserve is to construct the Early Years Hubs facilities for the benefit of the Knox Community.

Scoresby Recreation Reserve

The purpose of this reserve is to invest the income derived from lease of this site into the Scoresby Recreation Reserve.

Note 30

Reconciliation of cash flows from operating activities to surplus/(deficit)

| | 2017 \$'000 | 2016 \$'000 |
|--|----------------|----------------|
| Surplus for the year | 18,451 | 25,039 |
| Depreciation/amortisation | 19,307 | 19,145 |
| Net (gain)/loss on disposal of property, infrastructure, plant and equipment | 2,235 | (15,691) |
| Contributions - non-monetary assets | - | (1,210) |
| Provision for bad and doubtful debts | 41 | (10) |
| Increment in investment in associate | (240) | (219) |
| Finance costs | 2,045 | 874 |
| Change in operating assets and liabilities | | |
| (Increase)/decrease in trade and other receivables | (743) | (577) |
| (Increase)/decrease in prepayments | 414 | 131 |
| (Increase)/decrease in accrued income | 137 | (241) |
| Increase/(decrease) in trade and other payables | (460) | 1,756 |
| Increase/(decrease) in provisions | (1,906) | 1,558 |
| Increase/(decrease) in other liabilities | 4,511 | (532) |
| (Increase)/decrease in inventories | (1) | 2 |
| Net cash provided by operating activities | 43,791 | 30,025 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 31

Financing arrangements

| | 2017 \$'000 | 2016 \$'000 |
|--------------------------|----------------|----------------|
| Bank overdraft | 1,500 | 1,500 |
| Credit card facilities | 200 | 200 |
| Total facilities | 1,700 | 1,700 |
| Used facilities | 20 | 6 |
| Unused facilities | 1,680 | 1,694 |

Note 32

Commitments

The Council has entered into the following commitments:

2017

| | Not later than 1 year | Later than 1 year and not later than 2 years | Later than 2 years and not later than 5 years | Later than 5 years | Total |
|---|--------------------------|--|---|-----------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating | | | | | |
| Garbage collection and recycling | 17,005 | 16,340 | 32,241 | - | 65,586 |
| Open space management | 910 | 607 | - | - | 1,517 |
| Consultancies | 1,177 | 213 | 231 | - | 1,621 |
| Cleaning contracts for council buildings | 624 | 292 | 20 | - | 936 |
| Infrastructure management | 1,008 | 29 | 29 | - | 1,066 |
| Home care services | 403 | 403 | - | - | 806 |
| Meals for delivery | 513 | 513 | - | - | 1,026 |
| Total | 21,640 | 18,397 | 32,521 | - | 72,558 |
| Capital | | | | | |
| Buildings | 677 | - | - | - | 677 |
| Roads | 1,829 | - | - | - | 1,829 |
| Other infrastructure | 434 | - | - | - | 434 |
| Total | 2,940 | - | - | - | 2,940 |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 32

Commitments (cont'd)

2016

| | Not later than 1 year | Later than 1 year and not later than 2 years | Later than 2 years and not later than 5 years | Later than 5 years | Total |
|--|-----------------------|--|---|--------------------|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating | | | | | |
| Garbage collection and recycling | 14,306 | 14,488 | 25,649 | 16,402 | 70,845 |
| Open space management | 591 | 18 | 8 | - | 617 |
| Consultancies | 1,978 | 235 | 184 | - | 2,397 |
| Cleaning contracts for council buildings | 751 | 518 | - | - | 1,269 |
| Infrastructure management | 2,438 | 146 | 63 | - | 2,647 |
| Total | 20,064 | 15,405 | 25,904 | 16,402 | 77,775 |
| Capital | | | | | |
| Buildings | 446 | 180 | 103 | - | 729 |
| Roads | 1,510 | 202 | 202 | - | 1,914 |
| Other infrastructure | 1,423 | - | - | - | 1,423 |
| Total | 3,379 | 382 | 305 | - | 4,066 |

Note 33

Operating leases

(a) Operating lease commitments

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

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Not later than one year | 638 | 715 |
| Later than one year and not later than five years | 1,123 | 1,175 |
| Later than five years | 263 | 345 |
| | 2,024 | 2,235 |

Notes to the Financial Statements For the Year Ended 30 June 2017

Note 33

Operating leases (cont'd)

(b) Operating lease receivables

Council has a number of leases with external entities where they pay for the use of Council land and buildings. A number of these leases include a CPI based revision of the rental charge annually.

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

| | 2017 \$'000 | 2016 \$'000 |
|---|----------------|----------------|
| Not later than one year | 336 | 323 |
| Later than one year and not later than five years | 1,213 | 1,149 |
| Later than five years | 8,584 | 8,884 |
| | 10,133 | 10,356 |

Note 34

Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2017, this was 9.5% as required under Superannuation Guarantee legislation (9.5% in 2015-16)).

Defined Benefit

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 34

Superannuation (cont'd)

Defined Benefit (cont'd)

FUNDING ARRANGEMENTS

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

As at 30 June 2016, 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 Knox City Council is a contributing employer was 102.0%. To determine the VBI, the fund Actuary used the following long-term assumptions:

| | |
|------------------------|----------|
| Net investment returns | 7.0% pa |
| Salary information | 4.25% pa |
| Price inflation (CPI) | 2.5% pa |

Vision Super has advised that the VBI at the quarter ended 30 June 2017 was 103.1%. The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 2016 interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

EMPLOYER CONTRIBUTIONS

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Knox City Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015-16). This rate will increase in line with any increase to the contribution rate. In addition, Knox City Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

If the defined benefit category is in an unsatisfactory financial position at 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 Knox City Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated. Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 34

Superannuation (cont'd)

Defined Benefit (cont'd)

EMPLOYER CONTRIBUTIONS (cont'd)

2016 Interim actuarial investigation surplus amounts

The Fund's interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Knox City Council is a contributing employer:

- A VBI surplus of \$40.3 million; and
- A total service liability surplus of \$156 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 2016. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Knox City Council was notified of the 30 June 2016 VBI in August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

In addition to the disclosed contributions, Knox City Council has paid unfunded liability payments to Vision Super totalling \$Nil during 2016-17 (2015-16: \$Nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2017. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 is \$0.380 million.

Note 35

Contingent liabilities and contingent assets

Contingent liabilities

(a) Contingent liabilities arising from professional indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, the Council is at times met with claims and demands for damages allegedly arising from the actions of the Council or its officers. There are no outstanding claims against Council in this regard. The Council carries \$500.000 million (\$300.000 million 2015-16) of professional indemnity insurance and has an excess of \$0.020 million (\$0.020 million - 2015-16) per claim on this policy. Therefore, the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is LMI (MAV Insurance). There are no claims that Council is aware of which would fall outside the terms of the Council's policy.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 35

Contingent liabilities and contingent assets (cont'd)

Contingent liabilities (cont'd)

(b) Contingent liabilities arising from public liability

As a large local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council is regularly met with claims and demands allegedly arising from an incident that occurs on land belonging to the Council. There are nine outstanding claims against the Council in this regard. The Council carries \$500.000 million (\$400.000 million 2015-16) of public liability insurance and has an excess of \$0.020 million (\$0.020 million – 2015-16) per claim on this policy. Therefore, the maximum liability of the Council in any single claim is the extent of its excess. The primary insurer is LMI (MAV Insurance). There are no claims that Council is aware of which would fall outside the terms of the Council's policy.

(c) Contingent liabilities arising from potential shortfall in Defined Benefit Superannuation Plan (fund closed to new members in 1993)

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme, matters relating to this potential obligation are outlined in Note 34. 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.

(d) High Court decision in *Isbester v Knox City Council (2015)*

As a result of the High Court's decision in *Isbester v Knox City Council (2015) Case M19/2015*, Knox City Council will be liable to pay the applicant's (*Isbester*) costs. The final quantum and timing of payment is subject to ongoing negotiations.

Contingent assets

(e) Developer contributions

As a result of development activity within the Knox municipality, Council has identified as a contingent asset the developer contributions of infrastructure assets and open space contributions to be received in respect of subdivisions that are currently under development totalling \$25.603 million (2015-16, \$19.837 million).

Note 36

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 and financial liability 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 exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 36

Financial instruments (cont'd)

(b) Market risk (cont'd)

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council does not hold any interest bearing financial instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

Other than the settlement of Council's loan borrowings portfolio in September 2016, there has been no significant change in the Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

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

(c) Credit risk

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

- has adopted a Debt Collection and Management procedure which provides guidelines for the management and collection of outstanding debts
- may require collateral where appropriate
- invests surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

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

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

Council may also be subject to credit risk for transactions which are not included in the Balance Sheet, such as the provision of a guarantee for another party. Details of our contingent liabilities are disclosed in Note 35.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 36

Financial instruments (cont'd)

(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, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- has an investment policy which specifies the need to meet Council's cash flow requirements
- 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
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 35, and is deemed insignificant based on prior periods' data and current assessment of risk.

Council settled its loan borrowings portfolio in September 2016 however this has not resulted in any 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.

All financial liabilities are expected to be settled within normal terms of trade.

(e) Fair value

Fair value hierarchy

Knox City Council does not have any financial assets that are measured at fair value subsequent to initial recognition.

(f) Sensitivity disclosure analysis

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

- a parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 2.341% which is Council's average 90 day term deposit interest rate.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 37

Related party disclosures

(i) Related parties

Parent entity

Knox City Council

Associates

Eastern Regional Libraries Corporation (ERLC)

Interests in associates are detailed in Note 8.

(ii) Key Management Personnel

Details of persons holding the position of Councillor or other members of Key Management Personnel at any time during the year were:

Councillors

| | |
|---|---|
| Councillor Darren Pearce (Mayor) | Councillor from 1 July 2016 to 22 October 2016. Mayor from 8 November 2016 to current. |
| Councillor Tony Holland (Mayor) | Mayor from 1 July 2016 to 22 October 2016. Councillor from 8 November 2016 to current. |
| Councillor Peter Lockwood | 1 July 2016 to 22 October 2016. 8 November 2016 to current. |
| Councillor Adam Gill | 1 July 2016 to 22 October 2016. 8 November 2016 to current. |
| Councillor John Mortimore (Deputy Mayor) | Councillor from 1 July 2016 to 22 October 2016. Councillor from 8 November 2016 to 27 February 2017. Deputy Mayor from 27 February 2017 to current. |
| Councillor Nicole Seymour | 1 July 2016 to 22 October 2016. 8 November 2016 to current. |
| Councillor Lisa Cooper | 1 July 2016 to 22 October 2016. 8 November 2016 to current. |
| Councillor Jackson Taylor | 8 November 2016 to current. |
| Councillor Jake Keogh | 8 November 2016 to current. |
| Councillor Karin Orpen | 1 July 2016 to 22 October 2016. |
| Councillor Joe Cossari | 1 July 2016 to 22 October 2016. |

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 37

Related party disclosures (cont'd)

(ii) Key Management Personnel (cont'd)

| | 2017 No. | 2016 No. |
|--|-------------|-------------|
| Total number of Councillors | 11 | 9 |
| Chief Executive Officer and other Key Management Personnel | 7 | 7 |
| Total Key Management Personnel | 18 | 16 |

(iii) Remuneration of Key Management Personnel

Total remuneration of Key Management Personnel was as follows:

| | 2017 \$'000 | 2016 \$'000 |
|----------------------|----------------|----------------|
| Short-term benefits | 2,115 | 1,919 |
| Long-term benefits | 13 | 303 |
| Termination benefits | - | - |
| Total | 2,128 | 2,222 |

The numbers of Key Management Personnel whose total remuneration from Council and any related entities, fall within the following bands:

| | 2017 No. | 2016 No. |
|------------------------|-------------|-------------|
| \$1 - \$9,999 | 2 | - |
| \$10,000 - \$19,999 | - | - |
| \$20,000 - \$29,999 | 2 | - |
| \$30,000 - \$39,999 | 5 | 7 |
| \$40,000 - \$49,999 | 1 | - |
| \$50,000 - \$59,999 | - | 1 |
| \$70,000 - \$79,999 | - | - |
| \$80,000 - \$89,999 | 1 | 1 |
| \$170,000 - \$179,999 | 1 | - |
| \$230,000 - \$239,999 | 1 | - |
| \$240,000 - \$249,999 | - | 2 |
| \$250,000 - \$259,999 | 2 | 2 |
| \$260,000 - \$269,999 | 2 | - |
| \$280,000 - \$289,999 | - | 1 |
| \$330,000 - \$339,999 | 1 | - |
| \$580,000 - \$589,999* | - | 1 |
| | 18 | 15 |

* Includes payment of leave entitlements on resignation.

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 37

Related party disclosures (cont'd)

(iv) Transactions with related parties

During the period Council did not enter into any transactions with related parties.

(v) Outstanding balances with related parties

There were no balances outstanding at the end of the reporting period in relation to transactions with related parties.

(vi) Loans to/from related parties

There were no loans in existence at balance date that have been made, guaranteed or secured by the Council to a related party.

(vii) Commitments to/from related parties

There were no commitments in existence at balance date that have been made, guaranteed or secured by the Council to a related party.

Note 38

Senior Officer remuneration

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

- (a) has management responsibilities and reports directly to the Chief Executive Officer; or
- (b) whose total annual remuneration exceeds \$142,000 (\$139,000 in 2015-16).

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

| Income range | 2017 No. | 2016 No. |
|--|------------------------|------------------------|
| < \$142,000 | - | 4 |
| \$142,000 - \$149,999 | 4 | 5 |
| \$150,000 - \$159,999 | 2 | 1 |
| \$160,000 - \$169,999 | 4 | 4 |
| \$170,000 - \$179,999 | 5 | 7 |
| \$180,000 - \$189,999 | 2 | 1 |
| \$210,000 - \$219,999 | - | 1 |
| \$230,000 - \$239,999 | - | 1 |
| | 17 | 24 |
| | 2017 \$'000 | 2016 \$'000 |
| Total remuneration for the reporting year for Senior Officers included above amounted to: | 2,818 | 3,961 |

Note 39

Events occurring after balance date

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

Certification of the Financial Statements

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



Dale Monk, B.Bus. (Acc), CPA

Principal Accounting Officer

Date: 28 August 2017

Wantirna South

In our opinion the accompanying financial statements present fairly the financial transactions of Knox City Council for the year ended 30 June 2017 and the financial position of the Council as at that date.

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

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



Cr Darren Pearce

Mayor

Date: 28 August 2017

Wantirna South



Cr John Mortimore

Deputy Mayor

Date: 28 August 2017

Wantirna South



Tony Doyle

Chief Executive Officer

Date: 28 August 2017

Wantirna South

Certification of the Financial Statements



Independent Auditor's Report

To the Councillors of Knox City Council

| | |
|---|--|
| Opinion | <p>I have audited the financial report of Knox City Council (the council) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2017• comprehensive income statement for the year then ended• statement of changes in equity for the year then ended• statement of cash flows for the year then ended• statement of capital works for the year then ended• notes to the financial statements, including a summary of significant accounting policies• certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Councillors' responsibilities for the financial report | <p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

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

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

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

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

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

MELBOURNE
8 September 2017



Tim Loughnan
as delegate for the Auditor-General of Victoria

How to Access Knox's Annual Report

The Annual Report is compliant with Council's Access and Inclusion Policy and meets the level double-A conformance to web content accessibility guidelines.

The Annual Report is available in various formats as follows:

- PDF available from our website
- MS Word
- Large print
- Hardcopy

You are welcome to contact Council for a copy of the Annual Report by telephoning 9298 8000 or sending an email to knoxcc@knox.vic.gov.au

Acknowledgement of Victorian State Government Funding

Knox City Council acknowledges the support of the Victorian State Government, which enables the delivery of some of Council's projects and programs, which include:

- Engage program for young people
- Metro Access program
- HACC program
- Immunisation program.

Community Input

Council welcomes community input into the development of its plans and strategies as well as feedback on any of its publications. Access to these is provided via the website (knox.vic.gov.au), in person, or calling our Customer Service team on 03 9298 8000.

You are welcome to contact us.

| | |
|---|---|
| Knox Civic Centre | 511 Burwood Highway, Wantirna South, Victoria 3152 |
| Email | knoxcc@knox.vic.gov.au |
| Internet - our public website | knox.vic.gov.au |
| Phone | +61 3 9298 8000 |
| TTY Users (Text Telephone) (NRS) | 133 677 (ask for 03 9298 8000) |
| Speak and Listen Users | 1300 555 727 (ask for 03 9298 8000) |
| Facebook | Facebook.com/knoxccouncil |
| Twitter | twitter.com/knoxcc |
| Fax | +613 9800 3096 |
| Translating and Interpreting Service | 131 450 |
| ABN | 24 477 480 661 |