



ANNUAL REPORT 2015-2016

YEAR IN REVIEW

Council Plan goal



Our community

For more information see page 43

Achievements

- Extensions to the Eltham Childcare Cooperative and Woodridge Preschool were completed
- 11,572 people took part in environmental education programs at Edendale
- A feasibility study into pavilion facilities at Eltham North Reserve was completed
- Delivered 9,167 meals and 24,500 hours of care to the aged, frail and disabled

Challenges

- The completion of a sportsground management review did not progress as quickly as planned

The year ahead

- Start the aquatic redevelopment at Eltham Leisure Centre



Our natural environment

For more information see page 55

Achievements

- More than 69 per cent of kerbside waste, recycling and green organics was diverted from landfill
- Draught-proofing, lighting and heating replacements took place across Council buildings to reduce energy consumption
- New animal housing and fencing at Edendale farm was almost completed

Challenges

- Civic Centre roof capacity was inadequate for the size of the solar panel system required, so a separate carport structure will be built at the rear of the building.

The year ahead

- Install solar panels at Community Bank Stadium, Diamond Creek



Our built environment

For more information see page 63

Achievements

- Construction tenders were called for the Liveable Nillumbik diverse housing project in Hurstbridge
- Stage one of the Eltham Butterfly Trail was completed
- Council agreed to continue planning for the Diamond Creek to Hurstbridge trail along the creek alignment
- Work began on upgrades to the Eltham Community and Reception Centre

Challenges

- Wet weather delayed the subdivision works at Civic Drive, Greensborough

The year ahead

- Further investigate 148 potential heritage places in line with the Heritage Strategy



Our economy

For more information see page 71

Achievements

- The redevelopment of Eltham Town Square was completed and officially opened to the public

Challenges

- A township plan for Kangaroo Ground was deferred until next financial year.

The year ahead

- Complete the Yarrambat Township Plan



Our Council

For more information see page 77

Achievements

- Council engaged with the community about rate capping
- Nillumbik maintained its 'green light' low risk status from the Auditor General for financial sustainability

Challenges

- Satisfaction with the overall performance of Council declined slightly but remains categorised as 'good'

The year ahead

- Conduct the general election in October 2016

ABOUT THE ANNUAL REPORT

Nillumbik Shire Council's Annual Report 2015-2016 is an important part of Council's commitment to open and accountable governance.

The report informs our community and stakeholders – including residents, ratepayers, businesses, visitors, prospective staff, government agencies and other interested groups – and reflects Council's commitment to making Nillumbik a better place for current and future generations.

The Annual Report is a thorough overview of the Council's performance in the 2015-2016 financial year against the five strategic objectives set out in the Council Plan 2013-2017 and Budget 2015-2016.

The report details Council's operations and performance during the financial

year consistent with the State Government's Local Government Performance Reporting Framework which came into effect on 1 July 2014.

The report highlights achievements and challenges in key operational areas and provides comprehensive corporate governance information as well as audited financial statements.

It included issues impacting the sustainability of Nillumbik and our organisation, and our financial and sustainability performance.

The report also includes statutory reporting and legislative information and fulfils Council's statutory responsibilities under the *Local Government Act 1989* and other legislation. The previous annual report was published in September 2015.

NILLUMBİK SHIRE COUNCIL

Front cover:

Dara and Freya (front) play on the giant platypus at Eltham Town Square.

Illustrative interpretation:

Deborah HALPERN & Malcolm LAURENCE
Spirit of Nillumbik (detail), 2001
steel; eleven balustrades (five picture panels; six grid panels)
90cm x 240cm x 11cm each
Public Art Collection: Nillumbik Shire Council;
Commissioned 2000
Location: Eltham Town Square, Commercial Place, Eltham
© Deborah Halpern & Malcolm Laurence



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The structure of this report

This report is divided into five sections:

1. An overview of Nillumbik Shire Council and the community we serve (page 2-39)
2. Our performance against the five strategic objectives on the Council Plan 2013-2017 (page 40)
3. Corporate information and statutory reporting (page 85)
4. Financial performance and performance against our key strategic activities (page 100)
5. Our performance against global indicators (page 158)

How to obtain copies of this Annual Report

Additional copies of this Annual Report can be obtained by:

- Logging onto the publications section of Council's website www.nillumbik.vic.gov.au
- Telephoning Customer Service on 9433 3111
- Sending an email to nillumbik@nillumbik.vic.gov.au
- Writing to Nillumbik Shire Council, PO Box 476 Greensborough Vic 3088

Nillumbik welcomes your feedback and ideas about this report. If you want to provide feedback or would like more information on any matters contained in this report, please contact the Governance Unit on 9433 3111 or email nillumbik@nillumbik.vic.gov.au.

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Lifestyle

Nillumbik has a population of 62,602 people who enjoy a healthy, safe, family-friendly lifestyle within close-knit communities.

SNAPSHOT OF COUNCIL

Demographic profile

The Shire of Nillumbik is known as the Green Wedge Shire and covers an area of 432 square kilometres 25 kilometres north east of Melbourne.

Nillumbik has a population of 62,602 people who enjoy a healthy, safe, family-friendly lifestyle within close-knit communities.

The Shire is a collection of townships, each with its own unique identity and heritage, set among bushland and rolling hills. The major activity centres are Eltham and Diamond Creek. Other unique townships include Hurstbridge, St Andrews, Strathewen, Yarrambat, Wattle Glen, Kangaroo Ground, Smiths Gully, North Warrandyte and the Bend of Islands.

Striking mud-brick buildings and award-winning wineries complement the Shire's natural landscape.

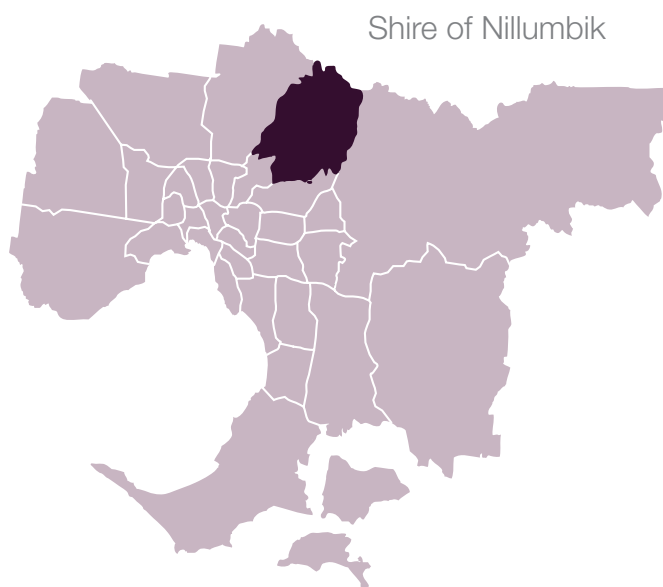
Residents feel connected to their local townships and have a strong sense of community. The community values and wants to protect the Green Wedge with its bushland environment, open spaces and artistic heritage.

The Shire of Nillumbik has a relatively healthy and affluent community which lives largely in family units in single dwelling properties.

Our community has a high rate of employment with 96.9 per cent of our residents employed either full or part time. Of those, 71 per cent drive their car to work. More than 85 per cent of our residents own or are purchasing their home.

At a glance

Area	431.94 square kilometres
Total population	62,602
Rateable properties	23,138
Percentage of population aged 0-17 years	25.8%
Percentage of population aged 60 years and over	15.6%
High income households (\$2000 per week or more)	41.3%
Low income households (less than \$600 per week)	9.9%
Couples with children	9,777
Couples without children	4,647
Medium and high density housing	5.3%
Households with a mortgage	9,715
Households renting	1,912
Non-English speaking backgrounds	8.1%
University attendance	24.9%
Unemployment	3.5%
People who travelled to work by car (either as driver or passenger)	71%



MAYOR'S MESSAGE



I am pleased to present Nillumbik Shire Council's 2015-2016 Annual Report which details the third year of progress against the Council Plan 2013-2017.

It was a year that saw many changes in the sector as a result of amendments to the *Local Government Act 1989*. In accordance with the Act, Council adopted its Election Period Policy and reviewed its Code of Conduct.

Rate capping

Another difference was preparing for the State Government's rate capping policy which came into effect for the 2016-2017 financial year.

Council undertook a comprehensive consultation process with our community to gauge their views and feedback on a 2.5 per cent cap on rate increases.

A community panel was formed and came up with a set of principles and recommendations which we tested with the broader community through our annual community survey of 500 households and an online survey open to all residents.

Overwhelmingly our community told us that Council should only apply for an exemption to the rate cap if it needed to raise extra revenue in the event of a natural disaster. This feedback informed our decision to stay within the rate cap for the 2016-2017 financial year.

We retain a green light from the Auditor General on all key measures over the 10 year financial plan. Prudent budgeting over this term has enabled us to be in good shape financially.

Climate change and protecting the Green Wedge

In June, I attended the National General Assembly of Local Government in Canberra and was very proud to receive majority support from more than 1,000 delegates for Nillumbik's motion to seek more funding for climate change measures.

MAYOR'S MESSAGE



This Council has taken seriously the threats posed by climate change and we now have 36 solar systems on our buildings and larger systems to go onto our Civic Centre, Community Bank Stadium in Diamond Creek, Eltham Community and Reception Centre and Eltham Leisure Centre.

Supporting and protecting the Green Wedge is a crucial part of who we are and what we stand for as a Shire and I am pleased to support our Management Plan which includes protections for our unique biodiversity, river health, our unique rural villages and the farming community.

Community facilities

Another highlight of the year was the official opening of the renovated Eltham Town Square in November 2015. The town square is now a revitalised precinct for locals and customers further afield.

Works included public toilets, tree planting for shade, an alfresco café, landscaping and changes to access roads to increase the pedestrian area.

Substantial progress was made on a number of other community projects.

Designs were finalised for the new aquatics at Eltham Leisure Centre. At \$19 million this will be our biggest ever capital works project.

The *Liveable Nillumbik* accessible and diverse housing in Hurstbridge project achieved a number of milestones with rezoning taking place to enable further planning.

Our plans to extend our most popular recreation trail – the Diamond Creek Trail – from Diamond Creek to Hurstbridge continued. A community survey sought feedback on whether the proposed trail should run along the creek or the road with the creek alignment strongly supported.

In May, I turned the sod to mark the start of a substantial refurbishment at the iconic mud-brick Eltham Community and Reception Centre.

The upgrade to the building includes replacement of the corrugated asbestos roof, improved accessibility from the carpark, improved accessibility

to the stage area, installation of solar panels and rainwater harvesting, upgrades to lighting and sound controls, new toilets and new kitchen to meet commercial standards.

Funding has come from the State Government's Interface Growth Fund contributing almost \$2.6 million and Council contributing almost \$900,000.

I was pleased to officially open the Wadambuk St Andrews Community Centre and the new goat sheds at Edendale Community Environment Farm.

Thank you to my fellow Councillors for giving me the opportunity to serve as Mayor in this wonderful Shire, to the officers for the excellent job they do and to my family and friends whose support I couldn't do without.

A handwritten signature in black ink, appearing to read 'Cr Bronnie Hattam'.

Cr Bronnie Hattam
Nillumbik Shire Mayor

MESSAGE FROM **THE CEO**



It has been another rewarding year at Nillumbik. We have completed some major pieces of strategic and policy work, made significant progress on a number of important community projects and adapted to the changes that are taking place across the sector.

Highlights

In August, a new Complaint Handling Policy was adopted, providing transparency, consistency and clarity to customers about how Council will deal with their complaints. The organisation-wide policy is based on a good practice guide and policy template developed by the Victorian Ombudsman in 2014, following extensive consultation with all Victorian councils and related agencies.

The Climate Change Action Plan 2016-2020 was adopted in November 2016 after a period of community consultation. Council understands the importance of preserving the Green Wedge, contributing to global efforts to reduce greenhouse gas emissions across all sectors, conserving natural resources and to promoting a healthy, safe and resilient community. The Plan ensures that strategies and actions are in place to address climate change mitigation and adaptation effectively within Nillumbik.

Council led the development of a comprehensive plan for the growth of tourism within the local area, to ensure the key features of the Green Wedge are respected and reinforced through promotion to a wider metropolitan

audience. The Brand Nillumbik Destination Management Plan and Marketing Strategy were endorsed by Council which also approved 'The Artisan Hills' as the new brand identity for the Shire.

A new Gambling Harm Minimisation Policy 2016-2021 was informed by a public consultation on gambling including a community survey. The outcomes from the public consultation revealed strong disapproval of electronic gaming machines and favoured a decrease in machines with no support for additional machines in Nillumbik.

The Integrating Child, Youth and Families Services Strategy was adopted in March 2016 and aims to improve the wellbeing of children, young people and families from birth to 25 years. The Strategy will guide the community service system which Council is responsible for and it will contribute to community wellbeing outcomes through the levers Council has at its disposal.

Nillumbik is one of seven municipalities across Melbourne's north that have worked together to develop the Northern Regional Trails Strategy. The Strategy defines a vision and plan for development of an 'off road' recreational trails network across the region.

MESSAGE FROM THE CEO



There are 120 existing off-road regional trails and 96 proposed trails (comprising 121 individual projects), spanning 780 kilometres of accessible trails across the northern region. Twenty-nine trails have been identified as priority projects. Priority trails have the greatest alignment to regional priorities and the strongest potential for immediate implementation. Three of these trails are within the Nillumbik Shire. They are Diamond Creek Trail, Green Wedge Trail and the Aqueduct Trail.

Advocacy and engagement

The \$50 million Interface Fund for the 10 fringe councils that surround metropolitan Melbourne was announced in July 2015 following a Fairer Funding advocacy campaign by all those councils in the lead up to the last State Election.

Nillumbik was very pleased to receive \$6.3 million from the Fund towards two major infrastructure projects – \$3.8 million for the redevelopment of the aquatics at the Eltham Leisure Centre and \$2.5 million for an upgrade to the Eltham Community and Reception Centre. In their applications to the Interface Fund, councils had to demonstrate that their projects were ‘shovel ready’ and could start within six months and that they have social benefits as well as an impact on employment growth and local economic improvements.

The \$19 million Eltham Leisure Centre project includes redevelopment of the entire aquatics facility, including replacement of the 25 metre indoor pool, construction of a new warm-water pool for hydrotherapy, provision of a new learn-to-swim and children’s pool, and upgraded plant and equipment.

The upgrade to the Eltham Community and Reception Centre will include improvements to kitchen and function areas in addition to electrical upgrades and roof replacement.

The Government announced the renamed Growing Suburbs Fund in the 2016-2017 budget available to Interface Councils and we have spent some time preparing funding submissions for a number of projects including the open space precinct at Civic Drive in Greensborough, the upgrade of sports pavilions at Wattle Glen and Eltham North Reserve, continuing the facility upgrades outlined in Edendale Community Environment Farm Masterplan and improvements to the Kangaroo Ground War Memorial Tower of Remembrance.

We engaged all staff in the development of a new high-level strategy which details the drivers for changes at Nillumbik and our priorities for maintaining services which are in line with current and future community needs. In a rapidly changing and complex environment, the Organisational Culture and Capability Strategy will help us meet the challenges we face in the next few years. The strategy is underpinned by a vision statement – *Listen, adapt, deliver .. relentless in the pursuit of excellence* – which encapsulate the areas of focus for the administration as we enter this new era for local government.

Finances

Financially, we are in good shape and we expect that Nillumbik will again achieve an overall low-risk (green light) assessment for financial sustainability from the Auditor-General.

Our conversations with our community about the impacts of rate capping and budget priorities was a very valuable and important piece of work and helped inform the Council’s decision to stay within the State Government’s 2.5 per cent cap on rate increases for the 2016-2017 financial year.

Council has diligently implemented the principles of its Financial Sustainability Plan which was adopted in December 2013. This plan includes a series of measures of financial sustainability along with targets for Council over the short,

medium and long term. Implementation of this plan means that Council should receive a ‘low risk’ assessment from the Auditor-General for financial sustainability for the next ten years.

Council has also achieved the important Financial Sustainability Plan targets of increasing own-source revenue to enable increased spending on asset maintenance and renewal. This target has been set to ensure that sufficient funding is available each year to renew and upgrade Council infrastructure without reliance upon asset sales, new loans or external grants. Recurrent revenue allocated to capital works is expected to exceed annual depreciation by 2019-2020.

The year ahead

With elections in October 2016, there is some important work for the organisation in not only the conduct of the election, but also in welcoming and inducting our new Councillor group and preparing them for their four-year term, including the development of the new Council Plan.

We will continue to be involved and provide feedback on the proposed new structure of the Local Government Act. Council has endorsed the general direction of the new Act as a principles-based piece of legislation with much of the prescriptive processes removed. Consistent with the new direction in the Act, community engagement will be a focus for the Council and the organisation over coming years as we aim to provide increased options and opportunities for citizen involvement in the decisions which impact them

I would like to thank the Councillors, management and staff for their hard work and commitment throughout the year.

Stuart Burdack
Chief Executive Officer

OUR FINANCES

Financial sustainability is a challenge for all governments, and sound financial planning is a cornerstone of good governance.

Financial summary

This overview provides an outline of the operating result for the year, compared to the adopted budget. It also provides details of Council's progress in achieving the targets set in Council's Financial Sustainability Plan.

Operating result for 2015-2016

Council budgeted for an operating surplus of \$8.3 million in 2015-2016. This represented \$8.1 million in cash required to fund Council's Capital Works program. Council also budgeted for a further \$150,000 cash surplus to cover budget variations during the 2014-2015 year.

The operating surplus reported in the 2015-2016 financial statements is \$4.6 million which is lower than the budgeted surplus of \$8.3 million. This variance is predominantly due to the following items:

- De-recognition of assets (\$13 million loss)
- Capital grants (\$5.2 million higher)
- Development contributions – monetary (\$2 million higher)
- Development contributions – infrastructure assets (\$1.6 million higher)

Although the reported surplus is lower than the budget, Council still maintains a strong cash position for the year end. Much of this funding is tied to specific future projects and is set aside in Council's reserve funds until these works are undertaken.

Financial sustainability results

Council's Financial Sustainability Plan was adopted in December 2013. It identifies the challenges and issues

facing Council in terms of financial sustainability, and establishes the principles that Council will follow in managing its finances.

This plan also sets targets for Council to monitor its financial sustainability on an ongoing basis. Some of these targets are to be achieved each year, while other longer-term targets are to be achieved over several years. The projected performance on each target is identified in the Annual Budget, and the actual results are then reported in the Annual Report and appear on page 13.

Some targets match those used by the Victorian Auditor-General, and these results will be confirmed when the Auditor-General's annual audit report on Victorian Local Government is presented for 2015-2016. Council has also included some other targets to track progress on specific issues such as asset management and capital works.

Liquidity

Council's strong cash position of \$33.2 million is primarily made up of funds held in short-term investments which are reserved for a specific purpose. Forty-seven per cent of these funds have been invested with financial institutions which maintain environmentally sustainable investment policies as at 30 June. Council has recorded a liquidity ratio of 3.51 which demonstrates that Council has sufficient cash to cover its debts when they are due.

Obligations

Council has an extensive portfolio of infrastructure assets held for the benefit of the community. Council aims to renew and maintain its assets at a level which meets

community needs. Council has achieved a low-risk result according to the Victorian Auditor-General's renewal gap ratio, which measures renewal and upgrade expenditure as a proportion of depreciation. Council is projecting additional renewal expenditure in coming years, including the redevelopment of the Eltham Leisure Centre aquatics facility which represents the largest single asset renewal project.

Council's overall borrowings have not increased which is reflective of Council's conservative position on borrowing funds. This is in line with the guidance provided through the Council's Financial Sustainability Plan, and remains within the Victorian Auditor-General's low-risk range.

Stability and efficiency

Council relies primarily upon rates as the main funding source to deliver services and infrastructure for the community. As a Green Wedge municipality, Nillumbik does not have the same amount of commercial and industrial properties as other metropolitan municipalities. This means that Council relies upon residential rates to provide most of its revenue.

Nillumbik also has more residents per property than any other municipality in Victoria, with 2.7 residents per rateable property in Nillumbik (compared to a Victorian average of 1.8). This means that each property's rates in Nillumbik need to provide funding to meet the service needs of 50 per cent more residents, when compared to an average property elsewhere in Victoria. As a result, rates per property in Nillumbik are higher than the median of other municipalities. However Nillumbik's level of rates per resident, and spending per resident are both less than the median for other municipalities.

OUR FINANCES



Financial Sustainability Plan Targets and Results

MEASURE	TARGET FOR NILLUMBIK	RESULT FOR 2015-2016	STATUS
AUDITOR-GENERAL MEASURES			
Overall sustainability assessment	Low risk/green light	Results for each ratio meet overall low risk/green light assessment	✓
Underlying Result ratio	> 0% (Low risk/green light)	3%	✓
Liquidity ratio	> 1.0 (Low risk/green light)	3.51	✓
Internal-financing ratio	> 100% (Low risk/green light)	138%	✓
Indebtedness ratio	< 40% (Low risk/green light)	34%	✓
Capital replacement ratio	> 1.5 (Low risk/green light)	1.99	✓
Renewal gap ratio	> 1.0 (Low risk/green light)	1.14	✓

OTHER MEASURES			
Adjusted Underlying Result (excluding capital grants)	Surplus	Surplus	✓
Budgeted Rate Determination surplus	\$150,000 or higher	\$150,000	✓
Own source (rates) revenue allocated to capital works	> 5% higher than previous year	The 2015-2016 Budget allocated \$8.86 million of own-source revenue to capital works. This was a 47% increase on the 2014-2015 allocation of \$6.02 million. Actual capex funded from own-source revenue at 30 June 2016 was \$6.90 million with the balance of \$1.96 million carried forward for projects to be completed in 2016-2017.	✓
Own source (rates) revenue allocated to capital works	> Depreciation by 2018-2019	2015-2016 Budget forecasts achievement of target by 2018-2019.	🎯
Asset Renewal Gap value (STEP 10 year gap)	Reduce from \$10m to zero by 2023	2015-2016 Budget forecasts achievement of target by 2021-2022.	🎯
Asset management plans updated and asset condition audits completed each year as per program in Asset Management Strategy	100% of annual program completed	Asset Management Plans were updated and approved by GMIS in November 2015. Asset condition audits have been completed as per the Asset Management Strategy, with the audits for bridges, bus shelters and sports lighting completed during 2015-2016.	✓

Achieved ✓ Partially achieved ➡ On target 🎯 Not achieved ✗

SUSTAINABILITY REPORT



The Eltham Copper Butterfly has been officially listed as endangered.

Nillumbik Shire Council is committed to ensuring the sustainability of our organisation and our community into the future.

Environmental sustainability

Amendment C101 – Environmental Significance Overlays

A review of the Environmental Significance Overlays in the Nillumbik Planning Scheme began. Amendment C101 ensures Council meets its statutory obligation to the State Government to ensure our ESOs accurately reflect the environmental significance of each property.

Previously the Nillumbik Planning Scheme had one ESO. Amendment C101 proposes this be changed into four different ESOs so land can be categorised to more accurately reflect its environmental significance.

- ESO1: Core Habitat
- ESO2: Buffer Habitat
- ESO3: Urban Habitat in Township and Residential Areas
- ESO4: Waterways

The proposed Amendment will accurately reflect the current extent of vegetation and observed biodiversity values and will recognise and

distinguish between the different levels of biodiversity significance.

The changes should also help to standardise planning matters and permit exemptions. Extensive community consultation on Amendment C101 began in November 2015 and continues.

Rehabilitating landfill sites

The final stage of rehabilitation of the landfill (tip) site at Plenty got underway, following a Council decision to award a \$4.96 million contract for works over the next three years.

Council has been working on and saving money for the rehabilitation for many years. Ongoing changes to State Government regulations and requirements for rehabilitation of landfill sites have made this a very expensive and complex project for Council.

This final stage, known as 'capping', involves putting a layer of soil, synthetic materials and gas collection pipes over the whole landfill area to seal it off from the environment, so the land can be put to good use.

Eltham Copper Butterfly officially endangered

News that the Eltham Copper Butterfly had been officially listed as endangered under the Federal Environment Protection and Biodiversity Conservation Act, means that the butterfly should receive additional support and funding to assist with its ongoing survival.

Since the discovery of the ECB in Eltham in 1987, much has been done to ensure the species has been saved from extinction.

Extensive work has taken place since 1991 to restore the butterfly's habitat to ensure an increase in its numbers, effectively bringing it back from the brink of extinction.

The numbers of the butterfly had declined significantly in recent years, but due to grant funding and a considerable amount of work to conserve their environment, they have responded and increased in number again.

SUSTAINABILITY REPORT

Litter threatens platypus

Local school students created a vibrant platypus mural under the Bridge Street bridge near the Eltham skate park to raise awareness about litter that threatens platypuses and other animals living in the Diamond Creek.

The impressive artwork is part of Nillumbik Council's 'Ramp up litter prevention' project, which aims to reduce the amount of litter in local waterways through student art, improved bins at the skate park, education sessions in local schools, greater engagement with users of the area and monitoring.

Social Sustainability

Interface Growth Fund benefits report

Interface Councils released the 2015-2016 Interface Growth Fund Benefits report announcing more than 1,000 jobs and \$102 million in investment to be released by the first \$40 million of funding through the new Interface Growth Fund.

Interface Councils Chair and Nillumbik Shire Council Mayor Bronnie Hattam presented the final Benefits Report to the Minister for Local Government Hon Natalie Hutchins MP in front of Members of Parliament and Interface community members in a celebration of the positive outcomes that will be achieved through the Fund.

As well as boosting economic activity in Melbourne's outer suburbs, the Interface Growth Fund will also play an imperative role in addressing the four key areas of social disadvantage experienced in interface communities, including; fragile families, poor health outcomes, at risk youth and isolated ageing.

The social and economic outcomes that will be achieved through the 26 projects that include childrens services, community and recreation facilities, is just a taste of what can be achieved with this Fund and highlights its role in creating liveable and sustainable communities in Melbourne's outer suburbs.

Council adopts Gambling Policy

A Gambling Harm Minimisation Policy aimed at enhancing community health and wellbeing, local amenity and community safety was adopted by Council.

The policy takes a harm prevention approach to poker machines in the Shire which is consistent with Council's Health and Wellbeing Plan. It outlines Council's position on gambling and guides decision-making on electronic gaming machines – pokies – in the Shire.

Community consultation found that the general view is that the machines have a negative impact on the community and there is no support or demand for more.

Financial sustainability

Interface fund

Council received \$6.3 million from the State Government's \$50 million Interface Fund towards two major infrastructure projects – \$3.8 million towards the redevelopment of the aquatics at the Eltham Leisure Centre and \$2.5 million for an upgrade to the Eltham Community and Reception Centre.

The \$50 million Interface Fund for the 10 fringe councils that surround metropolitan Melbourne was announced in July 2015 following a Fairer Funding advocacy campaign by all those councils in the lead up to the last State Election.

In their applications to the Interface Fund, councils had to demonstrate that their projects are 'shovel ready' and can start within six months and that they have social benefits as well as an impact on employment growth and local economic improvements.

Community engagement on rate capping

In 2015, the Victorian Government announced that a rates capping framework will be introduced for Local Government in 2016-2017, limiting annual rate increases to 2.5 per cent.

Council decided to engage with the local community to ensure that its response to rate capping was well informed by an understanding of community views and priorities as well as being financially sustainable while still meeting the community's needs over the short and long term.

A Community Panel and two separate surveys found that the majority of Nillumbik residents felt that Council should only apply to exceed the cap on rate increases if it needs to raise additional revenue to respond to a disaster.

The results were presented back to Council and enabled it to determine how to respond to rate capping in the short term. Council resolved not to go above the 2.5 per cent cap on rate increases in the 2016-2017 financial year.

Campaign to restore grants

Nillumbik joined an advocacy campaign to lobby the Federal Government to restore the indexation of Financial Assistance Grants after this year's grant fell by \$125,663 (3.7 per cent) from last year.

The campaign led by the Australian Local Government Association (ALGA) and the Municipal Association of Victoria (MAV) aims to restore the indexation of grants. In its 2014 budget, the Federal Government announced it would freeze the indexation of Financial Assistance Grants to local government for three years.

Financial Assistance Grants are an important source of funding provided by the Federal Government to local government. The grants are allocated to each state and then distributed to councils by each State's grants commission.

Council budgeted to receive a Financial Assistance Grant of \$3,333,849 in 2015-2016, but will actually receive \$3,208,186.



Our pledge

Nillumbik Shire Council has an obligation to achieve the most benefits from all available resources for its community and has pledged to do this in a sustainable manner.

ABOUT COUNCIL

About Council

In accordance with the *Local Government Act 1989* (the Act), Council's role is to provide good governance and leadership for the Nillumbik community through advocacy, decision-making and action.

Nillumbik Shire Council has an obligation to achieve the most benefits from all available resources for its community and has pledged to do this in a sustainable manner.

How councils operate

In Victoria, there are 79 councils representing around five million people. Councils consist of an elected arm (between five and 12 councillors elected by the community) and an operational arm (council staff).

An elected council sets the overall direction for the municipality through long-term planning. It adopts a strategic view of the future it wishes to achieve for its community and makes plans and policies to achieve this.

A council then ensures this is achieved through its monitoring and reporting processes. The operational or administrative arm is responsible for implementing council decisions.

Council officers also provide advice and expertise that help a council to form policy decisions, deliver services, and implement and manage systems. For all these functions, they are accountable to the council through the chief executive officer.

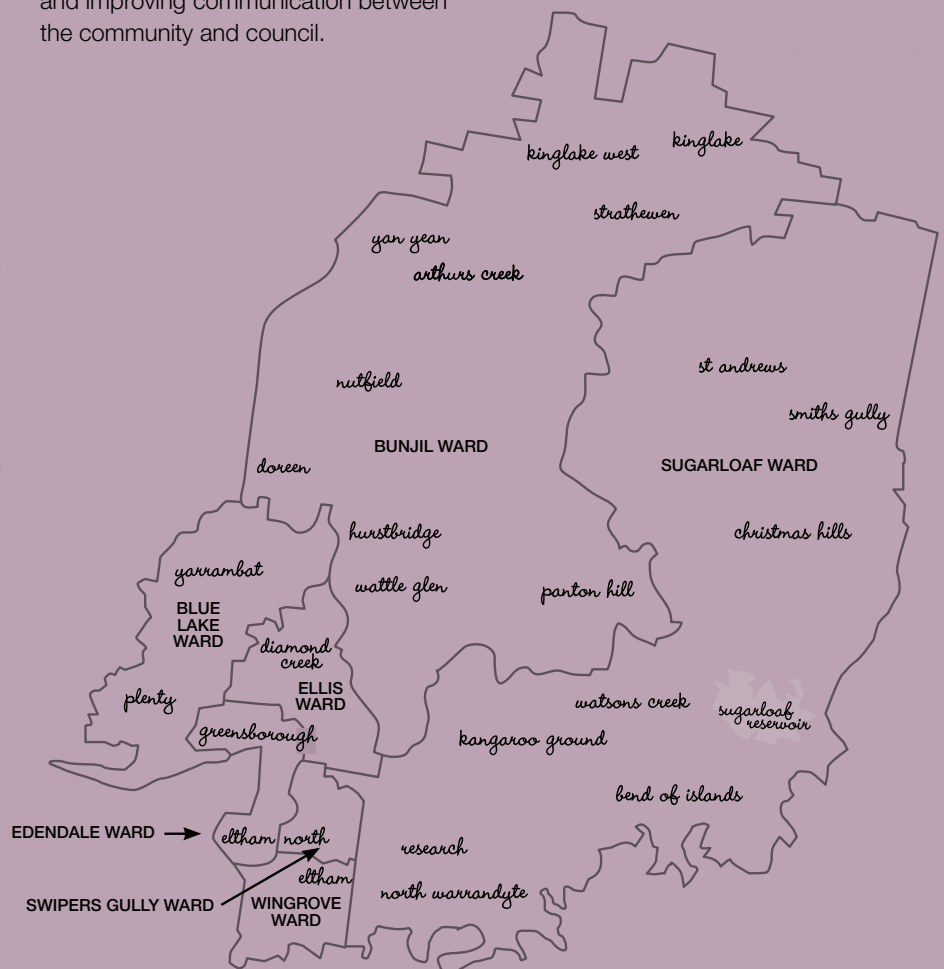
About councillors

In Victoria, Councillors are elected every four years to represent their communities. They receive an allowance to assist them to exercise their responsibilities and are expected to behave in accordance with the council's Code of Conduct.

As an individual, a councillor is expected to represent the interests of residents and ratepayers. This means providing community leadership and guidance, and improving communication between the community and council.

A councillor can only make decisions as a member of 'the council' at formally constituted council meetings. Actions occur after a majority vote decision of the council or of a formally delegated committee.

As an individual, neither the Mayor nor councillors have the authority to act or make decisions on behalf of the council or its staff.



ABOUT COUNCIL



Cr Bronnie Hattam
(Mayor)
elected 2004, elected 2012

☎ 9431 4035
@ Bronnie.Hattam@
nillumbik.vic.gov.au

Serving her first term as Mayor, Cr Bronnie Hattam has an extensive family history in the Shire and wants to protect Nillumbik, its Green Wedge, neighbourhood character and tree canopy in Eltham. Other things about which Cr Hattam feels passionate are the artistic community and cultural heritage, supporting friends groups, the environment, sensitive design and appropriate development.

Married and with three children Cr Hattam enjoys painting in her spare time and is a member of the Eltham Historical Society and Nillumbik Mudbrick Association.

Cr Hattam's favourite things to do in the Shire includes visiting Kangaroo Ground Memorial Tower, visiting Montsalvat and taking the dog for walks in Eltham's parks.



Swipers Gully Ward includes the Eltham area north of Grove Street/ Wycliffe Crescent, and bounded by Main Road, Allendale Road and Reynolds Road.



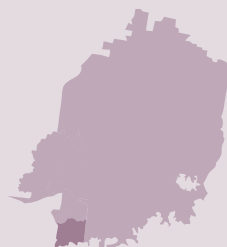
Cr Helen Coleman
(Deputy Mayor)
elected 2004, re-elected 2008, 2012

☎ 0437 940 930
Phone/fax: 9439 0063
@ Helen.Coleman@
nillumbik.vic.gov.au

Cr Coleman is serving her third term on Council and believes that protecting the Green Wedge is vital along with preserving community services. Cr Coleman was Mayor in 2010-2011 and again in 2014-2015.

Cr Coleman is passionate about all aspects of the A-Z of Council services from 'roads, rates and rubbish' and services to aged care the arts, families and children, sports and volunteers to name a few.

Cr Coleman has a background in community services and is married with two children. She is a member of the Board of the Municipal Association of Victoria (MAV) and Women's Health Victoria, and is President of the Australian Local Government Women's Association Victorian branch. In her spare time Cr Coleman enjoys the local shopping centre, the local festivals and events and spending time with her family and friends around the Shire.



Wingrove Ward covers Eltham South.



Cr Anika Van Hulsen
elected 2012

☎ 0408 281 905
@ Anika.Vanhulsen@
nillumbik.vic.gov.au

A mother and volunteer community worker, Cr Van Hulsen and her partner Tony have two children and live in Wattle Glen.

Cr Van Hulsen has been involved in her local community and in broader Shire issues for the past 14 years and stood for Council to take her community work to the next level.

She is passionate about building healthy communities and hopes to achieve a start on the Diamond Creek to Hurstbridge Trail. As convenor of Friends of Watery Gully, Cr Van Hulsen enjoys spending time working with her fellow volunteers in her local reserve Peppers Paddock as well as visiting the Shire's other fantastic reserves and local cafes.



Bunjil Ward covers Arthurs Creek, Doreen, Hurstbridge, parts of Kinglake, Kinglake West, Nutfield, Panton Hill, Strathewen and Yan Yean.

ABOUT COUNCIL



Cr Meralyn Klein
elected 2012

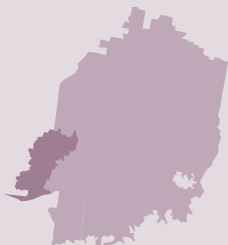
☎ 0407 801 066
✉ Meralyn.Klein@nillumbik.vic.gov.au

Cr Klein retired from the hospitality industry where she managed a local restaurant to take up the mantle as a Nillumbik Shire Councillor.

Cr Klein lives in Research and one of her favourite things to do is meet up with friends at the Plenty Valley Women's Group and at her local church Eltham Baptist.

She joined Council to address those community matters that she is concerned about, Council's rates and vegetation management. She believes that becoming a Councillor was a way of trying to get something done rather than just talk about it.

Cr Klein and her husband John have four children.



Blue Lake Ward covers Plenty, Yarrambat and parts of Greensborough.



Cr Michael Young
elected 2004,
re-elected 2008, 2012

☎ 0437 840 866
✉ Michael.Young@nillumbik.vic.gov.au

Designer/builder and passionate advocate for the Green Wedge, Cr Michael Young, is serving his third successive term on Council. Cr Young was Mayor in 2011-2012 and 2013-2014.

Cr Young is passionate about getting the right type of appropriate development in residential areas and preserving the character and environmental values of the Green Wedge.

Cr Young lives in Eltham and has two adult children. Among the things he most enjoys about Nillumbik is the drive from Kangaroo Ground to St Andrews.



Edendale Ward covers Eltham North and parts of Diamond Creek.



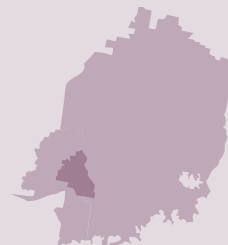
Cr Peter Perkins
elected 2010, re-elected 2012

☎ 0437 455 064
✉ Peter.Perkins@nillumbik.vic.gov.au

Cr Perkins is serving his second term on Council and believes that being a Councillor is one of the most rewarding experiences he has had. Cr Perkins was Mayor in 2012-2013. He is keen to protect what we know as Nillumbik and preserve what's important about our Shire.

Cr Perkins works for the Metropolitan Fire Brigade, has been a CFA volunteers for 20 years and was Captain of the Diamond Creek CFA brigade for 10 years. He is single and has been living in Diamond Creek for 23 years.

Cr Perkins enjoys showing off the Shire to his friends when they visit and included in the tour is a trip to the St Andrews market and the Kangaroo Ground Memorial Tower, lunch at the Panton Hill pub, and a walk in Eltham Lower Park.



Ellis Ward covers Diamond Creek and surrounds.



Cr Ken King
elected 2008, re-elected 2012

☎ 0427 549 759
✉ Ken.King@nillumbik.vic.gov.au

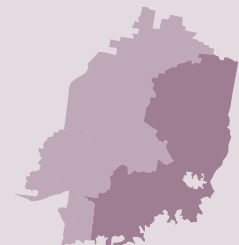
Kangaroo Ground winemaker, Ken King, is serving his second term on Council.

Cr King said he stood for Council again to implement the policies of the previous Council.

Cr King is passionate about keeping arable land productive as a means of preserving rural land in Nillumbik and is also looking forward to the next step of the Picture Nillumbik community engagement process.

Ken and his wife Sue live in Kangaroo Ground with their three children, Mason, Lane and Bridget where in addition to their winery, they operate the local post office.

Cr King was Nillumbik Shire Mayor in 2009-2010. Cr King's favourite place in the Shire is the top of the Kangaroo Ground Memorial Tower.



Sugarloaf Ward covers Bend of Islands, Christmas Hills, Kangaroo Ground, North Warrandyte, Research, Smiths Gully, St Andrews and Watsons Creek.



Community

The community values and wants to protect the Green Wedge with its bushland environment, open spaces and artistic heritage.

ABOUT NILLUMBIK

Location

The Shire of Nillumbik covers an area of 432 square kilometres. At its south western gateway, Nillumbik is located less than 25 kilometres north-east of Melbourne, and has the Yarra River as its southern boundary.

It extends 29 kilometres to Kinglake National Park in the north/north-east and stretches approximately 20 kilometres from the Plenty River and Yan Yean Road in the west, to Christmas Hills and the Yarra escarpment in the east.

Population

Nillumbik has a population of 62,602 people who enjoy a healthy, safe, family-friendly lifestyle within close-knit communities.

More than 25 per cent of Nillumbik's residents are aged 0-17 years and more than 15 per cent are aged 60 years and over. Our community has a high rate of employment with 96.5 per cent of our residents employed either full or part time. Some 71 per cent of workers travel to their place of employment by car, either as a driver or passenger.

Households

The Shire of Nillumbik has a relatively healthy and affluent community which lives largely in family units in single dwelling properties.

In Nillumbik in 2011, there was a higher proportion of couple families with children as well as a lower proportion of one-parent families. Overall, 49.4 per cent of total families were couple families with children compared to 33.5 per cent for greater Melbourne, and 9.6 per cent were one-parent families compared to 10.4 per cent for greater Melbourne.

There was a lower proportion of lone person households (13.7 per cent compared to 23.3 per cent in greater Melbourne) and a similar proportion of couples without children (23.5 per cent) which is almost the same as greater Melbourne.

In 2011, there were 19,847 separate houses in the area, 1,100 medium density dwellings, and 14 high density dwellings.

Analysis of the types of dwellings in Nillumbik Shire in 2011 shows that 94.5 per cent of all dwellings were separate houses; 5.2 per cent were medium density dwellings, and 0.1 per cent were high density dwellings, compared with 71.1 per cent, 21.1 per cent, and 7.2 per cent in the Greater Melbourne respectively. (Source: Census 2011)

The Green Wedge Shire

The Shire of Nillumbik is known as the Green Wedge Shire. The term Green Wedge is used by the State Government to describe non-urban areas that surround metropolitan Melbourne, outside the Urban Growth Boundary (UGB). The Nillumbik Green Wedge covers 91 per cent of the total area of the Shire.

Nillumbik is a collection of townships, each with its own unique identity and heritage, set among bushland and rolling hills.

The major activity centres are Eltham and Diamond Creek. Our townships offer residents and visitors distinctive village-style shopping, access to professional services and public transport and places to meet and socialise.

Striking mud-brick buildings and award-winning wineries complement the Shire's natural landscape.

Residents feel connected to their local townships and have a strong sense of community. The community values and wants to protect the Green Wedge with its bushland environment, open spaces and artistic heritage.

ABOUT NILLUMBIK



Nillumbik's natural environment is characterised by steep ridges and gentle sloping hills.

Aboriginal heritage

The area now comprising the Shire of Nillumbik was roamed for centuries by the Wurundjeri-willam clan of the Woi wurrung speaking people. The Wurundjeri people called our region *nillumbik* meaning shallow earth – a name later used by the Europeans who settled here.

Nillumbik Shire Council has made a strong commitment to reconciliation with the Wurundjeri people of the Kulin nation. This commitment has been demonstrated through the development of Council's Policy Commitment to Reconciliation with Indigenous Australians 1998, and the Nillumbik Shire Council Reconciliation Charter adopted in 2008.

A formal acknowledgement statement is read at the beginning of each Council meeting and other public events to respect and give recognition to the culture, language and practices of the traditional owners of the land now known as the Shire of Nillumbik.

Environment

Nillumbik's natural environment is characterised by steep ridges and gentle sloping hills enclosing plains and flats. The south is dominated by lowland hills while further north the Shire's boundary is framed by the mountains of the Kinglake Ranges.

Remnant of open grassy woodland, with relatively shallow soils dominated by long-leafed and red box eucalypts and occasional stands of ironbark still remain on the hillside, ridge tops and along the creeks. The fertile soils of an old volcano at Kangaroo Ground offer rich farming land.

Despite clearing by European settlers, Nillumbik retains large areas of native vegetation on public and private land and sites of national, state and regional significance for their fauna. Three major creeks run through the Shire and Nillumbik also contains significant natural wetlands.

Nillumbik's Green Wedge is host to a number of state and national parks and Council also manages a number of important environmental reserves.

Artistic heritage

The creative life of the community is highly-valued and large numbers of artists live and work here in the quiet beauty of our landscape.

Nillumbik's existing artist communities such as Butterfly Studio, Dunmoochin, Baldessin Studios, and Montsalvat, and the strength of artistic traditions commencing from the early Australian Impressionist painters through to current practice in contemporary arts showcased at local, regional and international forums, all contribute to Nillumbik's defining characteristics as an arts-rich environment.

Active lifestyles

Nillumbik has a higher level of participation in sport and recreation activities than the State and National averages.

Walking for recreation is the most popular activity, followed by aerobics/fitness, swimming, cycling and running. Nillumbik's participation in more structured sports such as tennis, golf, football and netball are all higher than the State and National averages.

This is a snapshot of the Shire of Nillumbik. More detailed information is available on Council's website www.nillumbik.vic.gov.au



Creative

The creative life of the community is highly-valued and large numbers of artists live and work here in the quiet beauty of our landscape.

OUR PEOPLE

Organisational structure

Council is the governing body that appoints a Chief Executive Officer (CEO). The CEO has responsibility for the day-to-day management of operations in accordance with the strategic directions of the Council Plan 2013-2017.



Stuart Burdack
Chief Executive Officer

Stuart joined Nillumbik as Chief Executive Officer in August 2010 and was reappointed for a further five-year period early in 2015.

Stuart has worked in local government for more than 20 years in a variety of senior roles. Prior to commencing with Nillumbik, Stuart was the CEO at Glenelg Shire and a General Manager for the City of Darebin in Melbourne.

Stuart's local government career has seen his involvement in a variety of strategic planning and regional development projects including the Great South Coast Regional Plan, Green Triangle Region Freight Action Plan and the planning, construction and operation of Commonwealth Games facilities.

Stuart holds a number of degrees including a Master of Business in Management, Graduate Diploma in Management, Bachelor of Applied Science and a Company Directors Diploma. He is a member of the Australian Institute of Management, the Australian Institute of Company Directors and Local Government Professionals.



Andrew Port
General Manager
Corporate Services

Andrew was appointed as General Manager Corporate Services in December 2007.

He has been with Nillumbik since 2000 in his prior role as Manager Major Projects and Business Services.

Andrew has 25 years' experience in Victorian local government including roles at the Cities of Boroondara and Camberwell.

Andrew has a Bachelor of Business, Post-Graduate Diploma in Finance, MBA.

Areas of responsibility:

- Finance
- Information Services
- Organisational Development
- Governance
- Communications
- Customer Service



Conal Creedon
General Manager
Infrastructure
Services

Conal trained and worked as an engineer in Ireland before migrating to Australia.

He started his Local Government career at the former Shire of Eitham before moving to the City of Moreland, Shire of Yarra Ranges and joined Nillumbik Shire Council in his current role in August 2005.

In addition to a Bachelor of Engineering, Conal holds postgraduate qualifications in Municipal Engineering and a Masters of Business Administration.

Areas of responsibility:

- Waste management
- Open space, roads and drains
- Emergency management
- Assets and property
- Infrastructure development
- Environmental works
- Transport and development



Ransce Salan
General Manager
Environment
and Planning

Ransce joined Nillumbik in late 2010. Previously he was the Director of Planning and Environment at Devonport City Council in Tasmania. Other local government roles include Group Manager Development and Natural Resources at Eurobodalla Shire in New South Wales; Divisional Manager of Sustainable Development at Eurobodalla and Manager Sustainability at Kogarah Council in Sydney.

Ransce has a Masters of Business Administration with majors in Local Government and Marketing; a Graduate Diploma of Management; a Bachelor of Applied Science (Environmental Health) and has also undertaken post graduate studies in Urban Living, Architecture and Urban Design. He is a Certified Practising Planner, Building Surveyor and Environmental Health Officer.

Areas of responsibility:

- Animal management and local laws
- Environmental health
- Statutory and strategic planning
- Environmental planning
- Economic development and tourism



Pauline Gordon
General Manager
Community
and Leisure

Pauline joined Nillumbik in May 2016 as General Manager Community and Leisure. Pauline has worked in local government for more than 20 years in a variety of senior management position in City Futures, Community Services, Community Planning and Development and Creative Communities including roles at the City of Bendigo, Maroochy Shire and the Sunshine Coast Regional Council. She has also held roles with the Department of Human Services and Bendigo Community Health Services.

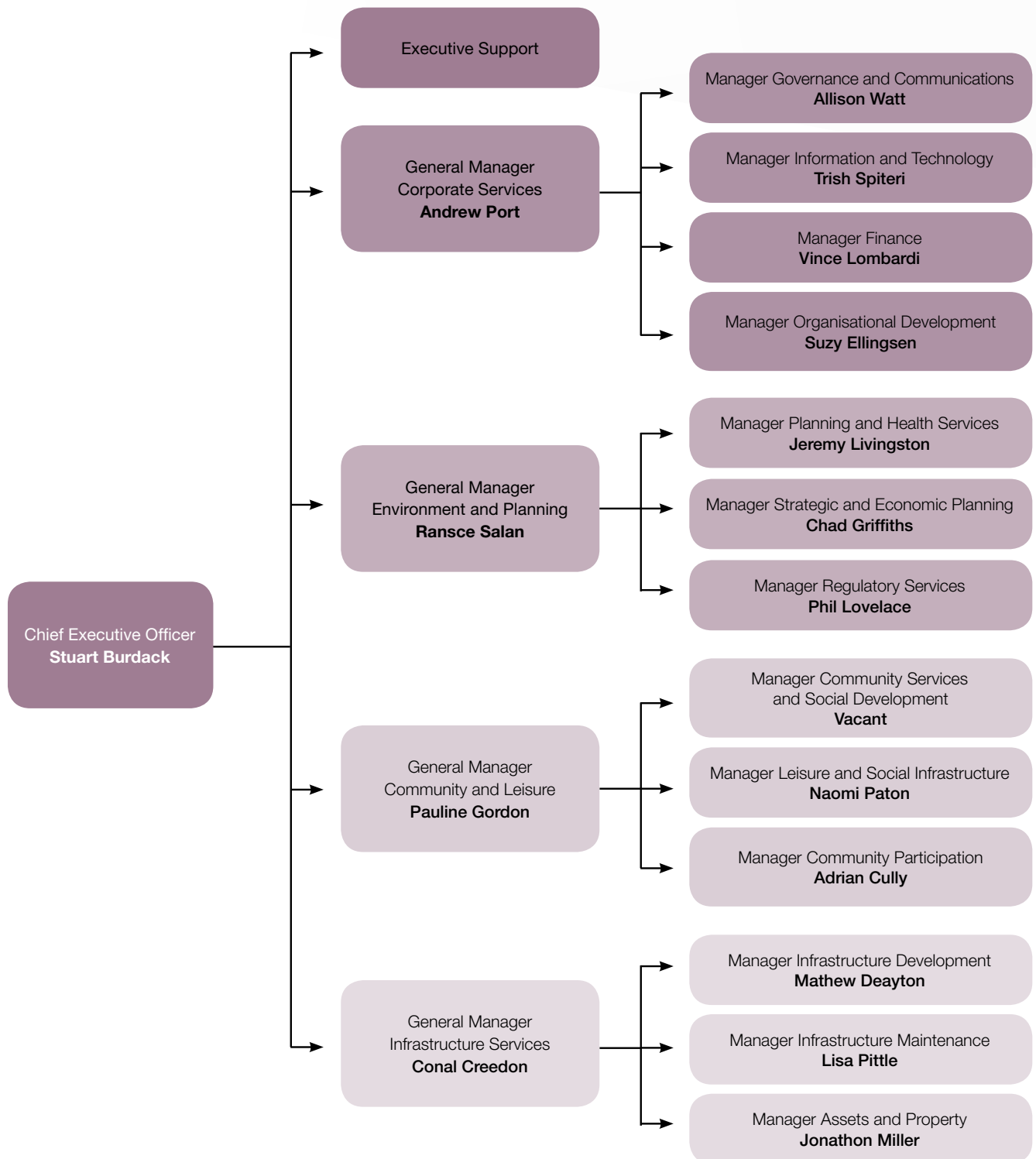
Pauline is completing her Masters in Business Administration and has qualifications in Applied Social Science, a Company Directors Diploma and has also undertaken other studies in local government. She is a member of Local Government Professionals and the Australian Institute of Company Directors.

Areas of responsibility:

- Arts, libraries, halls and community learning
- Community and leisure facilities
- Community inclusion and social development
- Children's, youth and aged services
- Edendale Farm

OUR PEOPLE

Organisational structure



OUR PEOPLE

Council staff

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

EMPLOYMENT TYPE /GENDER		EXECUTIVE SERVICES	CORPORATE SERVICES	COMMUNITY AND LEISURE	ENVIRONMENT AND PLANNING	INFRASTRUCTURE SERVICES	TOTAL
Permanent Full-time	Female	2.00	17.00	17.00	14.00	7.00	57
	Male	1.00	17.00	5.00	23.00	98.00	144
Permanent Part-time	Female	0.00	13.99	36.10	15.61	3.62	69.32
	Male	0.00	0.80	1.80	6.53	0.89	10.02
Temporary Full-time	Female	0.00	0.00	3.00	1.00	3.00	7
	Male	0.00	0.00	1.00	1.00	4.00	6
Temporary Part-time	Female	0.00	3.95	9.21	4.00	3.15	20.31
	Male	0.00	0.40	0.00	0.40	0.89	1.69
Casual	Female	0.00	0.11	0.31	0.12	0.01	0.55
	Male	0.00	0.00	0.05	0.06	0.01	0.12
Total		3.00	53.25	73.47	65.72	120.57	316.01

Employment classification and gender

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

CLASSIFICATION	FEMALE	MALE	TOTAL
Band Not Applicable	25.61	53.80	79.41
Band 1	5.10	3.81	8.91
Band 2	3.45	2.37	5.82
Band 3	1.69	43.00	44.69
Band 4	27.58	11.43	39.01
Band 5	36.42	23.40	59.82
Band 6	34.73	18.21	52.94
Band 7	14.24	5.81	20.05
Nurses	5.36	0.00	5.36
Total	154.18	161.83	316.01

Our workforce 2015-2016

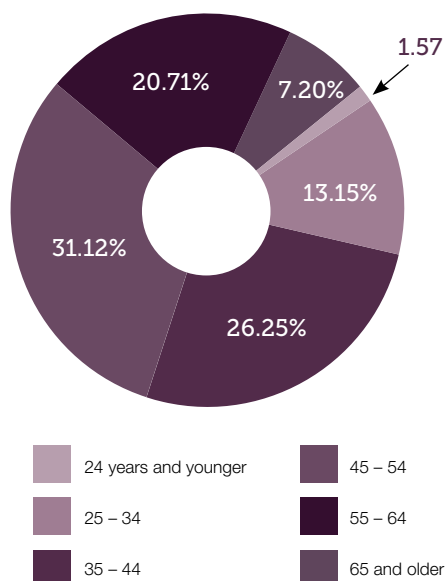
DESCRIPTION	TOTAL
Total staff	475
Total FTE	316
Turnover of permanent staff for 2015-2016 year	9.87%
Flexible Work Arrangements	89

Please note: Band NA includes annualised and contract staff

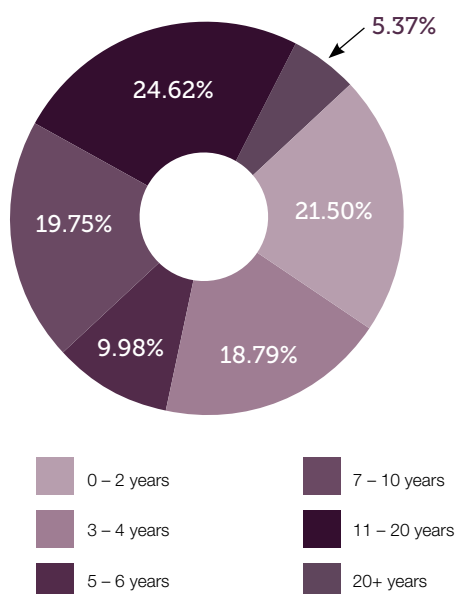


OUR PEOPLE

Employees by age group 2015-2016



Employees by length of service 2015-2016



Equal Opportunity

Nillumbik is an equal opportunity employer and is committed to the principles of the *Victorian Equal Opportunity Act 2010* and federal legislation by providing a workplace free from bullying, discrimination and violence. Schedule 6, of the *Local Government Act 1989*, outlines that a council with 40 or more members of staff must have developed and implemented an equal opportunity program designed to eliminate discrimination against and promote equal opportunity for women and persons in designated groups in relation to employment matters.

The indicators determined by Council's Equal Opportunity Committee to measure the effective of the program for the 2015-2016 financial year include:

INDICATOR	RESULT
The committee to meet quarterly as per the statutory requirements of the program.	The Equal Opportunity Committee met quarterly throughout the year to discuss proactive staff training, employment statistics and policy reviews.
Review of workplace demographics, wage equity and policy.	<p>An annual action plan to identify policy updates, any EO preventative measures and training for the following year was developed by the EO committee and informed by the committee completing an annual review of workplace statistics, demographic and wage equity information.</p> <p>Review of Equal Opportunity and Anti Bullying and Violence Policy.</p>
<p>The committee determined the following proactive training measures for the year.</p> <ul style="list-style-type: none"> Contact Officers are trained within three months of appointment to the role. Council will maintain a ratio of contact officers per number of Council employees at a target of 1:50. All new employees will be assigned online EO compliance training to be completed within the first 6 months of employment Proactive online (Bullying and Harassment) training was assigned to all employees with computer access. The Victorian Equal Opportunity and Human Rights Commission to conduct awareness training for the leadership group. Continue to promote awareness of EO issues through the employee newsletter. 	<p>Two new contact officers were appointed with training conducted within three months.</p> <p>Council has maintained a ratio of 1:50 (We have 10 contact officers)</p> <p>Of 163 leaders assigned online compliance training of (Bullying and Harassment) there was a 78% completion rate.</p> <p>Of 480 staff assigned online compliance training of (Bullying and Harassment) there was a 76% completion rate.</p> <p>Fifty-six per cent of new staff assigned EO training had completed it within six months of it being assigned.</p> <p>A Leadership Forum in July 2015 included training conducted by the Victorian Equal Opportunity and Human Rights Commission.</p> <p>The majority of our school crossing supervisors attended training on Equal Opportunity, conducted by conducted by the Victorian Equal Opportunity and Human Rights Commission.</p> <p>Four articles were included in employee newsletters to promote EO in the workplace. These included articles on:</p> <ul style="list-style-type: none"> Reminder of EO responsibilities during the festive season Human Rights Disability Awareness Flexible Work Arrangements Family Violence

OUR PEOPLE

Nillumbik values and behaviours

At Nillumbik Shire Council employees are held accountable to a set of agreed values and behaviours. All staff have a responsibility to themselves and their team members to behave appropriately and in accordance with these values and behaviours.

The values are:

- Do our best
- Support and cooperate
- Take responsibility
- Respect each other
- Foster energy and camaraderie

Employee Code of Conduct

Council's Employee Code of Conduct was developed in accordance with requirements from the *Local Government Act 1989* to foster an environment of good governance and provide professional and personal guidelines for all employees, Council representatives, volunteers and contractors.

The Employee Code of Conduct meets Council's statutory requirements for a Code under the Act and also provides a framework for employees to work in the best interests of the Nillumbik community.

The Code of Conduct is an important document that must be adhered to by all employees (full-time, part-time, temporary and casual), Council representatives, volunteers and contractors undertaking work for Council. Compliance with the Code of Conduct is mandatory.

Organisation Capability and Culture

The Organisation Capability and Culture Strategy (OCCS) complements the Council Plan and provides a high level representation of the drivers for change and priority outcomes for maintaining services which are in line with current and future community needs.

During the 2015-2016 year, the strategy was reviewed and refreshed to ensure it continues to be relevant to the future. An organisational vision – *'listen, adapt, deliver ... relentless in the pursuit of excellence'* was adopted to support the cultural change that defines the organisation – that our customers come first, we are one team and we are smart efficient and agile.

The strategy supports the organisation in achieving its vision and more specifically it aims to manage the pace of change by focusing on what matters.

It details two-year rolling action plans intended to build capability and to effectively deliver on our desired outcomes. The actions and related projects were reviewed during the year to ensure the organisation is continuing to build capability and with the refresh of the strategy a new set of projects have now been established that build on the work done to date and take the organisation into the new reporting period.

Cultural Vitality

In 2012 Nillumbik introduced a cultural vitality survey program to measure organisational wellbeing and improve organisational productivity. As part of the program, Council introduced a facilitative leadership action planning process to empower local work groups to identify issues within the workplace and enable problem solving at local levels.

Research suggests that higher levels of wellbeing deliver higher levels of discretionary effort, higher rates of productivity, better OHS outcomes, lower staff turnover and higher retention.

In early 2016 Council successfully conducted the Denison Organisational Culture survey with an 84 per cent employee response rate. The survey continues to show overall improvement across Council.

Learning and development

Information from employee development plans and discussions with management informed the development of the organisational training plan for the year.

As in prior years, a range of online, face-to-face learning and development programs were offered to staff, with most programs seeing excellent attendance and feedback. The feedback was evaluated to determine how we can improve future classes.

These programs offer our staff the opportunity to build on skill sets in a number of critical areas such as business writing, presenting for impact, time and workload management, emotional intelligence, resilience, mental health, project management and leadership development, as well as compliance programs such as equal opportunity and occupational health and safety.

In recognition of the growing occurrence of mental health issues in the community, Council continued its program of mental health first aid and incorporated it into its Health and Wellbeing Program.



OUR PEOPLE

To continue building a high performance leadership culture, the Leadership Development program continued its focus on building our leaders capability across a range of core leadership competencies identified in a training needs analysis.

The focus areas this year included performance management, emotional intelligence and communication skills for leaders. A 360 feedback pilot program was run at the Executive and senior manager level to help inform more targeted individual development plans. There has also been an increased focus on workplace learning with the recognition that many skills are best developed or refined in the workplace or through other forms of learning rather than in a formal classroom. This has also included the introduction to a new series of e-Learning options for leadership training.

During the reporting period, a second round of Discovery in Action – Leading People program was run which is targeted towards emerging leaders at the Coordinator level designing and implementing their own leadership models with their teams.

Achievement and personal and business development program

Each year, Council provides an opportunity for selected employees who have demonstrated future leadership potential to attend an annual workshop held in October.

Sponsored and developed by the Rotary Club of Doncaster, the program is designed to identify and develop skills and knowledge in areas such

as leadership models, leadership and change, working effectively in teams, managing organisational complexity, conflict resolution and HR management. Anita Tilly from the Operations Centre attended the program last year.

Project Management Framework

The Project Management Excellence program aims to build capability across the organisation in all areas of project management. A suite of tools provides guidance, learning programs aimed to develop skillsets and coaching and mentoring for support. This framework is continually enhanced based on feedback from the project management community within Council. Achievements over the year have included:

- The development of a new Council-led Diploma of Project Management program in conjunction with Banyule and Whittlesea Councils. This Local Government specific accredited program is at capacity and is receiving strong feedback on the quality of the facilitator and its content and relevance to the sector.
- Improvement around accessibility on the project management portal which contains templates, guidance and examples.
- Project reviews have been undertaken across all the major projects in Council. This has led to updates to the framework.
- Work across the sector to find innovative solutions and opportunities to improve our approach to project management.

Recognising our people

During the year, Council acknowledged the continuous service of 38 staff from across the organisation, who were recognised for achieving service milestones of between 10 and 40 years.

Community and Leisure

Michelle Chubb	10 years
Rosalee Harper	10 years

Corporate Services

Suzy Ellingsen	10 years
Marianne Fletcher	10 years
Kimberly Taylor	10 years
Andrew Port	15 years
Barbara Wyncoll	15 years
Erin Monagle	15 years
Robert Maglignaggi	15 years
Michael Temple	15 years
Maliza Kruh	20 years

Environment and Planning

Kirsten Jenkins	10 years
Dora Ilov	10 years
Julie Spillane	10 years
Lyndell Shepherd	10 years
Rebecca Brooker	10 years
Maryann Adams	10 years
Joanne Emery	10 years
Julie Coulston	15 years
Michelle Stewart	15 years
Natalie Hall	15 years
Jacqueline Gacek	15 years
Julie Reeves	15 years

Executive Services

Lynne Gullan	15 years
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Infrastructure Services

Cameron Griffiths	10 Years
Conal Creedon	10 Years
Andrew Solum	10 Years
Shane Jordan	15 Years
Andrew Cuculovski	15 Years
Jonathan Miller	15 Years
Glenn Wilson	15 Years
Jason Boulton	15 Years
Neville Slade	15 Years
Barry Jenkins	20 Years
Bryce Russell	25 Years
Peter Woods	25 Years
Barry Birchall	40 Years
Mervyn Greenslade	40 Years

OUR PEOPLE

Service Excellence Program

The Service Excellence Recognition Award program recognises the exceptional efforts of staff at all levels of the organisation, who demonstrate excellence in any of the four identified award categories.

Staff are encouraged to nominate colleagues who provide outstanding work in customer service and instil customer focused leadership; promote a high performing team culture and an organisational approach to delivering services; promote innovation and flexibility and staff who exhibit the organisational values and behaviours and positively contribute to the culture of the organisation.

The following employees were awarded a Service Excellence Recognition Award from the CEO, Stuart Burdack, during 2015-2016:

- Andrew McIlveen – Seamless Service Delivery
- Karen Borton – Collaboration and Communication

Working together – Enterprise Agreement

Approximately 96 per cent of employees at Nillumbik are covered by an enterprise agreement with the majority of employees covered by Nillumbik Shire Council Enterprise Agreement No. 7 which will expire 30 June 2017.

In 2012, the Maternal Child Health Service was insourced with transferring employees covered by the Nurses and Midwives (Victorian Public Sector) (Single Interest Employers) Enterprise Agreement 2012 – 2016. This agreement expired 31 March 2016 with a new agreement being negotiated and in principle agreement being reached.

Safety, Health and Wellbeing

Council is committed to fulfilling both its moral and legal responsibilities under Occupational Health and Safety laws to provide a safe and healthy work environment for employees, volunteers, contractors, customers and visitors. This commitment extends to ensuring that operations undertaken by Council do not place the community at undue risk of injury or illness.

With a core commitment to continuous improvement with respect to all areas of Occupational Health and Safety, Council sees employee health and wellbeing as a key driver in having an engaged, resilient and productive workforce which is capable of performing its roles safely, efficiently and effectively in order to achieve organisational outcomes.

SafetyMAP (initial level) is the certification level used by Council to ensure continued effectiveness and compliance with OHS requirements. Regularly audited externally, one audit was undertaken during the 2015-2016 year. The positive result of the audit demonstrates continuous improvement by management on Council's safety performance and commitment to retaining SafetyMAP, as an important strategic indicator of risk management performance.

Council's OHS Committee meets regularly and Health and Safety Representatives are actively involved with resolving Occupational Health and Safety issues that may arise within their workplace.

A key initiative in 2015-2016 was the launch of the Health and Wellbeing Program for employees.

Our core strategies are to:

- Create a workplace that is engaged, resilient and adaptive to change
- Reduce behaviours in the workplace that can be harmful to the health of workers

- Foster a culture that is supportive of healthy lifestyle choices
- Promote awareness among workers about the benefits of maintaining good health and wellbeing

The program includes a health and wellbeing intranet site with key information relating to health and wellbeing as well as targeted events and promotions throughout the year focused on our five priority areas of Mental Health, Nutrition, Physical Health, Fatigue, and Smoking, Drugs and Alcohol.

The program was also supported by sessions run by Council's Employee Assistance Program providers.

Employee support

Employees and their immediate families are supported through Council's Employee Assistance Program which offers a comprehensive counselling service for both personal and work-related matters. This service also extends to providing support to managers through a 'manager assist' and a general 'career assist' service.

Informative newsletters and tip sheets have been promoted to all staff throughout the year and incorporated into the health and wellbeing program.

Workcover

Council has a strong commitment to the health and safety of its employees and to ensuring that the management of claims and return to work programs meet legislative requirements.

Council's WorkCover claims performance at year end was above the industry average for Victoria.



OUR PEOPLE



Over 500 volunteers contribute more than 30,000 hours per year to support our community programs.

Volunteers

Nillumbik Shire Council recognises and values the dedication and commitment of its volunteers who work within Council programs and throughout the wider community.

The support that volunteers provide to residents in need plays a vital role in the health and wellbeing of our community.

Council has more than 500 volunteers contributing more than 30,000 hours a year to the following programs:

- Living & Learning Nillumbik – tutors, administration and gardening
- Edendale – nursery, food garden, animal husbandry and grounds and garden
- Delivered meals
- Community Transport – community bus, Saturday bus, medical transport and Walking School Bus
- Environmental festivals and events – Home Harvest Feast, Open Farm Day and Practically Green Festival

- Advisory committees, panels and reference groups
- Environmental friends of groups
- L2P
- In Home Family mentoring
- Pantom Hill Playhouse

In December 2015, Council adopted a five-year Nillumbik Volunteering Development Strategy. The Volunteering Development Strategy represents a shared commitment by Council to achieve best practice outcomes across all Council volunteer programs.

A best practice framework and promotion of meaningful and safe volunteer opportunities aims to encourage volunteering. Equally important is Council's commitment to recognise the value and contributions of our existing volunteer workforce so we can continue to deliver exceptional services for our community.

There are four strategic goals that will direct Council's actions over the next five years.

These goals are:

- **Promote Volunteering**
Create a sustainable volunteering sector by enhancing promotion and awareness across the shire.
- **Increase Volunteer Participation**
Create meaningful and diverse volunteer opportunities through innovation and expansion of existing volunteer programs.
- **Recognise, Value and Celebrate Volunteers**
Understand and celebrate the power of volunteers and their contribution to the social fabric of the Nillumbik community.
- **Strengthen Volunteer Management**
Focussed support and training for volunteer managers, so they are able to effectively deliver Council volunteer programs and support Council volunteers.

ANNUAL COMMUNITY SURVEY



Residents are most satisfied with services for children, aged 0-5 years.

Residents are most satisfied with libraries, environment programs and children's services.

The local library, services for children aged 0-5 years, education and learning, weekly green waste collection and environmental programs and facilities are the Council services with which Nillumbik residents are most satisfied.

The 2016 Annual Community Survey was conducted on Council's behalf by Metropolis Research, and involved face-to-face interviews with 500 randomly selected residents from across five precincts of the Shire including Greensborough, Diamond Creek, Eltham, Eltham North and rural townships. It took place in December 2015 and January 2016.

The results show a trend of increasing satisfaction with the overall performance of Council observed since the surveys began in 2011.

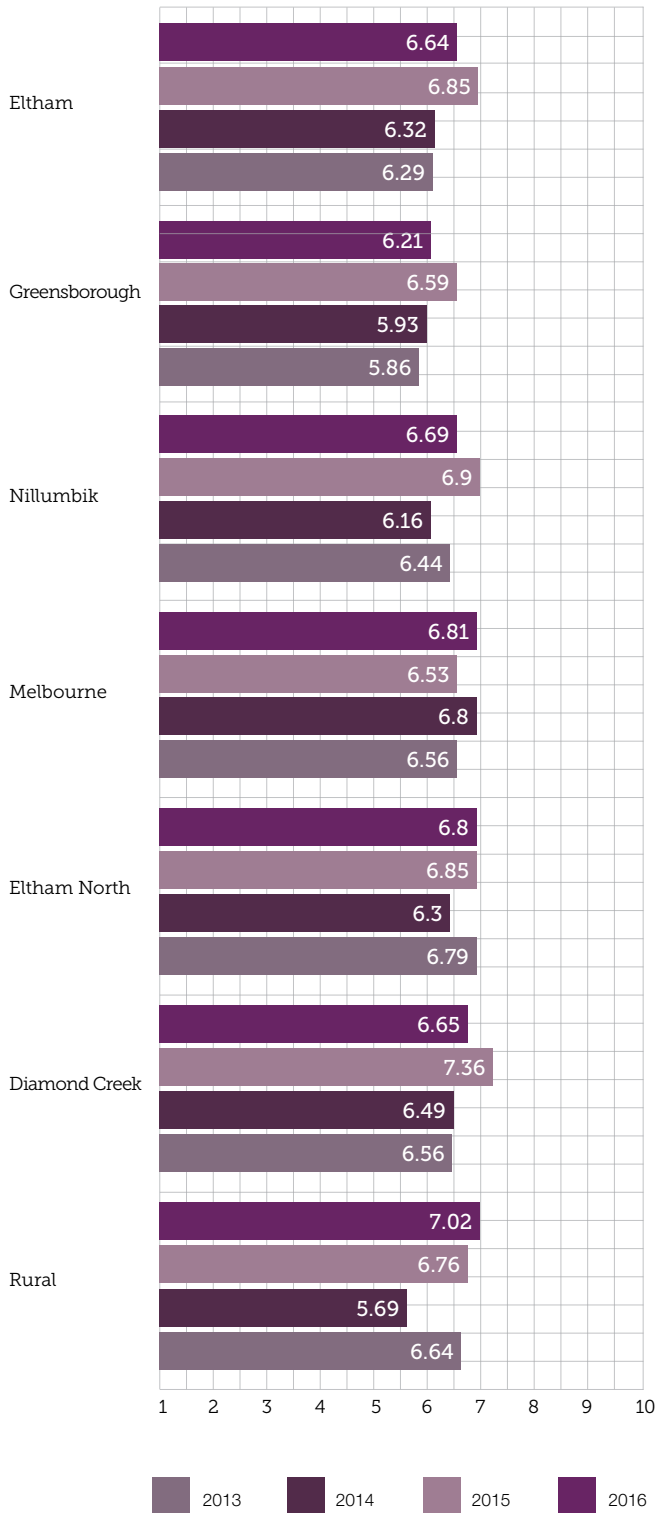
Community satisfaction with Council's overall performance is rated at 6.69 out of 10 and remains at or just above the metro Melbourne average. Although there was a small decline this year compared with 2015, a degree of variation from year to year is to be expected.

The survey results are made publicly available on Council's website www.nillumbik.vic.gov.au. Some results are performance measures required by the State Government and are available on the Know Your Council website knowyourcouncil.vic.gov.au.

ANNUAL COMMUNITY SURVEY

Overall satisfaction by precinct

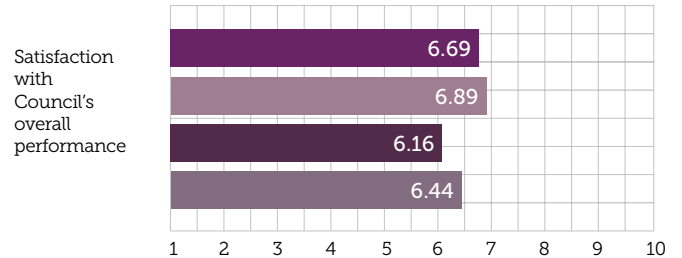
Annual Community Survey results



* Score out of 10

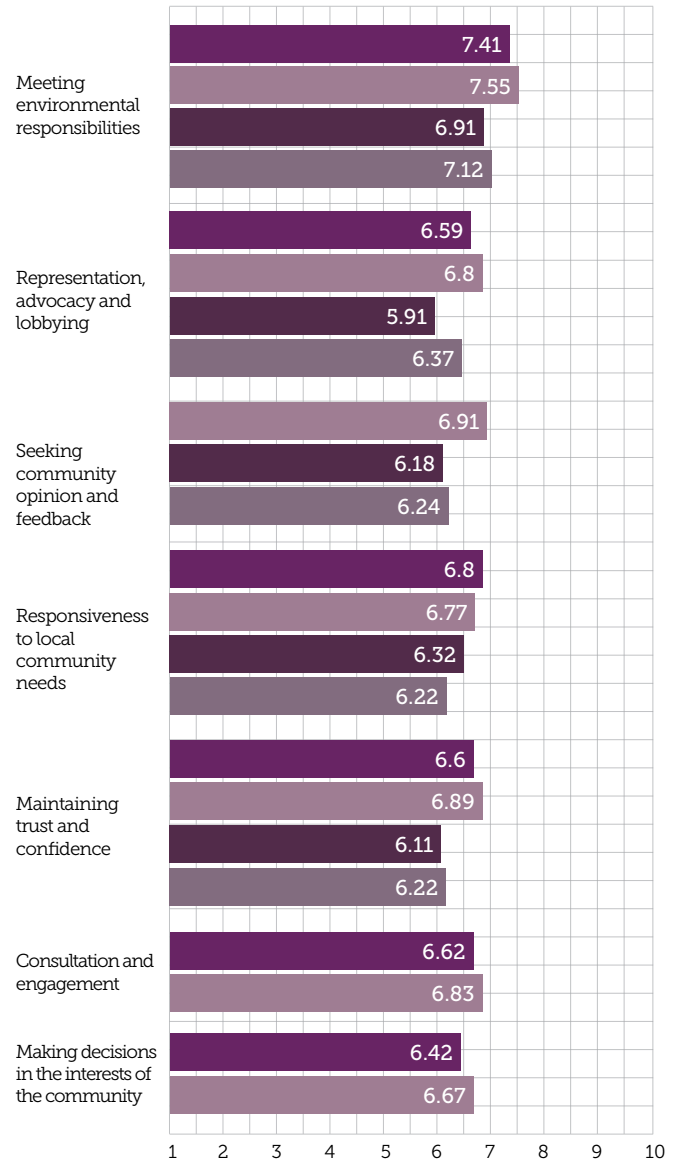
Satisfaction with Council's overall performance

Annual Community Survey results



Satisfaction with aspects of governance and leadership

Annual Community Survey results



Engagement

Nilumbik News provides information on projects, programs, activities and services on offer from Council and is distributed to more than 22,000 homes across the Shire.



COMMUNICATIONS AND COMMUNITY ENGAGEMENT



Nillumbik Shire Council has a longstanding commitment to effectively communicate and engage with our community on matters, issues and activities that impact on them.

Communication

Nillumbik News is Council's key publication for the community. It is issued quarterly and distributed to more than 22,000 homes, businesses and community venues across the Shire.

The 16-page magazine provides information on projects, programs, activities and services on offer from Council. It also provides calendars with information about Council run or supported events and activities across the Shire.

There are details about how the community can get involved in projects that are open for consultation and the magazine has a regular feature-piece. Information about the environment, arts projects and opportunities for youngsters to get involved with the wide variety of events on offer regularly feature in the magazine.

The programs for the Living & Learning Centres are included in the magazine twice a year with details about the professional and short courses that are on offer. Council produces many other publications, brochures, fact sheets and supporting material including the rates brochure, Amendment C101, Amendment C81 and Liveable Nillumbik bulletins to name a few.

Council values a good relationship with the local media and provides advertising to the Diamond Valley Leader and the local community newspapers including Warrandyte Diary, Whittlesea Town Crier, Arthurs Creek News and Hurstbridge Roundabout.

Proactive information is provided to the local newspapers with 58 media releases issued during the year.

COMMUNICATIONS AND COMMUNITY ENGAGEMENT



Council's website attracted 169,546 users last year with 892,335 pages viewed, an increase of 15 per cent and four per cent on the last financial year.

Digital

Council's website attracted 169,546 users last year with 892,335 pages viewed, an increase of 15 per cent and four per cent on the last financial year.

During the last financial year, Council's website was updated to be mobile-friendly. The Edendale, Youth, Artisan Hills and Hurstbridge Farmers Market websites are also mobile-friendly with plans for the Living and Learning site to be updated in the next financial year.

The website has a number of specific functions to assist residents including What's Near Me, where residents can find what community facilities are near to their home, who their Councillor is and when their bins are to be collected.

Many documents on Council's website are duplicated so that there is an accessible Word document and a designed pdf, in line with federal guidelines.

A number of different hard copy and electronic newsletters are distributed by Council including:

- Arts
- Leisure
- Family and Children Services
- Edendale
- Environment
- Aged

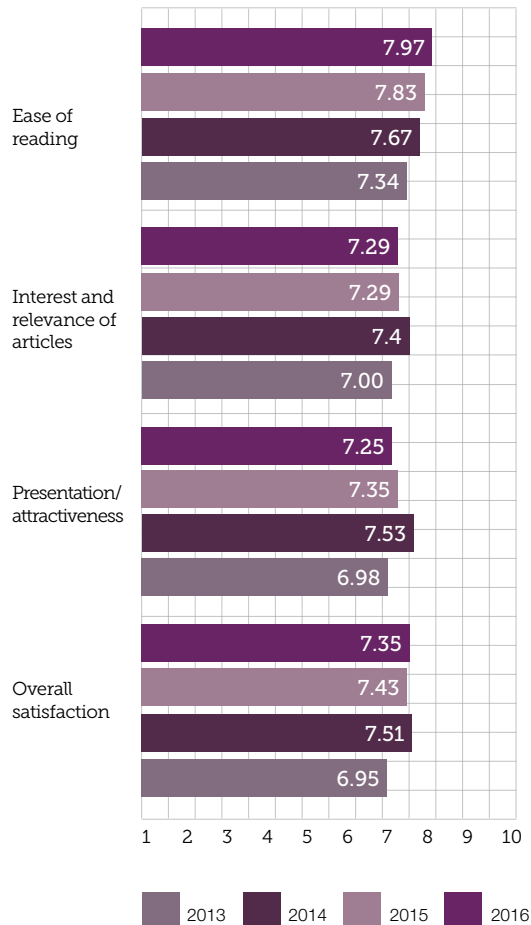
More than 53 e-newsletters were issued during the year to more than 64,300 people.

Council has grown its presence in the social media sphere in the past 12 months with an increase from 1,108 to 2,651 'likes' on the corporate Facebook Page. At the end of June 2016 there were 1,667 followers on Council's Twitter account.

Social media is being used more now for targeted communications than ever before. In 2015-2016 Council held its first online live question and answer session. Numerous events have been advertised through Facebook and some posts have reached more than 30,000 people.

Satisfaction with aspects of Council website

Annual Community Survey results



* Score out of 10

COMMUNICATIONS AND COMMUNITY ENGAGEMENT

Community Engagement Policy adopted

Council endorsed a Community Engagement Policy as its public comment to providing good governance and meaningful engagement with its citizens.

The policy, supported by an internal working document for staff on designing community engagement processes, strengthens Council's existing commitment to seek input from the community on issues which affect them. The Community Engagement Policy was developed using the best practice approach used around the world by the International Association of Public Participation (IAP2).

Rate capping and budget priorities

In 2015, the Victorian Government announced that a rates capping framework will be introduced for Local Government in 2016-2017, limiting annual rate increases to 2.5 per cent.

Council decided to engage with the local community to ensure that its response to rate capping is well informed by an understanding of community views and priorities as well as being financially sustainable while still meeting the community's needs over the short and long term.

The first stage was to establish a Community Panel which met on four occasions during September and October 2015, and considered a range of information and options using a deliberative democracy model.

The panel prepared a set of recommendations for Council consideration.

Council agreed to proceed to the next stage of community engagement, which was to test the panel's recommendations with the wider community via two approaches. Firstly, the panel's recommendations were included in the Annual Community Survey. Survey participants were asked whether they agreed with the panel's recommendations. Secondly, general public feedback was sought on the panel's recommendations through an online survey.

More than half (59.1 per cent) of survey respondents agreed with the recommendation from the Panel that Council should only apply to exceed the State Government cap on rate increases if it needs to raise additional revenue to respond to a disaster.

The online survey which was open to all Nillumbik residents attracted 133 respondents with 60.15 per cent of respondents agreeing with the panel's recommendation on rate capping.

Once these processes were completed, the results were presented back to Council and enabled it to determine how to respond to rate capping in the short term. Council resolved not to go above the 2.5 per cent cap on rate increases in the 2016-2017 financial year.

Key community engagement activities during the year focused on consulting with local communities and other stakeholders on various aspects of Council's operations including

Amendments C101 and C81, the Diamond Creek to Hurstbridge Trail, the Liveable Nillumbik diverse housing project and the Diamond Creek Community Centre masterplan.

Some of the many ways in which Council engages with its community are:

- Via the Talkback panel of 100 households
- By hearing submissions at Committee meetings
- By receiving questions from the public gallery at Council meetings
- By holding consultation meetings on planning applications
- By inviting community participation on 16 Advisory committees
- By holding ward meetings hosted by the ward councillor
- Via social media
- Through our Annual Community Survey which involves 500 face-to-face interviews
- By inviting public comment on major projects and strategies via the Have Your Say page of the website and submissions to Council
- By holding public meetings and workshops on major issues which impact local communities

OUR PLANNING AND ACCOUNTABILITY FRAMEWORK

Community vision

Between October 2011 and June 2012, Nillumbik Shire Council embarked on a community engagement process during which we asked our residents a seemingly simple question: *'What is your vision for your local community?'*

The resulting document – Picture Nillumbik – represents a summary of more than 500 responses, online submissions, interviews and workshop contributions.

The community values identified from the work are:

- Local village life – a love and affection for the unique township as a place to meet, shop, play and connect in a meaningful way
- Deep connection and resilient community – a community that comes together and responds to economic, social and environmental challenges
- Balance with nature – a community seeking to protect, nurture and experience the environment so that it can sustain life
- A sustaining and evolving economy – local living, working and playing, creating the conditions for sustainable and economic growth in green business, sustainable transport, agriculture and food production
- Creative expression, art and cultural exchange – a community rich in cultural heritage worth sharing and celebrating
- Experience, discovery and fulfilment – lifelong learning, participatory democracy and positive living through all stages of life.

Picture Nillumbik – our community's aspirations for their Shire – will evolve as conversations continue, forming an important basis for future planning for both Council and the community. It was an important input to the development of the Council Plan 2013-2017.

Council Plan

The Council Plan 2013-2017 was the key strategic document guiding the direction of the Council during 2015-2016.

Under the *Local Government Act 1989*, each council is required to develop a council plan within six months of the election and to review it annually.

The Council Plan 2013-2017 is the elected Council's statement of its priorities for the Nillumbik community, in response to the opportunities and challenges facing the Shire. It was adopted by Council in June 2013 and reviewed most recently in May 2016.

The Council Plan includes:

- Strategic objectives or goals – the outcomes the Councillors want to have achieved within their four-year term
- Strategies – how Council will achieve each goal
- Strategic Indicators – how progress towards the goals will be evaluated
- Strategic Resource Plan – a four year budget outlining how the strategies will be financed and resourced

The Council Plan 2013-2017 is divided into five goal areas.

- Our Community
- Our Natural Environment
- Our Built Environment
- Our Economy
- Our Council

Each goal area has a long-term objective and a series of strategies to meet that objective. Our progress in implementing these strategies is formally reported to Council on a quarterly basis.

The 2015-2016 Annual Report is reporting against the third year of the Council Plan 2013-2017. The Council Plan can be viewed on Council's website www.nillumbik.vic.gov.au.

Input for the Council Plan

The Council Plan 2013-2017 was developed over many months with thorough input from Councillors.

It was also informed by the results of the Annual Community Survey, by the community's aspirations outlined in Picture Nillumbik and from the strategic directions set out in a large suite of long-term Council plans and strategies, all of which involved comprehensive consultation with the community.

Annual Plan

Each year, in line with the budget process, Council produces an Annual Plan identifying how Council will work towards achieving the goals in the Council Plan. Council priorities, major projects, capital works, service improvements as well as actions in response to Council strategies will be set out in the Annual Plan.

Progress against the Annual Plan is detailed in Council's Annual Report, with major projects and service highlights reported to Council in a quarterly progress report.

Budget

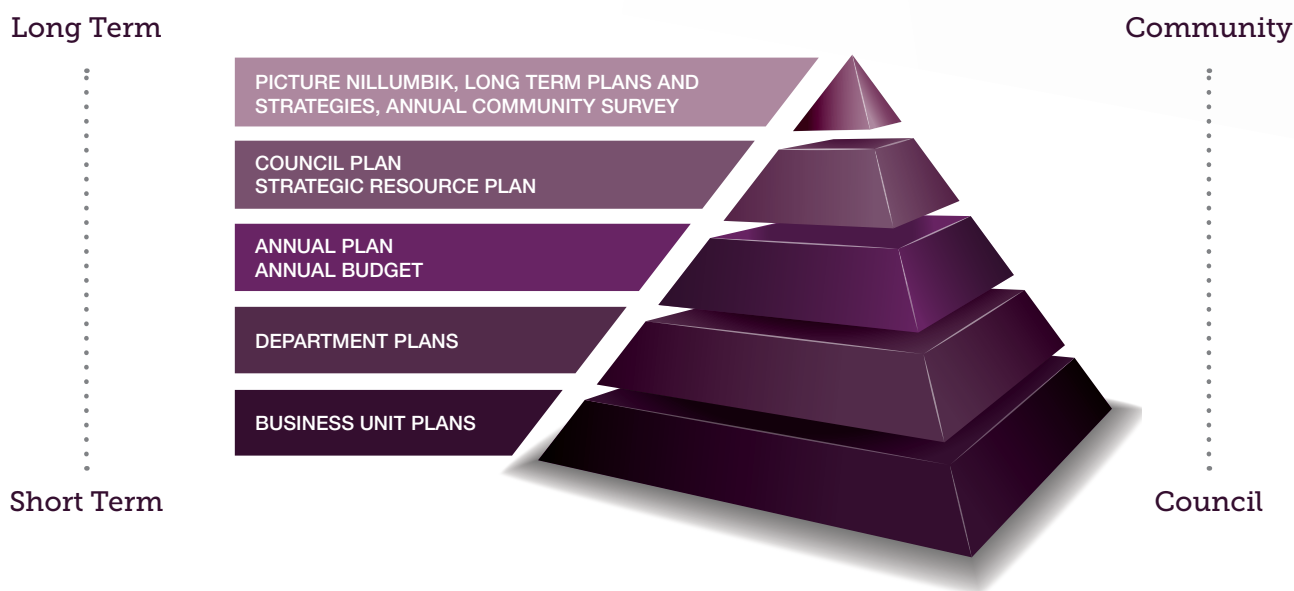
Council prepares an annual budget each financial year which seeks to balance the demand for services and infrastructure with the community's capacity to pay.

The budget includes information about the rates and charges to be levied, new initiative funding, borrowing, operating result, cash and investments, capital works, financial position and financial sustainability. It is prepared alongside the Annual Plan with specific project and service delivery requirements balance against available resources.

OUR PLANNING AND ACCOUNTABILITY FRAMEWORK



Nillumbik's planning framework



Department Plans

Department Plans are developed annually by each of the organisation's four departments – Community and Leisure; Infrastructure Services; Environment and Planning and Corporate Services.

Department Plans describe the services delivered, key projects and performance measures of the department and align with the Annual Plan and Council Plan.

Business Unit Plans

Business Unit Plans are developed by Managers and the staff in their teams alongside the budget process to ensure that the activities of the team – including new initiatives and continuous improvement in service delivery – can be adequately funded.

Council policies, strategies and plans adopted in 2015-2016

POLICIES, STRATEGIES AND PLANS	ADOPTED
Community Engagement Policy	28 July 2015
Invasive Species Action Plan	11 August 2015
Complaint Handling Policy	25 August 2015
Community Gardens Policy and Guidelines	13 October 2015
Climate Change Action Plan 2016-2020	10 November 2015
Brand Nillumbik Destination Management Plan and Marketing Strategy	24 November 2015
Volunteering Development Strategy	8 December 2015
Northern Regional Trails Strategy	15 December 2015
Gambling Harm Minimisation Policy	9 February 2016
Procurement Policy	9 February 2016
Investment Policy	23 February 2016
Election Period Policy	8 March 2016
Integrating Child, Youth and Families Services Strategy 2016-2021	22 March 2016
Sundry Debtor Policy	26 April 2016
Asset Lifecycle Policy	26 April 2016
Governance Code incorporating the Councillor Code of Conduct	24 May 2016
Civic Drive Community Facilities Upgrade Masterplan	24 May 2016
Budget 2016-2017	14 June 2016

COUNCIL PLAN 2013-2017

The Council Plan 2013-2017 includes strategic objectives, strategies for achieving these for the four-year period, strategic indicators for monitoring achievement of the strategic objectives and a strategic resource plan. The following are the five strategic objectives detailed in the Council Plan.

Council Plan goal

Our community

To enable a better future for Nillumbik residents and encourage healthy, safe and resilient communities through the provision of quality services.

Our natural environment

To preserve and nurture the natural environment of the Green Wedge for future and current generations through responsible leadership and stewardship.

Our built environment



To provide infrastructure and plan for a built environment which respects and preserves the unique character of the Green Wedge.

Our economy



To develop a prosperous local economy through partnerships with local business, governments and the community, consistent with our Green Wedge values.

Our Council



To provide good governance, leadership and responsible financial management and to make decisions in an inclusive and transparent manner.

Performance

Council's performance for the 2015-2016 year has been reported against each strategic objective to demonstrate how Council is performing in achieving the Council Plan 2013-2017. Performance has been measured as follows:

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

Healthy communities

Our goal is to enable a better future for Nillumbik residents and encourage healthy, safe and resilient communities through the provision of quality services.



OUR COMMUNITY

COUNCIL PLAN 2013-2017

Our community at a glance...

**\$25.5
million**

Operating expenditure

Core activities

- Leisure services and facilities
- Libraries
- Learning, arts and culture
- Community development and planning
- Public health protection and regulation
- Animal management
- Aged and disability services
- Family, youth and children's services
- Bushfire recovery

Interesting facts

- 9,167 delivered meals
- 607 birth notifications
- 614 inspections of 425 registered food/health premises
- 3,159 enrolments in Living & Learning Centre courses and activities
- 10,887 direct contacts with young people
- 14,846 active library members
- 11,005 dogs registered
- 3,152 cats registered
- 81 children from 65 families accessing Panton Hill Playhouse
- 96 children from 86 families accessing Eltham Playhouse
- 78 children from 62 families accessing Family Day Care
- 114 tobacco education visits undertaken with 127 tobacco test purchases completed

769,714

loans from the Eltham and Diamond Valley libraries

993,862

visits to six major recreation facilities

4,098

immunisations at 70 sessions for children under 5 years. Over 750 secondary school students were immunised in the school program

25,583

hours of home and community care delivered

11,572

participants in environmental education programs at Edendale

122,749

people took part in one or more of Council's arts and culture programs

OUR COMMUNITY

Achievements

Preschool extensions

In May two preschools were reopened after undergoing extensions. Woodridge Preschool is now able to increase its capacity from 33 to 66 places and will now be able to provide two four-year-old programs while Eltham Child Care Co-op will also be able to increase its capacity from 40 to 77 places.

The works also addressed disability accessibility compliance issues at both centres. Both projects received \$350,000 from the Department of Education and Training Children's Facilities Capital Grants 2013-2014.

Literary Nillumbik

Literary Nillumbik was launched – aligning Council's literary arts program as one suite incorporating the monthly Eltham Courthouse poetry readings, the Ekphrasis poetry award and the Alan Marshall Short Story Award.

The poetry and short story awards attracted entrants from every Australian state and the winning poems and stories compiled in the *Literary Nillumbik Anthology of Writing*.

Sportsground upgrades

Works to upgrade facilities at Plenty Park Oval and the Wattle Glen soccer oval were completed.

Ground redevelopment works at both ovals included reshaping of the ground, installation of drainage and irrigation systems, planting a warm season grass species and minor fencing works.

Environmental education

A total of 11,572 people took part in environmental education programs at Edendale Farm Community Environment Centre throughout the year.

This included more than 8,000 primary and secondary students taking part in the school education program, 546 adults taking part in sustainability workshops, 2,456 participants in school holiday activities and 10 Japanese exchanges students learning about local food production.

Challenges

Sportsground management review

A seasonal changeover maintenance program for Council's sportsgrounds was developed, improving outcomes for users.

Data about current sportsground use, infrastructure and maintenance has been collated and will inform a consultancy brief to identify future participation levels, ground capacity, costs, and a prioritised program of infrastructure provision.

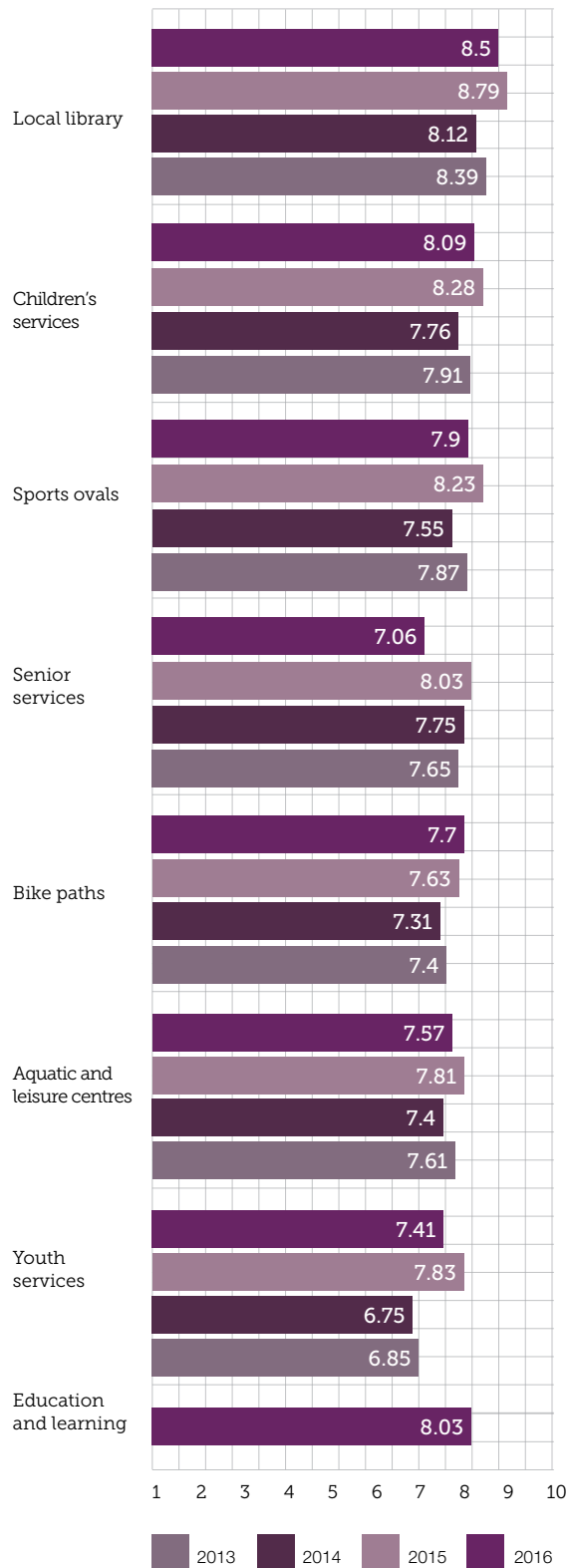
The year ahead

Eltham Leisure Centre

The construction contract will be awarded and work will start on the \$19 million redevelopment of the aquatics at Eltham Leisure Centre.

Satisfaction with community and leisure services

Annual Community Survey results



OUR COMMUNITY



This year there was 3,159 enrolments in Living & Learning Centre courses and activities.

How we performed against the Council Plan

The following statement reviews the performance of Council against the Council Plan 2013-2017 including the results achieved in relation to the strategic indicators included in the Council Plan.

STRATEGIC INDICATOR	RESULT	COMMENT
Achieving a certificate of audit for complying with the guidelines for a Municipal Emergency Management Plan.	✓	The Plan is audited every three years. Best practice was achieved during the last audit in 2014. The next audit is scheduled for 2017.
Increased satisfaction with access to community services as measured through the Annual Community Survey.	✗	Satisfaction was 78.1, a decline of 3.5% on the 80.8 recorded in 2015. This level of satisfaction remains categorised as excellent.
Perception of safety in public areas as measured through the Annual Community Survey.	✗	This indicator was not measured in 2016. Perceptions of safety in public areas around Nillumbik are categorised as very good to excellent.
Percentage of the municipal population that are active library members.	✗	There has been a slight decrease in library membership compared to the previous year. This figure does not take into consideration the number of community members who attend the Eltham and Diamond Valley libraries but may not be members of the Yarra Plenty Regional Library Service.
Number of visits to aquatic facilities per head of municipal population.	✗	There were more visits to the Diamond Creek outdoor pool this year, but patronage at both pools declined overall as a result of the impending closure and redevelopment of the aquatics at Eltham Leisure Centre.
High participation rates in non-aquatic recreation facilities, Living and Learning programs and arts and culture programs.	✓	<ul style="list-style-type: none"> 855,047 visits to four recreation facilities 122,749 participants in arts and cultural programs 11,572 participants in environmental education programs at Edendale 3,159 enrolments in Living & Learning courses and classes
High participation rates in preschools.	✓	714 preschool registrations were received and all children were accepted into a Nillumbik preschool.
Percentage of children enrolled who participate in the MCH service.	✗	Nillumbik and 45 other councils moved to a new automated MCH system in October 2015 and accurate data is not available.

Achieved ✓ Partially achieved ➡ On target 🎯 Not achieved ✗

OUR COMMUNITY

Budget 2015-2016 major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015-2016 budget for the year.

MAJOR INITIATIVES	PROGRESS
Implementation of the 2011-2017 Cultural Plan Year 5 Actual \$22,354 Budget \$20,000	In year five of the Arts and Culture Plan the following programs and events were delivered: <ul style="list-style-type: none"> • Five Centenary of Anzac interpretive signs • Two major public artworks at Eltham Town Square – <i>Symbiogenesis</i> and <i>Wall of the Moon</i> • The launch of Nillumbik Heritage Guide • The book, six-week exhibition and public program for Laughing Waters Road: <i>Art, Memory and Landscape in Eltham</i> • The launch of <i>Literary Nillumbik</i> aligning Council's literary arts program as one suite
Implementation of Positive Ageing Strategy 2013-2018 Actual \$20,032 Budget \$20,000	Council has allocated \$20,000 per annum to implement the goals and actions within the plan these are being delivered within the timeframes outlined in the action plan.
Yarrambat Park Golf Course – Future Management Options Actual \$17,357 Budget \$20,000	A strategic review of the Yarrambat Park Golf Course has been completed. Council will consider ongoing budget allocations for course renewal works necessary to maintain patronage, prepare a business case for future course management and maintenance options to improve the facility's financial viability and performance.
Sportsground Planning review Actual \$0 Budget \$30,000	<p>Sportsground seasonal changeover maintenance program developed, improving user outcomes. Baseline data regarding the Council's current sportsground use, infrastructure and maintenance has been collated.</p> <p>Consultancy brief developed to identify forecast participation levels, optimum ground carrying capacity, costed levels of service options, and prioritised program of future infrastructure provision informing future financial modelling, capital works planning and maintenance investment for Council consideration.</p>
Liveable Nillumbik (Lot 1 Hurstbridge) Year 2 Actual \$91,521 Budget \$90,000	Council has allocated \$90,000 towards rezoning, developer selection, precinct planning and for other project cost for items such as legal advice and advertising. Precinct planning commenced earlier than scheduled so actual costs for the new initiative were slightly above budget.
Eltham North Reserve – planning for facility upgrade Actual \$23,011 Budget \$40,000	The feasibility study is well progressed. Two options have been developed; one reflecting the confirmed funding model involving State Government, Council, Eltham Redbacks Football Club, North Eltham Wanderers Cricket Club and Scouts Victoria; the second option reflecting the above funding model and a further pending contribution from State Government through the Growing Suburbs Fund. Once the grant outcome is known and final budget confirmed, the affordable concept plan will undergo community consultation ahead of town planning approval then construction.
Implementation of Municipal Health and Wellbeing Plan Actual \$40,139 Budget \$30,000	Council has allocated \$40,000 per annum under budget new initiatives for the implementation of the Nillumbik Municipal Health and Wellbeing Plan 2013-2017. This funding contributes to the overall costs in the implementation of the goals and actions in the plan.
Family Day Care program support – transitional year Actual \$0 Budget \$38,000	Council made the decision to not continue to deliver this program. The program ceased in December 2015.





Cultural Plan

Two major public artworks at Eltham Town Square – *Symbiogenesis* and *Wall of the Moon* – were installed.

OUR COMMUNITY



Budget 2015-2016 FUNDED SERVICES

The following statement provides information in relation to the services funded in the 2015-2016 budget and the persons or sections of the community who are provided the service.

SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Aged Services	Aged Services plan and deliver services for our ageing community.	2,429	(1,687)	742
Animal Management	The Animal Management Unit works under the required legislative framework to protect the welfare of animals and the community.	94	(66)	28
Arts and Cultural Services	The Arts and Cultural Services unit is responsible for the cultural vitality and community engagement in the arts across the Shire.	568	(10)	558
Community Facilities and Halls Network	The Community Halls Network manages a diverse range of quality, easily accessible and reasonably priced venues that are available for the social, educational, artistic, leisure and commercial pursuits of the community.	606	(217)	389
Leisure Services	This program is responsible for four key areas of services delivery – facility management, facility development, leisure planning and community development.	412	(152)	260
Community Development	This activity facilitates connections and structures across community and Council that enable communities to respond to change and emerging opportunities. This includes Metro Access and inclusion (relating particularly to disability inclusion), volunteer development and community transport and place management.	1,226	(188)	1,038

OUR COMMUNITY



SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Community Services and Social Development	The Unit facilitates and leads an integrated approach towards the development and delivery of children and family services in Nillumbik.	222	–	222
Emergency Management	This program implements, monitors and evaluates the Fire Prevention Program and Emergency Management Plan to ensure plans are in place to protect the Nillumbik community.	501	(18)	483
Family Services	The Family Services Unit facilitates and leads an integrated approach towards the development of children and family services in Nillumbik.	2,272	(957)	1,315
Leisure Facilities	This program creates diverse and accessible leisure opportunities that encourage personal development, strengthens communities and enhances the health and wellbeing of local residents and visitors.	8,806	(7,935)	871
Community and Leisure Facilities Management	This program manages Council's Leisure Services, Facility Planning and Major Leisure Facilities Contracts.	254	–	254
Library Services	Public library services are provided at two locations offering a customer focused service that caters for the cultural, educational and recreational needs of residents and provides a focal point for the community where they can meet, relax and enjoy the facilities and services offered.	2,556	–	2,556
Living & Learning Nillumbik	Living and Learning Nillumbik works creatively with individuals, communities and government to provide programs that respond to the personal, professional, social, and learning needs of our diverse community.	1,647	(1,190)	457
Municipal Laws Coordination	The Municipal Laws program includes community education and enforcement of road rules, litter offences and Council's Local Laws. It is also responsible for Council's animal management program.	1,483	(1,324)	159
Environmental Health	The Public Health Unit works towards improving public health in the community through the provision of programs and services in the areas of food safety, water quality, wastewater management, tobacco reforms, infectious disease control and emergency management preparedness and recovery.	865	(332)	533
Community Participation Management	The Community Participation Unit is responsible for Arts and Cultural Services, Library, Edendale and Living and Learning Nillumbik.	191	–	191
Youth Services	Youth Services plans, coordinates and collaborates with community members, health agencies, schools, sporting and church groups and Government departments to deliver quality programs and services that meet the needs of young people and their families.	421	(19)	402

OUR COMMUNITY

Service performance indicators and measures

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

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
AQUATIC FACILITIES			
Satisfaction User satisfaction with aquatic facilities (optional) [User satisfaction with how council has performed on provision of aquatic facilities]	78.10	75.70	Council surveys customer satisfaction with aquatic and leisure facilities and this declined three per cent from 78.1 last year to 75.7. This remains at a level categorised as 'very good'.
Service standard Health inspections of aquatic facilities [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	0	0	Council does not carry out routine health inspections of aquatic facilities. This is done by the contracted service providers as part of the contract requirements.
Health and Safety Reportable safety incidents at aquatic facilities [Number of WorkSafe reportable aquatic facility safety incidents]	0	0	There were no reportable WorkSafe incidents during the financial year.
Service cost Cost of indoor aquatic facilities [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$1.24	\$2.36	The cost of indoor aquatic facilities increased this year because of declining patronage as a result of the impending closure and redevelopment at Eltham Leisure Centre.
Service Cost Cost of outdoor aquatic facilities [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$6.08	\$4.67	The cost of operating our outdoor pool decreased from last year because of increased patronage, probably because it stayed open longer due to the long summer/autumn.
Utilisation Utilisation of aquatic facilities [Number of visits to aquatic facilities / Municipal population]	4.18	2.56	There were more visits to the Diamond Creek outdoor pool this year, but patronage at both pools declined overall as a result of the impending closure and redevelopment of the aquatics at Eltham Leisure Centre.
SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
ANIMAL MANAGEMENT			
Timeliness Time taken to action animal management requests [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.0	1.0	The majority of animal management requests, including dog attacks and collection of wandering dogs, are actioned within one hour of receiving the request. Other requests, including nuisance barking dogs, are responded to within one business day.
Service standard Animals reclaimed [Number of animals reclaimed / Number of animals collected] x100	70%	68.8%	Council impounded 407 dogs and cats and 280 were reclaimed by their owners. A further 104 dogs and cats were rehoused.
Service cost Cost of animal management service [Direct cost of the animal management service / Number of registered animals]	\$39.19	\$37.64	This cost excludes income from pound fees, infringement notices and registration fees which, if included, would show a zero cost to provide the service.
Health and safety Animal management prosecutions [Number of successful animal management prosecutions]	5	8	Six of the prosecutions were for owners of dogs which had attacked. The remaining two prosecutions were for owners who allowed their dogs to bark excessively causing a continued nuisance to neighbours.

OUR COMMUNITY

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
FOOD SAFETY			
Timeliness Time taken to action food complaints [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.53	3.20	The time taken to action food-related complaints has increased this year because more of the complaints were low-risk and did not require urgent follow ups.
Service standard Food safety assessments [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the <i>Food Act 1984</i> / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the <i>Food Act 1984</i>] x100	120%	100%	All 252 registered food premises received a food safety assessment this year. A reduction in the number of assessments conducted reflects increased compliance by business owners.
Service cost Cost of food safety service [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the <i>Food Act 1984</i>]	\$896.03	\$603.66	Increased compliance with food safety requirements by business owners has meant less officer time attending to non-compliance issues. The decrease in officer time/ resourcing directed to this activity has resulted in a reduction in the cost for the overall service.
Health and safety Critical and major non-compliance outcome notifications [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	92%	100%	All inspections of food premises resulting in a critical or major non-compliance result were followed up by Council.

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
LIBRARIES			
Utilisation Library collection usage [Number of library collection item loans / Number of library collection items]	9.42	10.03	Nillumbik offers library services in partnership with Banyule and Whittlesea as the Yarra Plenty Regional Library Corporation (YPRL). Two of the YPRL's nine libraries are located in Nillumbik, Eltham and Diamond Valley. YPRL offers eBooks and eAudiobooks in partnership with Brisbane City Library Service, allowing library members access to more than 75,000 titles. It is not possible to report loans of these titles as part of the data for Eltham and Diamond Valley libraries.
Resource standard Standard of library collection [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	86%	87.55%	Nillumbik offers library services in partnership with Banyule and Whittlesea as the Yarra Plenty Regional Library Corporation. YPRL has a robust stock maintenance program where items are withdrawn from the collection due to age, non-use, currency and irrelevance. This ongoing program resulted in a slight increase of standard on the 2014-2015 figure. More than 87% of the items available for loan are less than five years old.
Service cost Cost of library service [Direct cost of the library service / Number of visits]	\$4.40	\$5.26	The cost of providing the library service increased due to a reduction in the apportionment of funding from the State Government. Nillumbik had to pay more to operate both the Diamond Valley and Eltham Libraries which experience high usage rates compared to libraries in Banyule and Whittlesea which are also members of the Yarra Plenty Library Service.
Participation Active library members [Number of active library members / Municipal population] x100	25%	23.71%	There has been a slight decrease in library membership compared to the previous year. This figure does not take into consideration the number of community members who attend the Eltham and Diamond Valley libraries but may not be members of the Yarra Plenty Regional Library Service.

OUR COMMUNITY

Service performance indicators and measures

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
HOME AND COMMUNITY CARE (HACC)			
Timeliness Time taken to commence the HACC service [Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]	0.00	14.00	This is the first year Council has reported on the time taken to commence the HACC service. When Council receives a referral for a service for a client, an assessment is booked with a Council Assessment Officer and a support plan is developed with the client to set goals and ascertain which service/s may be required. A Home Care Worker is then arranged for the service to commence.
Service standard Compliance with Community Care Common Standards [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	100%	100%	Council and its service provider were assessed against the Community Care Standards in 2013. Council implemented the agreed action plan and both Council and its service provider are fully compliant with the standards. The next assessment is scheduled for 2017.
Service cost Cost of domestic care service [Cost of the domestic care service / Hours of domestic care service provided]	0	\$39.50	This is the first year Council has reported on the cost of domestic care. This is one of five direct services provided under the HACC program.
Service cost Cost of personal care service [Cost of the personal care service / Hours of personal care service provided]	0	\$49.64	This is the first year Council has reported on the cost of personal care. This is one of five direct services provided under the HACC program.
Service cost Cost of respite care service [Cost of the respite care service / Hours of respite care service provided]	0	\$55.36	This is the first year Council has reported on the cost of respite care. This is one of five direct services provided under the HACC program.
Participation Participation in HACC service [Number of people that received a HACC service / Municipal target population for HACC services] x100	25%	23.88%	These figures are based on population, not funded hours of service. Council delivered its funded target hours for all services in the HACC program.
Participation Participation in HACC service by CALD people [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	24%	40.84%	All CALD clients have been able to access the service/s that they are eligible to receive.

OUR COMMUNITY



Maternal and Child Health Council received 607 birth notifications and 588 first home visits were made.

Service performance indicators and measures

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
MATERNAL AND CHILD HEALTH (MCH)			
Satisfaction Participation in first MCH home visit [Number of first MCH home visits / Number of birth notifications received] x100	100%	–	In 2015-2016 there was a state-wide initiative to transition the majority of councils offering Maternal and Child Health services to a new database. The database could not provide reliable information in time to meet the reporting deadline and, therefore, Council is unable to report this data for the 2015-2016 financial year.
Service standard Infant enrolments in the MCH service [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	94%	–	In 2015-2016 there was a state-wide initiative to transition the majority of councils offering Maternal and Child Health services to a new database. The database could not provide reliable information in time to meet the reporting deadline and, therefore, Council is unable to report this data for the 2015-2016 financial year.
Service cost Cost of the MCH service [Cost of the MCH service / Hours worked by MCH nurses]	0	\$71.78	This is the first year Council has reported on the cost of MCH service.
Participation Participation in the MCH service [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	\$81.15	–	In 2015-2016 there was a state-wide initiative to transition the majority of councils offering Maternal and Child Health services to a new database. The database could not provide reliable information in time to meet the reporting deadline and, therefore, Council is unable to report this data for the 2015-2016 financial year.
Participation Participation in the MCH service by Aboriginal children [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	76%	–	In 2015-2016 there was a state-wide initiative to transition the majority of councils offering Maternal and Child Health services to a new database. The database could not provide reliable information in time to meet the reporting deadline and, therefore, Council is unable to report this data for the 2015-2016 financial year.

Environment

Our goal is to preserve and nurture the natural environment of the Green Wedge through responsible leadership and stewardship for current and future generations.



OUR NATURAL ENVIRONMENT

COUNCIL PLAN 2013-2017

Our natural environment at a glance...

**\$13.2
million**

Operating expenditure

Core activities

- Collection of waste, hard waste, green waste and recycling
- Land use planning and policy
- Environmental planning and policy
- Edendale Community Environment Farm
- Environmental education and events
- Energy efficiency programs
- Landfill rehabilitation
- Water quality and conservation
- Biodiversity protection
- Land erosion and management works
- Management of conservation reserves
- Land management advice
- Weed and pest control
- Street tree planting

Interesting facts

- Support to 22 'Friends of' groups at 120 working bees
- Solar systems installed on 11 Council buildings

69.3%

of kerbside waste diverted from landfill

550,758

waste bin collections

1,178,216

green waste collections

581,490

recycling bin collections

5,900+

indigenous plants planted within reserves

495 hectares

of bushland and wetland reserves maintained

OUR NATURAL ENVIRONMENT



Recent works included a new milking shed and accommodation for Edendale's goats.

Achievements

New homes for animals

The construction of a new animal precinct at Edendale Farm Community Environment Centre began and is expected to be completed in August 2016 at a cost of \$287,000.

The works include new fences, pedestrian paths, hay and tool sheds, as well as a new milking shed and accommodation for Edendale's goats.

The new milking shed will be used to demonstrate milking of goats to visitors, allowing them to view the milking process and ask questions of staff as they undertake this task.

Visitors will also be able to access the new paddock spaces and view a range of farm animals.

Waste diverted from landfill

In 2015-2016, more than 69 per cent of kerbside garbage, recycling and green organics were diverted from landfill.

Residents of Nillumbik placed 20,945 tonnes of material out for kerbside collection. The green waste and recycling that was diverted from landfill, represented 14,501 tonnes.

Reducing energy consumption

Works to reduce energy consumption this year included:

- Ongoing energy efficiency changes to the Civic Centre building including lighting changes, addressing voltage spikes and installing Power Factor Correction equipment.
- Installing solar systems on 11 buildings including Research Preschool and Panton Hill Preschool.
- Pursuing energy efficiency retrofits of many buildings, such as the installation of a new air conditioning unit at Eltham Performing Arts Centre to replace an old gas heater and an air conditioner.
- Conducting energy audits of various buildings
- Providing comment on energy and water efficiency aspects of planning applications.
- Promoting energy and water efficiency in the design of major buildings including the Eltham Leisure Centre and Eltham North Pavilion
- Production of the Climate Change Action Plan 2016-2020

OUR NATURAL ENVIRONMENT



In 2015-2016, more than 69 per cent of kerbside garbage, recycling and green organics were diverted from landfill.

Challenges

Solar panels at Civic Centre

A solar feasibility study was commissioned into options for systems at four large Council facilities: the Civic Centre, Diamond Valley Sports and Fitness Centre, Eltham Leisure Centre and Community Bank Stadium.

The costs of proposed works has been incorporated into the five-year capital works program. Roof capacity at the Civic Centre was inadequate for the size of the system required so additional panels will be placed on a separate structure over the carpark at the rear of the building in Greensborough.

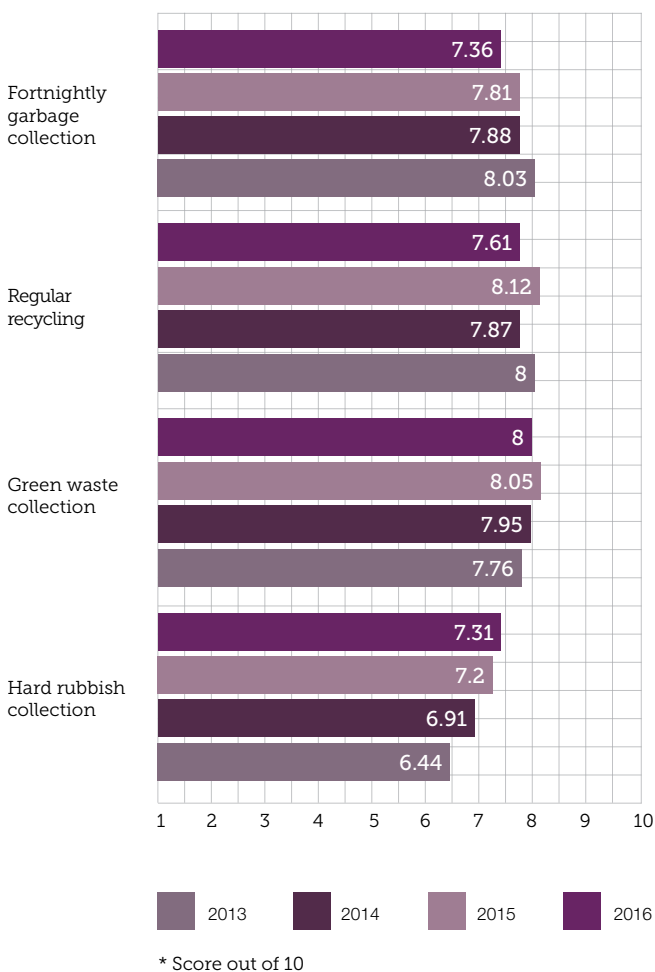
The year ahead

The rehabilitation of the former Plenty landfill site will continue. Council awarded a \$4.96 million contract in December for works over the next three years including 'capping', which involves putting a layer of soil, synthetic materials and gas collection pipes over the whole landfill area to seal it off from the environment, so the land can be put to good use.

Council has been rehabilitating the site in accordance with Environment Protection Authority Victoria (EPA) requirements, including regular monitoring and reporting and development of a detailed rehabilitation plan.

Satisfaction with waste collection services

Annual Community Survey results



OUR NATURAL ENVIRONMENT



How we performed against the Council Plan

The following statement reviews the performance of Council against the Council Plan 2013-2017 including the results achieved in relation to the strategic indicators included in the Council Plan.

STRATEGIC INDICATOR	RESULT	COMMENT
Completion of annual Green Wedge Management Plan actions.	✓	All high priority actions in the Green Wedge Management Plan are complete, ongoing or underway. Achievements in the past year included the alignment plan for the Diamond Creek Trail, the adoption of the Invasive Species Action Plan and the Climate Change Action Plan as well as the second annual Open Farm Day.
Percentage of garbage, recyclables and green organics collected from kerbside bins that is diverted from landfill.	➡	In the 2015-2016 year the kerbside garbage, recycling and green organics diverted from landfill was 69.3%.
Increase in Council's stormwater harvesting and recycling capacity.	✓	Raingardens were constructed in the Civic Centre precinct to capture and treat stormwater from buildings, the car park and future residential development. Rainwater tanks with a capacity of 310,000 litres were installed at the Diamond Creek Sports Centre and at the Civic Centre for toilets, showers and irrigation
Reductions in Council buildings' electricity and gas consumption.	✓	Works to reduce energy consumption this year included changes to lighting in the Civic Centre, installation of solar systems on 11 buildings, energy retrofits of buildings, energy audits and production of the Climate Change Action Plan 2016-2020.
Increased satisfaction with environmental management as measured through the Annual Community Survey.	✗	Satisfaction with Council's performance in meeting its responsibilities to the environment declined 1.9% to 7.56 out of 10, but remains categorised as 'very good'.
Positive trends in State of the Environment Report published every two years.	➡	The two-yearly State of the Environment Report will next be presented to Council in April 2017.

Achieved



Partially achieved



On target



Not achieved



OUR NATURAL ENVIRONMENT



Fertilising, decompacting and pest and weed control were undertaken on sportsgrounds.

Budget 2015-2016 major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015-2016 budget for the year.

MAJOR INITIATIVES	PROGRESS
Additional sportsground maintenance Actual \$65,678 Budget \$66,800	Additional fertilising, decompacting and pest and weed control were undertaken on sportsgrounds. The outcome was improved grass growth on Council's warm season turf grounds which will improve recovery from winter dormancy.
Domestic Wastewater Management Plan (septic tanks) implementation Actual \$31,948 Budget \$42,136	This funding secured a part-time administration role which contributed to the development of a single database for septic tank systems, the key action for the first year of the plan.
Biodiversity Land Management Officer (native vegetation) (0.4 EFT) Actual \$11,543 Budget \$35,212	This position pursued the development and implementation of the Over the Counter offset scheme which began operation on 1 October, 2015. It also provided technical support to the development of the C101 amendment.
Preparation of Climate Change Action Plan 2016-2020 Actual \$3,670 Budget \$10,000	This plan was adopted by Council in November 2015.
Open Farm Day 2015 Actual \$6,184 Budget \$10,700	The second Open Farm Day was held on 4 October 2015 with 4,000 people visiting the nine participating farms.
Free Green Waste – two occasions per annum Actual \$64,342 Budget \$70,000	Two green waste drop off days were held at the former Plenty landfill site, in late November 2015 and early February 2016. 2,665 loads were dropped off resulting in 547 tonnes of green waste delivered to a processing facility.

OUR NATURAL ENVIRONMENT

Budget 2015-2016 FUNDED SERVICES

The following statement provides information in relation to the services funded in the 2015-2016 budget and the persons or sections of the community who are provided the service.

SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Edendale	Edendale is a centre for life-long learning, which enhances community awareness of environmental sustainability, and is a focus for local environmental programs and environmental education for schools and the community.	923	(304)	619
Environmental Works	The Environmental Works Unit is responsible for managing Council's environmentally significant reserves and roadsides. The Unit also provides support to Friends and Landcare Groups who undertake works on Council land through provision of revegetation materials, advice and contractor support.	829	–	829
Environmental Planning	The Environmental Planning Unit is responsible for coordinating Council's environmental sustainability policy development and key programs including those aimed at water conservation and stormwater protection initiatives, energy efficiency projects and programs and land management incentive programs	1,021	(46)	975
Environmental Services Management	This Unit has responsibility for the overall management of the Environmental Planning and Environmental Health staff and delivery of the work program, as well as management of projects that are at a Section rather than Unit level.	226	–	226
Parks and Open Space Maintenance	Parks Maintenance is responsible for the maintenance and improvement of open space, playgrounds, trees, wetlands, sportsgrounds, roadsides, park furniture and high priority areas.	3,933	(24)	3,909
Waste Services	This Unit provides sustainable waste management services including encouraging waste minimisation practices, collection of waste, resource recovery and land fill rehabilitation.	6,636	(538)	6,098

OUR NATURAL ENVIRONMENT



Residents of Nillumbik placed 20,945 tonnes of material out for kerbside collection.

Service performance indicators and measures

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

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
WASTE COLLECTION			
Satisfaction Kerbside bin collection requests [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1000	166.50	149.14	The number of requests from residents in relation to damaged bins and bin repairs decreased this year.
Service standard Kerbside collection bins missed [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	14.55	15.62	Of every 10,000 bins collected, just over 15 are missed. This includes partially emptied bins where material compacts in the base of the bin.
Service cost Cost of kerbside garbage bin collection service [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$64.56	\$66.83	This slight increase in the costs of the garbage collection service can be attributed to the 4% increase in tipping costs over the year. Council delivered 239 tonnes more waste to landfill than the previous year.
Service cost Cost of kerbside recyclables collection service [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$35.08	\$35.99	There was a slight increase in the cost of the recyclable collection service which can be attributed to an increase in labour costs.
Waste diversion Kerbside collection waste diverted from landfill [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	70%	69.30%	Council continues to be well above State diversion targets even with this small 0.7 per cent decrease in the amount of waste diverted from landfill.



Character

Our goal is to provide infrastructure and to plan for a built environment which respects and preserves the unique character of the Green Wedge Shire.

OUR BUILT ENVIRONMENT

COUNCIL PLAN 2013-2017

Our built environment at a glance...

**\$36.08
million**

Operating expenditure

Core activities

- Local roads, bridge and footpaths
- Planning permits and regulation
- Public transport and main roads advocacy
- Building safety and regulation
- Traffic control and road safety
- Building permits
- Bus shelters
- Subdivision regulation and supervision
- Pedestrian crossings
- Heritage protection and memorials
- School crossing supervisors
- Property maintenance and fencing
- Car parking regulation and car parks
- Septic tank regulation
- Street lighting
- Amenity and noise control
- Graffiti control

Interesting facts

- 72 septic applications lodged, 97 inspections of septic tank systems undertaken
- 480km of linemarking maintained
- 12,081 signs maintained
- Building permits issued: 13 dwellings, 30 alterations and additions, 7 commercial, 94 miscellaneous
- 5,052 parking notices issued
- 785 decisions made on planning applications
- 1,259 total planning decisions made
- Five bushfire rebuilding site plans issued
- 95% of applications approved
- 70% of Council decisions upheld at VCAT

200km

of roadsides mowed

537 hectares

of open space maintained and 30 hectares of ovals were mowed 34 times

1,410

trees inspected and maintained

435km

sealed roads, 332km unsealed roads and 369km constructed drains maintained

72

playgrounds maintained

728

disabled parking permits issued

309km

of footpath inspected and maintained

OUR BUILT ENVIRONMENT



The \$19.35 million redevelopment of Eltham Leisure Centre is Nillumbik's largest capital works project.

Achievements

Liveable Nillumbik diverse housing

The Liveable Nillumbik accessible and diverse housing in Hurstbridge project continues.

Amendment C85, which changed the zone of the land from Public Use Zone to Township Zone, was gazetted in January 2016, paving the way for the development to take place.

Milestones throughout the year included marketing the land for sale through an independent property development agent and an Expressions of Interest process to attract potential developers.

External experts and an evaluation panel assessed the Expressions of Interest and have selected a developer to go forward to the next stage where the Development Plan will be formalised and a tender put in place. The surroundings and meets the *Disability Discrimination Act (DDA) 1992*.

Diamond Creek to Hurstbridge Trail

The Diamond Creek Trail is the most popular recreation trail in Nillumbik and currently connects Eltham and Diamond Creek. Council plans to extend the trail to Hurstbridge, enabling use of the trail from Hurstbridge through to Melbourne's CBD.

A survey was promoted to the local community seeking feedback on whether the proposed trail should run along the creek or the road. Feedback for the trail extension to run alongside the creek was strongly supported by the survey results.

In April 2016, Council resolved to commence a planning scheme amendment to acquire land for the proposed extension and to allow construction at a future date without the need for further planning approval. This is estimated to take 12-18 months and will provide a second opportunity for further community consultation.

Eltham Leisure Centre

The redevelopment of Eltham Leisure Centre is Nillumbik's largest capital works project.

The project, which will cost \$19.35 million, received \$6.8 million following successful advocacy and grant application work from the Victorian Government's Interface Fund and the Victorian Sports and Recreation Better Pools program.

The redevelopment will replace the 25 metre pool and will also include a warm water pool, a leisure pool with water features, spa, sauna, steam room, outdoor water play area, outdoor deck, picnic and barbecue areas, change cubicles (individual, family and accessible), school change room, multi-purpose room and landscaped gardens.

Detailed design was completed in 2015-2016 with a view to awarding a construction contract early next financial year.

OUR BUILT ENVIRONMENT

Challenges

Civic Drive subdivision and masterplan

Work began early in 2016 to construct 26 new homes on the vacant land between the Civic Centre and Bullaroo Court and the vacant land between the Diamond Valley Library and the Greensborough Bypass.

Drainage and sewer works are complete while construction of access roads, including underground drainage, installation of utility services and other associated works were delayed due to wet weather.

This work will transform the Civic Drive precinct into a space that offers new, attractive settings and opportunities for a range of activities including walking, picnics, social activities, informal sports and community events.

The year ahead

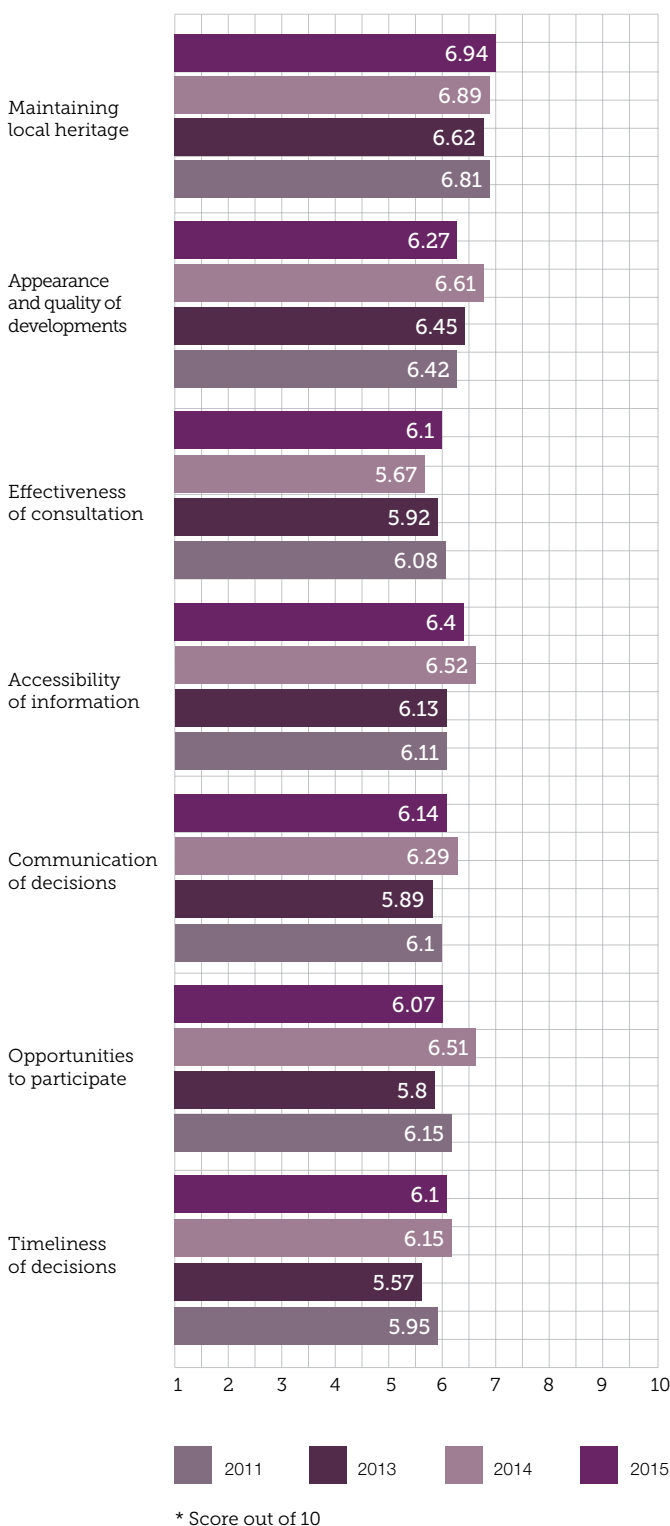
Eltham Community and Reception Centre

Renovations to the iconic mudbrick Eltham Community and Reception Centre, built in 1977, will be completed.

The upgrade will significantly improve community access and the centre as a whole including; replacing the corrugated asbestos roof, upgrading the car park to improve accessibility, improved accessibility to the stage area, improved general and stage lighting, replacement of amplifiers, new toilets including upgrading the disabled toilet area, new foyer and a new kitchen to meet commercial standards.

Satisfaction with aspects of planning and housing development

Annual Community Survey results



OUR BUILT ENVIRONMENT



The Liveable Nillumbik accessible and diverse housing in Hurstbridge project continues.

How we performed against the Council Plan

The following statement reviews the performance of Council against the Council Plan 2013-2017 including the results achieved in relation to the strategic indicators included in the Council Plan.

STRATEGIC INDICATOR	RESULT	COMMENT
Asset renewal expenses as a percentage of depreciation.	✓	Council allocating extra funding for capital works to renew community facilities and infrastructure assets.
Increased satisfaction with maintenance of local heritage as measured through the Annual Community Survey	✓	Satisfaction with the maintenance of local heritage was 6.94 out of 10, an increase on the 6.69 recorded in 2015.
Increased satisfaction with appearance and quality of new developments as measured through the Annual Community Survey	✗	Satisfaction with the appearance and quality of new developments was 6.27 out of 10 in 2016, a decrease on the 6.61 in 2015.

Achieved ✓ Partially achieved ➡ On target 🎯 Not achieved ✗

OUR BUILT ENVIRONMENT

Budget 2015-2016 major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015-2016 budget for the year.

MAJOR INITIATIVES	PROGRESS
Asset condition audit program Actual \$32,252 Budget \$45,000	Condition audits have been undertaken on a range of Council-managed ancillary assets including public and sports lighting, goal posts, flagpoles and fencing at nominated locations.
New Asset Maintenance (dog parks, new rain gardens at Civic Centre and Hurstbridge wetland maintenance) Actual \$29,518 Budget \$48,000	<p>The New Asset Maintenance budget was underspent due to the reorganisation of the work schedule of the dog park maintenance, and the new rain gardens at the Civic Centre.</p> <p>The dog park maintenance schedule was reviewed after three months. The review of the service level indicated that the time between servicing could be extended. This provide savings while maintaining the service levels to the parks.</p> <p>The new rain gardens at the Civic Centre have not require extensive maintenance to this point. The new residential developments within the area will increase runoff of high nutrient water that will require higher maintenance in the new financial year.</p> <p>The Hurstbridge Wetland required replanting over the 2015-2016 financial year. This site requires further work during the present financial year to further establish planting beds.</p> <p>The 2016-2017 budget for the New Asset Maintenance will continue to meet the growing costs of maintenance in the rain gardens at the Civic Centre and Hurstbridge Wetlands while the dog park maintenance costs have stabilised.</p>
Yarrambat Township Plan amendment (Year 2 of 2) Actual \$14,777 Budget \$20,000	In March, Council resolved to commence an amendment to place a township boundary around the Yarrambat township. This is still being considered by the Minister.
Housing Strategy (Year 3) Actual \$24,818 Budget \$20,000	The Urban Residential Built Form Provisions Review was presented to Council in May. Consultation and the preparation of an issues and options paper will continue next financial year.
Heritage Investigations (Year 1) Actual \$21,600 Budget \$30,000	Council's heritage adviser completed detailed assessments for 18 places. Councillors were briefed in late May, with a view to commence an amendment in early 2017.
Green Wedge Management Plan Review Actual \$19,266 Budget \$20,000	A consultant was engaged to assist Council and the Green Wedge Management Plan Implementation Advisory Group in undertaking a review of the Green Wedge Management Plan in September 2015. Following workshops in October and November 2015, the Review was reported to Council in February 2016.
Kangaroo Ground Township Plan (Year 1 or 3) Actual 0 Budget \$40,000	This project was deferred until 2017.

OUR BUILT ENVIRONMENT

Budget 2015-2016 funded services

The following statement provides information in relation to the services funded in the 2015-2016 budget and the persons or sections of the community who are provided the service.

SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Asset Management	This service manages and maintains all of Council's built infrastructure to an acceptable and safe standard.	748	–	748
Building	The Building Unit has a dual role. It both contributes to the discharge of Council's statutory obligations to the <i>Building Act (1993)</i> and also competes as a 'commercial' operator in a competitive, deregulated marketplace for 'permission related' services.	518	(276)	242
Building Maintenance	The Building Maintenance Unit maintains Council buildings in a functional, safe and clean manner.	1,438	–	1,438
Construction	The Construction Unit delivers and manages construction projects based on the Council's Capital Works Program. It maintains, upgrades and provides new assets for the community.	430	(101)	329
Engineering Design	This Unit has a number of roles including: community consultation and design for Special Charge Schemes for the construction of roads, drains and other infrastructure, design and preparation of documentation for the construction of roads, drains and other infrastructure and UrbanDesign Guidelines for Nillumbik.	524	–	524
Planning Admin	The Planning Administration Unit supports the Statutory Planning and Building units in the administration of the Nillumbik Planning Scheme and the Building Regulations	872	(101)	771
Road Maintenance	This service implements and reviews maintenance programs for roads, footpaths, drains, on-road bike paths and recreational trails to meet community needs and expectations, statutory compliance and environmental best practice.	4,480	(3)	4,477
School Crossing Program	This program ensures pedestrians are able to cross the road safely.	472	(143)	329
Property Management	This Unit manages Council's property portfolio, including the acquisition of public open space and sale of surplus Council land.	8,756	(8,460)	296
Fleet Maintenance	This Unit provides scheduled and reactive maintenance of fleet vehicles and major plant and minor fabrication works.	310	(51)	259
Statutory Planning	The Statutory Planning Unit administers the Nillumbik Planning Scheme in accordance with the requirements of the <i>Planning and Environment Act 1987</i> for landowners, builders and developers.	1,469	(236)	1,233
Strategic and Economic Planning Management	This function supports Council's direct service delivery in the areas of strategic planning, tourism and economic development.	226	–	226
Strategic Planning	This Unit deals primarily with land use planning and implementing land use policy through changes to the planning scheme for landowners, builders and developers. It is also responsible for providing Council with advice on adjoining municipalities and State planning initiatives in relation to land use planning.	513	–	513
Traffic and Transport Management	This unit liaises with ratepayers, the general public and community groups on strategic issues and concerns associated with traffic, parking and road safety issues. It also advocates to State and Federal governments to improve transport throughout the Shire.	1,310	(1,145)	165

OUR BUILT ENVIRONMENT



Service performance indicators and measures

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

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
STATUTORY PLANNING			
Timeliness Time taken to decide planning applications [The median number of days between receipt of a planning application and a decision on the application]	90	92	The volume and complexity of planning applications has contributed to this very small increase this year. This figure is eight days more than the overall Melbourne metropolitan figure for the 2014-2015 year.
Service standard Planning applications decided within 60 days [Number of planning application decisions made within 60 days / Number of planning application decisions made] x100	73%	80%	The 10 per cent increase from 2014-2015 may be due to a number of factors such as the volume and complexity of planning applications or the amount of consultation required. With 80 per cent of planning applications decided within 60 days, Nillumbik continued to return better results than the 2014-2015 overall Melbourne metropolitan figure of 64 per cent.
Service cost Cost of statutory planning service [Direct cost of the statutory planning service / Number of planning applications received]	\$2,789.72	\$2,545.67	The decreased cost of providing the planning service this year is largely influenced by the increased volume of planning applications determined in the 2015-2016 year.
Decision making Council planning decisions upheld at VCAT [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	36%	70%	During 2015-2016, VCAT upheld more of Council's decisions. Seven decisions were upheld out of 10, compared to four out of 11 for 2014-2015.

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
ROADS			
Satisfaction of use Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	26.63	27.65	Council received 121 requests related to its 437 kilometres of sealed local roads. This is comparable to the 2015 figure of 116 requests.
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	78%	95.83%	Results from recently conducted road surveys indicate improved road condition across Council's network.
Service cost Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	0	0	None of Nillumbik's roads required a full road reconstruction as defined by the State Government during 2015-2016.
Service Cost Cost of sealed local road resealing [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$9.34	\$14.57	This increase reflects the inclusion this year of ancillary costs associated with local road resealing such as line marking and traffic control.
Satisfaction Satisfaction with sealed local roads [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	65.60	65.20	Council surveys residents' satisfaction with the maintenance and repairs of sealed local roads and this declined by 0.4 percentage points. This remains at a level categorised as 'good'.

Economy

Our goal is to develop a prosperous local economy through partnerships with local business, governments and the community consistent with our Green Wedge values.



OUR ECONOMY

COUNCIL PLAN 2013-2017

Our economy at a glance...

\$602,429

Operating expenditure

Core activities

- Local community and farmers' markets and festivals
- Tourism funding and support
- Local business networks
- Local business training and seminars
- Activity Centre planning
- Planning permits and regulation
- Township marketing schemes

Interesting facts

- Took part in four business breakfasts with Northern Melbourne Business Achievement Awards
- 15 business mentoring sessions delivered over four days of clinics
- Five Small Business Victoria workshops held with 40 participants

12

Hurstbridge Farmers' Markets held

33

exhibitors at the Warrandyte Business Expo

270

exhibitors at the Warrandyte Business Expo

OUR ECONOMY



The Eltham Town Square was officially opened in November 2015 and is now a revitalised precinct for locals.

Achievements

New Town Square opened

The renovated Eltham Town Square was officially opened in November 2015. The town square is now a revitalised precinct for locals and customers further afield.

The development includes public toilets, tree planting for shade, alfresco café, landscaping and changes to access roads to increase the pedestrian area.

There is a drinking water fountain, interactive artwork for children and improved seating and lighting to make the square a place where everyone can relax and enjoy shopping in and around Eltham.

The Artisan Hills

The Artisan Hills, Naturally Creative brand for Nillumbik was launched.

Council has been working collaboratively with the Shire's trader associations and the Nillumbik Tourism Authority over the past two years to develop the new strategic framework for the tourism industry in the region.

The Artisan Hills brand is all about a naturally creative connection to inspire people to visit the beautiful landscapes, townships, artisans and townships that make up Nillumbik.

The strategy includes a new website **www.theartisanhills.vic.gov.au** which highlights, businesses and range of things to do in the region as well as a business directory and events calendar.

Challenges

Council resolved to commence an amendment to place a township boundary around the Yarrambat township at its Ordinary meeting on 22 March 2016. The Minister for Planning is still considering the request for authorisation.

A township plan for Kangaroo Ground was deferred until next financial year.

The year ahead

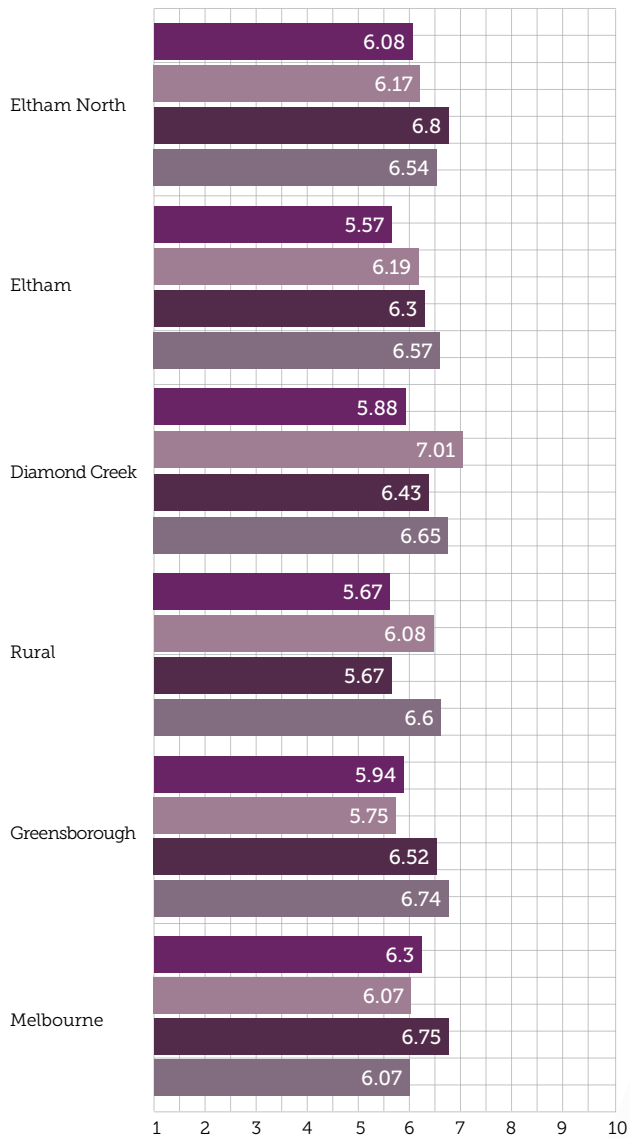
A postcard campaign will encourage the friends and relatives of local residents to visit Nillumbik to boost our tourism.

The Visiting Friends and Relatives Campaign makes local residents the advocates as well as the hosts. A postcard will be letterboxed to all residents who will be asked to send it to their friends and relatives to invite them to enjoy the Artisan Hills.

OUR ECONOMY

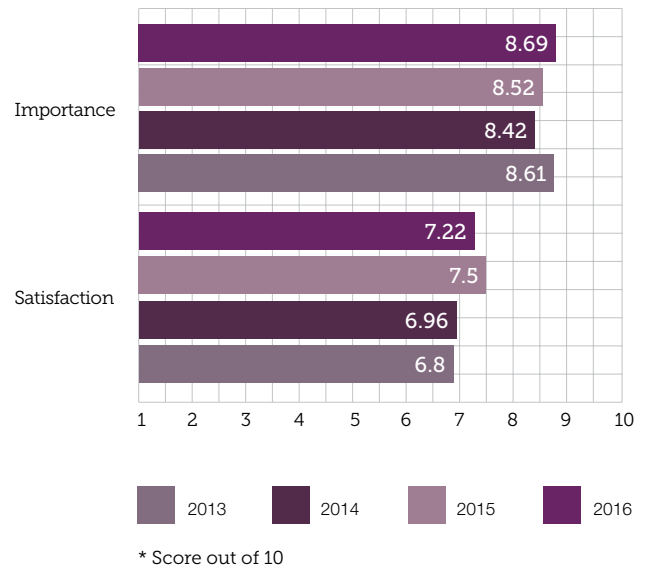
Satisfaction with availability of parking by precinct

Annual Community Survey results



Importance and satisfaction of shopping strips

Annual Community Survey results



OUR ECONOMY

How we performed against the Council Plan

The following statement reviews the performance of Council against the Council Plan 2013-2017 including the results achieved in relation to the strategic indicators included in the Council Plan.

STRATEGIC INDICATOR	RESULT	COMMENT
Percentage of planning application decisions made within 60 days.	✓	80% of planning applications were decided within 60 statutory days
Implementation of Activity Centre Structure Plans	✓	<p>Council noted the report on the implementation of the Eltham MAC Structure Plan at the Ordinary Meeting of Council on 25 August 2015. A second report was considered by Council at the October Policy and Services meeting concerning planning policies and practices with the Eltham and Diamond Creek activity centres.</p> <p>Council considered a report on the implementation of Diamond Creek Twenty20 at the Ordinary Meeting held on 23 June 2015. The next report is scheduled for August 2016.</p>
Preparation and adoption of Township Plans	✓	Council resolved to commence an amendment to place a township boundary around the Yarrambat township at its Ordinary meeting on 22 March 2016. The Minister for Planning is still considering the request for authorisation.

Achieved ✓ Partially achieved ➔ On target 🎯 Not achieved ✗

Budget 2015-2016 major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015-2016 budget for the year.

MAJOR INITIATIVES	PROGRESS
Economic Development Strategy Implementation and review (Year 5 of 5) Actual \$21,689 Budget \$40,000	Council has engaged consultants to conduct a review of the Economic Development Strategy. Background analysis is being undertaken, and a survey will start soon to gauge local economic conditions. This will be followed by workshops with Councillors, staff and business leaders in July/August 2016, and an issues and options paper towards September/October 2016. This will allow the new Council to consider the draft Strategy, and align any actions with the new Council Plan in 2017.
Business Development Officer (0.4EFT) Actual 0 Budget \$40,000	Hiring decision delayed due to capacity constraint on the Unit. Marketing activities associated with The Artisan Hills continued throughout the year, and will be expanded in 2016-2017.

OUR ECONOMY

Budget 2015-2016 funded services

The following statement provides information in relation to the services funded in the 2015-2016 budget and the persons or sections of the community who are provided the service.

SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Tourism and Business Development	This service builds business networks and industry partnerships, manages business and tourism-related infrastructure projects and delivers business seminars and information. This Unit is also responsible for economic development strategy and policy.	678	(293)	385

Service performance indicators and measures

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

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
ECONOMIC DEVELOPMENT (OPTIONAL)			
Participation Participation in business development activities [Number of businesses with an ABN in the municipality that participate in a business development activity / Number of businesses with an ABN in the municipality] x100	8%	0	This is an optional measure which Council chose not to report this year.
Service standard Delivery of planned business development activities [Number of business development activities delivered / Number of planned business development activities] x100	93%	0	This is an optional measure which Council chose not to report this year
Service cost Cost of economic development service [Direct cost of delivering the economic development service / Number of businesses with an ABN in the municipality]	\$22.99	0	This is an optional measure which Council chose not to report this year
Economic activity Percent change in number of businesses [Number of businesses with an ABN in the municipality at the end of the financial year less the number of businesses at the start of the financial year / Number of businesses with an ABN in the municipality at the start of the financial year] x100	1%	0	This is an optional measure which Council chose not to report this year

A close-up photograph of a person's hands interacting with a tablet. The person is wearing a red button-down shirt and blue jeans. The tablet screen displays a website with a green and white color scheme, featuring a search bar and various text elements. The background is a blurred outdoor setting with trees and sunlight.

Inclusive

Our goal is to provide good governance, leadership and responsible financial management and to make decisions in an inclusive and transparent manner.

OUR COUNCIL

COUNCIL PLAN 2013-2017

Our Council at a glance...

**\$15
million**

Operating expenditure

Core activities

- Council and Committee meetings, civic functions including citizenship ceremonies
- Street naming and numbering
- Consultation processes and advisory committees
- Elections
- Website and online services
- Finance and procurement
- Electronic and print communication including media liaison
- Rates and property valuations
- Human resource management and training
- Customer service and reception
- Information technology
- Legislative compliance
- Risk management

Interesting facts

- Four citizenship ceremonies held including Australia Day
- 58 media releases issued
- 169,546 website users
- Facebook likes increased from 1108 to 2651
- 53 e-bulletins issued
- 23,486 rates notices issued

49,409

phone calls to customer service

39,919

visits to the front counter
which included processing
21,193 payments

18,882

customer requests logged

892,335

web pages viewed

1,667

Twitter followers

170

staff enrol in 17 courses

OUR COUNCIL

Achievements

Rate capping and budget priorities

Council conducted a comprehensive community engagement process to help inform its position on the State Government's 2.5% cap on rate increases in 2016-2017.

Consultation included a panel of 39 community members, questions in Council's annual community survey of 500 households, and a separate online survey open to all residents.

Community feedback overwhelmingly said that Council should only seek an increase to the rate cap if it needed to raise extra revenue in the event of a natural disaster. This feedback informed Council's decision to stay within the rate cap for 2016-2017.

Green light from Auditor-General

The Victorian Auditor-General assessed Nillumbik as low-risk (green light) status for overall financial sustainability in 2015-2016.

Council's Financial Sustainability Plan was adopted in December 2013 and sets targets for Council to monitor its financial sustainability on an ongoing basis.

Challenges

Community satisfaction

Community satisfaction with the overall performance of Council was rated at 6.69 out of 10. This is a slight decline on the previous year's result of 6.9 but remains categorised as 'good'.

The results show a trend of increasing satisfaction with the overall performance of Council observed since the surveys began in 2011. This decline in overall satisfaction was consistent with statewide survey results.

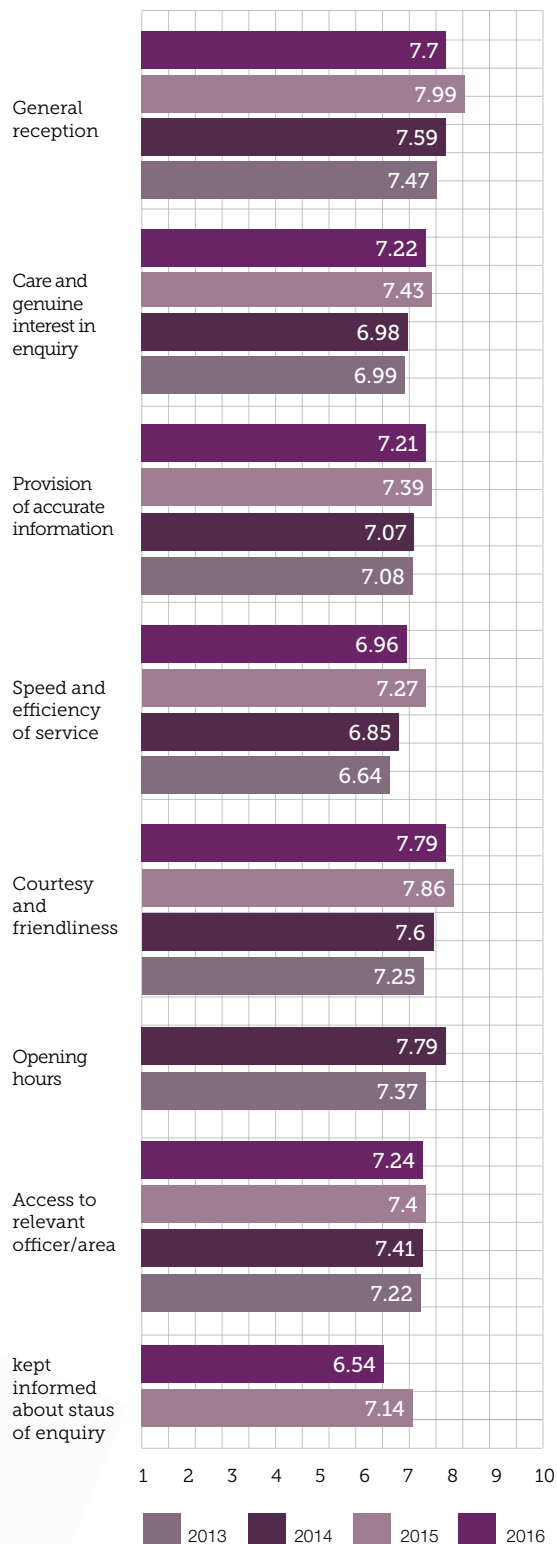
The year ahead

Council election

The general council election will be held on Saturday 22 October 2016. The election will be conducted by postal ballot. Seven councillors will be elected, one in each of the Shire's seven wards.

Satisfaction with aspects of customer service

Annual Community Survey results



* Score out of 10

OUR COUNCIL



Rates per resident in Nillumbik remain below the median of all Victorian councils.

How we performed against the Council Plan

The following statement reviews the performance of Council against the Council Plan 2013-2017 including the results achieved in relation to the strategic indicators included in the Council Plan.

STRATEGIC INDICATOR	RESULT	COMMENT
Maintain Victorian Auditor General's low risk 'green light' status measure for overall financial sustainability.	✓	Nillumbik's results for 2015-2016 met the Auditor-General's requirements for low-risk 'green light' status for overall financial sustainability.
Achieve an underlying surplus as a percentage of adjusted underlying revenue.	✓	Nillumbik recorded a surplus of \$4.6 million for 2015-2016 in the audited financial statements. However the underlying result (which excludes non-recurrent income) was not in surplus. This was due to once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council.
Rates per resident remain below the State average.	✓	Rates per resident in Nillumbik for 2015-2016 were \$953 which was below the Victorian median of \$1,014 (according to the MAV rates survey).
Adoption of Financial Sustainability Plan and achievement of targets in the Plan.	✓	10 of the 13 targets in the Plan were achieved, another two are on target to be achieved and one was not achieved.
Satisfaction with overall performance of Council as measured through the Annual Community Survey.	✗	Satisfaction with the overall performance of Council was 6.69 out of 10, declining from 6.9 in 2015.

Achieved ✓ Partially achieved ➡ On target 🎯 Not achieved ✗

OUR COUNCIL



Budget 2015-2016 major initiatives

The following statement reviews the progress of Council in relation to major initiatives identified in the 2015-2016 budget for the year.

MAJOR INITIATIVES	PROGRESS
Council website development Actual \$69,626 Budget \$60,000	Smart phone/tablet friendly websites were developed for Edendale, Youth Services, The Artisan Hills, and Hurstbridge Farmers Market with the Living & Learning website almost complete.
Records management (replace obsolete software and transfer files) Actual 0 Budget \$65,000	This project was deferred to 2016-2017 and is contingent upon the creation of libraries and structures which forms part of the Pathway to SharePoint integration
Service reviews/rate capping preparation Actual \$20,247 Budget \$45,000	Community consultation and education about rate capping took place. Service reviews will take place next financial year.
NearMap photography Actual \$19,334 Budget \$20,000	This project was completed.

Budget 2015-2016 funded services

The following statement provides information in relation to the services funded in the 2015-2016 budget and the persons or sections of the community who are provided the service.

SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Councillors, Chief Executive and Executive Team	This area includes the Mayor, Councillors, Chief Executive Officer and Executive Management Team and associated support which cannot be easily attributed to the direct service provision areas.	2,613	–	2,613
Finance and Rates/Valuation Management	This section provides accounting services including both statutory and internal accounts management and reporting. It is also responsible for all rates and valuation matters including the management of Council's property database, rate debtors and debt collection.	5,907	(3,803)	2,104
Application Services	This Unit administers the corporate business applications and associated systems and ensures the availability, integrity and reliability of corporate systems so that Council is able to meet its business requirements and goals.	978	–	978
Communications	The Communications Unit assists both the Council and the organisation to communicate its decisions, services, activities and events to Nillumbik residents and the wider community through the provision of high-quality information.	734	(3)	731



Customer Service

Satisfaction with all aspects of Council's customer service is categorised as 'good'.

OUR COUNCIL

Budget 2015-2016 FUNDED SERVICES

SERVICE	DESCRIPTION	EXPENDITURE \$000	REVENUE \$000	NET COST \$000
Council Property Administration	This service maintains and manages leases and licences in relation to Council properties	156	(276)	(120)
Customer Service	This service provides frontline customer service, cashier and reception services for Council including the coordination and implementation of the Service Excellence Program for the delivery of customer service for the organisation.	531	(4)	527
Operations Centre Management	This program provides customer service and support to business units within Infrastructure Maintenance	1,256	–	1,256
Governance	This Unit manages Council's overall governance matters including coordination of council meetings, electoral matters, Councillors' code of conduct, Council Plan and relevant legislative implications.	779	–	779
Information Services	This service provides electronic records and document management services to Council including mail processing, archiving and records management.	666	–	666
Information Technology Management	This service provides information technology services and solutions with access to reliable and relevant information, equipping our staff to deliver community requirements.	1,912	–	1,912
Organisational Development	This service provides Council with organisation development support. Key service delivery is in the areas of workforce planning, staff development, policy and systems, health and wellbeing and industrial relations.	1,206	(30)	1,176
Risk and Insurance	This Unit is responsible for the management of Council's risk and insurance portfolios including the development and maintenance of a strategic approach to risk. Key areas of focus are around occupational health and safety, WorkCover management and staff health and wellbeing. Optimising the performance of Council's insurance portfolios is also a priority for this service area.	1,518	(100)	1,418
Technical Services	This Unit administers the operations of Council's Information Technology core systems including Council's network, helpdesk, database platforms, software licensing, telecommunication systems, disaster recovery and web applications	995	–	995

OUR COUNCIL



Council held 36 meetings during 2015-2016 and made 342 resolutions.

Service performance indicators and measures

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

SERVICE/INDICATOR/MEASURE	2015	2016	MATERIAL VARIATIONS
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	15.00%	15.20%	Council made 342 resolutions at 36 Council and Committee meetings. Fifty-two of these resolutions were made in a meeting closed to the public under section 89(2) of the <i>Local Government Act 1989</i> . In accordance with section 89(2), 42 of the 52 confidential resolutions were contractual matters, two were proposed developments, one related to legal advice, and seven were other matters which Council or the special committee considered would prejudice the Council or any person. As required by the Act, the reasons why a meeting was closed to the public are recorded in the publicly available minutes.
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]	68.3%	%66.2	Satisfaction with Council's community consultation and engagement declined marginally but not measurably in 2015-2016, down 3% to 66.2 from 68.3 in 2014-2015. This decline was reflected across the state.
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) × (Number of Councillors elected at the last Council general election)] x100	92.00%	93.33%	Council held 12 Ordinary meetings and three Special meetings in 2015-2016. Only seven absences were recorded throughout the year against a possible 105 attendances. This does not include Committee meetings.
Service cost Cost of governance [Direct cost of the governance service / Number of Councillors elected at the last Council general election]	\$49,536.80	\$51,874.20	This indicator reflects operating expenses directly related to the activities of Councillors and costs associated with CEO recruitment, dismissal and performance management.
Satisfaction Satisfaction with council decisions [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	66.70	64.20	Satisfaction with Council's performance on making decisions in the interests of the community declined marginally in 2015-2016, from 66.7 in 2014-2015 to 64.2. This decline was reflected across the state.

A poster for the Australia Day Awards and Citizenship Ceremony. The top half features a blurred image of several gold medals. The bottom half is a dark blue-grey gradient with white text. A Union Jack flag is visible in the upper right corner, and a white wavy line graphic is on the left side.

Australia Day Awards and Citizenship Ceremony

ordinary people doing extraordinary things

Tuesday 26 January 2016

Eltham Community and Reception Centre

Citizenship

167 people became
Australian citizens at four
citizenship ceremonies.

CORPORATE GOVERNANCE

Governance

Under the *Local Government Act 1989* (the Act):

1. A council is elected to provide leadership for the good governance of the municipal district and the local community.
2. The role of a council includes:
 - a) Acting as a representative government by taking into account the diverse needs of the local community in decision making.
 - b) Providing leadership by establishing strategic objectives and monitoring their achievement.
 - c) Maintaining the viability of the council by ensuring that resources are managed in a responsible and accountable manner.
 - d) Advocating the interests of the local community to other communities and governments.
 - e) Acting as a responsible partner in government by taking into account the needs of other communities.
 - f) Fostering community cohesion and encouraging active participation in civic life.

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

Decision-making

Council decisions are made in one of two ways.

1. By resolution at Council meetings and Special Committees of Council.
2. By Council officers under delegated authority.

Council is empowered under a number of pieces of legislation to undertake a range of duties and functions.

To enable Council to actually undertake these duties and functions it is necessary for Council to delegate many of its relevant powers to the CEO.

This power to delegate is conferred on Council by section 98(1) of the Act which enables Council, by instrument of delegation, to delegate to a member of Council staff any power, duty or function of Council under the Act or any other act, other than certain specified powers.

Meetings of Council

Nillumbik Shire Council conducts its business in open and advertised meetings. In addition to Ordinary and Special meetings, Nillumbik has two special committees established under section 86 of the Act: Policy and Services Committee and Planning Committee. All seven Councillors sit on both Committees.

Council and Committee meetings are generally held on a Tuesday evening in the Council Chamber at the Civic Centre, Civic Drive, Greensborough.

The business to be considered by Council and its Committees is set out in the agenda which is available on Council's website and at the Eltham and Diamond Valley branch libraries on the Friday prior to the meeting. Agenda papers are also available at each meeting for interested members of the public.

Council records the resolutions carried at each Council and Committee meeting, publishing them as part of the minutes of each meeting. Minutes are confirmed at the following Ordinary Council or Committee meeting.

Minutes are available on Council's website for the current year and the preceding 12 months, as required by the Act.

CORPORATE GOVERNANCE

Meetings of Council

During 2015-2016, Council passed 342 resolutions at Council and Committee meetings.

MEETING	PURPOSE	NUMBER OF MEETINGS	RESOLUTIONS	PUBLIC QUESTIONS/ SUBMISSIONS HEARD
Policy and Services Committee meetings	Considers a wide range of issues, submissions made under section 223 of the Act and invites members of the public to speak to an item on the agenda.	13	72	205
Planning Committee meetings	Considers planning applications and invites members of the public to speak to an item on the agenda.	8	26	71
Ordinary Council meetings	Considers the general business of Council and provides community members the opportunity to ask questions of Council.	12	235	81
Special Council meetings	Convened for a specific purpose and only the matters listed on the agenda may be dealt with.	3	9	–

Meeting attendance

COUNCILLOR	ORDINARY (12)	SPECIAL (3)	POLICY (13)	PLANNING (8)	BRIEFINGS (21)
Cr Meralyn Klein	12	3	12	8	19
Cr Anika Van Hulsen ¹	11	3	13	8	21
Cr Michael Young ²	11	3	12	8	19
Cr Peter Perkins	11	2	12	8	15
Cr Ken King ³	10	3	11	7	18
Cr Bronnie Hattam ⁴	11	3	13	8	21
Cr Helen Coleman	12	3	12	7	20

1. Chair of the Policy and Services Committee November 2015-June 2016

2. Chair of the Planning Committee November 2015-June 2016

3. Chair of the Policy and Services Committee July-October 2015

4. Chair of the Planning Committee July-October 2015

CORPORATE GOVERNANCE



Code of conduct

Council's Councillor Code of Conduct is incorporated into its much larger Governance Code, the purpose of which is to provide a broad good governance framework for Councillors.

The recent amendments to section 76C of the *Local Government Act 1989* (the Act) provide that Council must review and make any necessary amendments to its Councillor Code of Conduct within four months of those changes to the Act coming into effect. As a result of this amendment, perhaps the most significant requirement is that a Councillor Code of Conduct must include an internal resolution procedure for dealing with an alleged contravention of the Councillor Code of Conduct by a Councillor and that the Code may set out processes for the purpose of resolving an internal dispute between Councillors.

Councils are required to review their Councillor Codes of Conduct by 4 July 2016. The review must be done at a Special Council Meeting called solely for that purpose.

The new subsections 76C(6A) and 76C(6B) of the Act also provide that, within one month of amendments to a Councillor Code of Conduct being

approved, a Councillor must make a declaration that they will abide by the Councillor Code of Conduct. The declaration must be in writing and witnessed by the CEO.

The Governance Code, incorporating the Councillor Code of Conduct, was adopted by Council at a Special Council Meeting on 24 May 2016.

Conflict of interest

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

A conflict of interest occurs where a personal or private interest might compromise the ability to act in the public interest. A conflict of interest exists even if no improper act results from it. Council has a comprehensive procedure in place to accommodate the disclosure of a conflict of interest. Declaration of a conflict of interest is a standard agenda item for all Council and Committee meetings.

While the procedures vary depending on the particular role and circumstances, in general they involve disclosing the relevant interests in a specific way and then stepping aside from the relevant decision-making process or from the exercise of the public duty. A register is maintained to record all disclosed conflicts of interest. During 2015-2016, three conflicts of interest were declared at Council and Committee meetings.

Assemblies of Councillors

In addition to formal meetings of Council, a number of Assembly of Councillors meetings were held during the year.

An Assembly of Councillors is defined by section 80A of the Act as an advisory committee of Council at which at least one Councillor is present; or a planned or scheduled meeting of at least half of the Councillors and one member of council staff, which considers matters that are intended or likely to be the subject of a Council decision or subject to the exercise of a delegated function, duty or power.

Conflicts of interest must be disclosed at Assemblies of Councillors and are reported to Council as part of the written record of the Assembly.

During 2015-2016, 107 Assemblies of Councillors were reported to Council.

CORPORATE GOVERNANCE

Councillor allowances and expenses

In accordance with section 74 of the Act, the Mayor and Councillors are paid an annual allowance, which includes a superannuation guarantee contribution.

The Mayoral and Councillor allowances were set in April 2013 for the four year term of Council at \$69,325 and \$22,405 respectively plus superannuation subject to ministerial change under the Act. Council reimburses reasonable costs associated with the formal duty of representing Council for the Mayor and Councillors and their respective partners in accordance with Council's Councillor Resources and Expenses Policy 2013 and section 75 of the Act.

The policy establishes an annual allocation for conferences, training and seminars determined by the level of Mayoral and Councillor allowances.

Councillors (other than the Mayor) are allocated a maximum amount equal to 20 per cent of their allowance. The Mayor is allocated a maximum amount equal to 10 per cent of the Mayoral allowance in recognition of the additional responsibilities of the Mayor. Because the Mayor is elected in late October, the Mayoral term does not coincide with the financial year. The reported expenditure relates to the financial year.

A computer and communication equipment, and associated stationery were provided to each Councillor, including the Mayor, for official business.

A vehicle was used by the Mayor of the day for official Council business purposes and reasonable private use during their term of office.

COUNCILLOR	ALLOWANCE (INCLUDING SUPERANNUATION)
Cr Meralyn Klein	\$26,205.23
Cr Anika Van Hulsen	\$26,205.23
Cr Michael Young	\$26,205.23
Cr Peter Perkins	\$26,205.23
Cr Ken King	\$26,205.23
Cr Bronnie Hattam ²	\$62,450.23
Cr Helen Coleman ¹	\$43,418.17

1. Mayor 1 July – 26 October 2015

2. Mayor 26 October 2015 – 30 June 2016

EXPENSE	CR MERALYN KLEIN	CR ANIKA VAN HULSEN	CR MICHAEL YOUNG	CR PETER PERKINS	CR KEN KING	CR BRONNIE HATTAM ^{2, 3}	CR HELEN COLEMAN ^{1, 3}
Travel & car mileage	\$3,394	\$2,492	–	\$205	\$1,236	\$934	\$3,722
Mobile phone	\$2,044	\$1,188	\$3,441	\$2,168	\$1,220	\$1,485	\$3,015
Internet	\$1,407	\$1,407	\$1,407	\$1,407	\$1,407	\$1,407	\$1,407
Conferences, training & seminars ³	\$80	\$205	–	\$1,668	\$489	\$5,234	\$2,701
Other reimbursements	\$212	–	–	–	–	\$89	–
Landline telephone	–	–	\$456	–	–	\$428	\$491
Carers allowance	–	–	–	–	\$60	–	–
Mayoral car	N/A	N/A	N/A	N/A	N/A	\$8,032	\$4,016
TOTAL	\$7,138	\$5,292	\$5,304	\$5,448	\$4,412	\$17,609	\$15,353

1. Mayor 1 July – 26 October 2015

2. Mayor 26 October 2015 – 30 June 2016

3. The Mayor is entitled to higher expenditure on conferences, training and seminars in recognition of the additional responsibilities of the Mayor.

CORPORATE GOVERNANCE

Advisory Committees and external groups

Councillors also represent Council on a number of Advisory Committees and external groups. Representation for 2015-2016 is set out in the tables below.

ADVISORY COMMITTEES	COUNCILLORS
Agricultural Advisory Committee	Cr Ken King Cr Anika Van Hulsen
Arts Advisory Committee (Acquisitions and Strategy)	Cr Bronnie Hattam ¹ Cr Helen Coleman ²
Audit Committee	Cr Ken King Cr Meralyn Klein
Chief Executive Officer Employment Matters Committee	Mayor ¹ (Cr Helen Coleman) Cr Michael Young ¹ Cr Peter Perkins ¹ Cr Ken King ¹ Mayor ² (Cr Bronnie Hattam) Cr Michael Young ² Cr Ken King ² Cr Helen Coleman ² Cr Peter Perkins ²
Inclusion Advisory Committee	Cr Bronnie Hattam
Economic Development Advisory Committee	Cr Ken King Cr Anika Van Hulsen Cr Michael Young
Edendale Advisory Committee	Cr Michael Young Cr Bronnie Hattam
Eltham Major Activity Centre Development Forum	Cr Michael Young Cr Helen Coleman Cr Bronnie Hattam
Environment Advisory Committee	Cr Anika Van Hulsen Cr Michael Young
Green Wedge Management Plan Implementation Advisory Committee	Cr Anika Van Hulsen Cr Ken King Cr Bronnie Hattam
Liveable Nillumbik Community Reference Group	Cr Anika Van Hulsen
Memorials Advisory Committee	Cr Meralyn Klein Cr Ken King
Living & Learning Nillumbik Advisory Committee	Cr Meralyn Klein
Municipal Emergency Management Planning Advisory Committee	Cr Peter Perkins Cr Meralyn Klein (alternate)
Panton Hill Bushland Reserves System Advisory Committee	Cr Anika Van Hulsen Cr Ken King
Recreational Trails Advisory Committee	Cr Anika Van Hulsen Cr Ken King

1. July – October 2015
2. November 2015 – June 2016

EXTERNAL ORGANISATIONS	COUNCILLORS
Diamond Creek Business Development Association	Cr Peter Perkins
Eltham Chamber of Commerce and Industry	Cr Michael Young Cr Ken King (alternate) Cr Helen Coleman ² (alternate)
Hurstbridge Traders Association	Cr Anika Van Hulsen
Interface Councils	Mayor Cr Helen Coleman (alternate)
Municipal Association of Victoria	Cr Helen Coleman Cr Peter Perkins ¹ (alternate) Cr Bronnie Hattam ² (alternate)
Metropolitan Transport Forum	Cr Ken King
Metropolitan Waste Management Group	Cr Peter Perkins
Nillumbik Tourism Association	Cr Michael Young Cr Bronnie Hattam
Northern Alliance for Greenhouse Action	Cr Bronnie Hattam
Northern Region Councils	Mayor
Yarra Plenty Regional Library Board	Cr Helen Coleman Cr Ken King
Victorian Local Governance Association	Cr Meralyn Klein

1. July – October 2015
2. November 2015 – June 2016

CORPORATE GOVERNANCE



Management

Council has implemented a number of statutory and better practice items to strengthen its management framework. Having strong governance and management frameworks leads to better decision-making by Council.

The Act requires Council to undertake an assessment against the prescribed governance and management checklist and include this in its report of operations. Council's Governance and Management Checklist results are set out in the section below.

The following items have been highlighted as important components of the management framework.

Audit Committee

The Audit Committee's primary function is to assist Council in the effective conduct of its responsibilities for financial reporting, management of risk, maintaining a reliable system of internal controls and facilitating good and ethical governance. The Audit Committee consisted of three independent members, Linda MacRae (Chair), Roger Male and John Watson, and two Councillors, Cr Ken King and Cr Meralyn Klein. Independent members are appointed for up to a three-year term. The chair is elected from among the independent members.

The Audit Committee meets four times a year. The Internal Auditor, Chief Executive Officer, General Manager Corporate Services and Manager Finance attend all Audit Committee meetings. Other management representatives attend as required to present reports. The external auditors attend in February and August each year to present the audit plan and independent audit report.

Recommendations from each Audit Committee meeting are subsequently reported to, and considered by Council.

Internal audit

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

The Internal Auditor attends each Audit Committee meeting to report on the status of the SIAP, to provide an update on the implementation of audit recommendations and to present findings of completed reviews. All audit issues identified are risk rated.

Recommendations are assigned to the responsible manager and tracked in Council's performance management system. Managers provide quarterly status updates that are reviewed by the Internal Auditor and reported to the General Management Team and the Audit Committee.



The SIAP for 2015–2016 was completed with the following reviews conducted:

- Mobile Plant and Equipment Management
- Councillor Expenses
- Various Financial Functions (Cash Receipting, Payroll, Petty Cash and related data interrogation)
- Fraud Management and Prevention

External audit

Council is externally audited by the Victorian Auditor-General's Office (VAGO). For the 2015-2016 year the annual external audit of Council's Financial Statements and Performance Statement was conducted by the Victorian Auditor-General's representative.

The external auditors attend the February and August Audit Committee meetings to present the annual audit plan and Independent Audit Report. The external audit management letter and responses are also provided to the Audit Committee.

Risk management

Council recognises and is committed to its overall responsibility to effectively manage risks and ensures that best practice risk management standards are maintained. Council's Risk Management Strategy provides guidance to Council's approach to risk management and the methodology used to achieve the risk policy objectives and outcomes.

Compliance, monitoring and assessment

Council manages risk in accordance with the process described in Australian/New Zealand Standard (AS/NZS) 31000:2009 Risk Management.

It continues to maintain SafetyMAP accreditation to a high standard for the management of risks to its employees, contractors and volunteers. Audit results indicate a high level of compliance in managing our risks from our insurers, internal auditors and independent consultants.

Business continuity

Council draws on elements of the Australian Standard AS/NZS 5050:2010 and internationally accepted British Business Continuity Standard (BS 25999) to deliver key services during an event which has the capacity to create an interruption to business delivery.

The underlying principles are that sound information should underpin decision making and that good decision-making is fundamental to effective crisis management (and action plans).

Insurance audits

During the financial year, no audits were conducted by Council's insurance underwriters, however, Council's current performance for the public and professional liability remains strong with an overall score of 90 per cent, property audit 93 per cent and the fidelity audit 91 per cent.

CORPORATE GOVERNANCE

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
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 – 28 July 2015
Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines Date of operation of current policy – 28 July 2015
Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act Date of adoption 14 June 2016
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 14 June 2016
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 adoption of current plans 24 February 2015
Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy Date of adoption of current plan 14 June 2016
Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy Date of adoption of current policy 16 December 2014
Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy Date of adoption 29 June 2015
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 adoption 24 June 2014
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)	Policy Date adopted 9 February 2016
Business continuity plan (plan setting out the actions that will be taken to ensure that key services continue to operate in the event of a disaster)	Plan Date of operation 22 January 2014
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 1 May 2015
Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation 16 December 2014

CORPORATE GOVERNANCE



GOVERNANCE AND MANAGEMENT ITEMS	ASSESSMENT
Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Committee established 21 June 2005
Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Internal auditor engaged 1 July 2014
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 23 June 2015
Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Reports Date of reports 28 July 2015, 27 October 2015, 27 January 2016 and 26 April 2016
Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Reports Date of reports 27 October 2015, 27 January 2016 and 26 April 2016
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 22 September 2015, 15 December 2015, 22 March 2016 and 21 June 2016
Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports Date of reports 27 October 2015, 27 January 2016 and 26 April 2016.
Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial performance statements)	Report presented 27 October 2015
Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Code of Conduct reviewed 24 May 2016
Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Delegations reviewed 26 April 2016
Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Local Law adopted 28 April 2015

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

Stuart Burdack
Chief Executive Officer
6 September 2016

Cr Bronnie Hattam
Mayor
6 September 2016

CORPORATE GOVERNANCE

Statutory information

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

Documents available for public inspection

In accordance with regulation 12 of the Local Government (General) Regulations 2015, the following are prescribed documents that are available for public inspection or copies of the documents can be obtained for the purposes of section 222 of the Act at Civic Drive, Greensborough:

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by any Councillor or member of Council staff in the previous 12 months.
- The agendas and minutes of ordinary and special meetings held in the previous 12 months which are kept under section 93 of the Act, other than those relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act.
- The minutes of meetings of special committees established under section 86 of the Act and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the Act and are confidential information within the meaning of section 77(2) of the Act.
- A register of delegations kept under sections 87(1) and 98(4) of the Act, including the date on which the last review took place under section 86(6) and 98(6), respectively, of the Act.
- A document containing details of all leases involving land which were entered into by the Council as lessor, including lessee and the terms and the value of the lease.

- A register maintained under section 224(1A) of the Act of authorised officers appointed under that section.
- A list of donations and grants made by Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

Best value

Council continues to apply Best Value principles to its services in accordance with the Act.

A key focus during this year was the preparation for rate capping. Council established a community panel to provide advice to Council about its response to rate capping. This panel comprised 40 members of the local community, and four workshops were conducted in mid-late 2015. The panel reviewed Council spending across all services, and considered matters relevant to Best Value such as pricing, affordability and cost-recovery.

The panel's recommendations were then tested with the wider community through two surveys in late 2015 and early 2016.

Council has also initiated a new process of service planning, which incorporates those issues included in the Best Value principles. In conjunction with this, Council has classified its services, and commenced the process for reporting to the Essential Services Commission regarding service outputs, as part of the rate capping reporting requirements.

Carers recognition

In accordance with the *Carers Recognition Act 2012*, Council is required to report annually on its

care measurement obligations under section 11 of that Act. In recognising its obligations under the *Carers Recognition Act 2012*, Council has:

- Promoted the principles of the Act to people in care relationships who receive Council services and to the wider community.
- Ensured staff, Council agents and volunteers working for Council are informed of the principles and obligations of the Act.
- Taken the Act into consideration when reviewing and modifying relevant policies, procedures and supports.

Contracts

The *Local Government Act 1989* requires Council to prepare and approve a procurement policy and at least once in each financial year review and amend the policy. The Act defines procurement policy to mean the principles, processes and procedures that will apply to the purchases of goods, services and works by the Council.

Council reviewed and adopted its Procurement Policy and Guidelines in February 2016 in accordance with the Act. The Policy applies to all procurement and contracting activities of Council and is binding upon Council officers, outsourced contractors and consultants while engaged by and/or representing Council.

In 2015-2016 Council used 2,127 suppliers in its provision of more than 100 services to the community. Ninety new contracts valued at \$12.956 million were awarded in five main areas: works; services; Information Technology; goods; and consultancy.

Council did not enter into any contracts during the year valued at more than \$150,000 or more without first engaging in a competitive process.



Disability Action Plan

The Disability Action Plan (DAP) 2013-2017 provides the framework for Council to address disability and other access issues across all areas of the organisations planning and operations, ensuring Council meets its requirements under Federal, State and Local Government legislation.

Council's four DAP priorities for action include:

- Reducing barriers to people with a disability accessing Council goods, services and facilities
- Reducing barriers to people with a disability in the area of employment
- Promoting inclusion and participation in the community
- Achieving tangible changes in attitude and practices that discriminate against people with a disability.

The following examples highlight the collaborative achievements which demonstrate Council's adoption of best practice and successful engagement and support to the community in fostering a more inclusive environment for all residents.

- Provided internal advice and support to prepare Council and the community for the roll-out of the National Disability Insurance Scheme (NDIS). Individual support provided to residents, four general information sessions in partnership with National Disability Insurance Agency and several disability service providers, nine community planning workshops, one targeted information session for disability service providers and ongoing support to existing and emerging service providers as well as mainstream services such as leisure centres.
- Information provision through an NDIS page created on Council's website including links to resources and events, social media and local print media. Council has subscribed and promotes Inclusion@nillumbik

through the website Clickability which provides a platform for residents to find, connect and review service providers and allow Council the ability to map a changing disability landscape.

- Community Inclusion in partnership delivered the Our Choices Expo with attendance from more than 800 people and 100 exhibitors.
- Council's Inclusion Advisory Committee and Network has continued to ensure Council is well positioned to consult with and understand the needs of the people with a disability, families, carers and service providers on current and future issues with a membership base to the network of more than 100 people.
- Permanent Assisted Listening System installed at Eltham Senior Citizens and video resources available to inform and train the community and staff of their use across multiple sites.

Domestic Animal Management Plan

In accordance with the *Domestic Animals Act 1994*, Council must develop and adopt a Domestic Animal Management Plan (DAMP) every four years. Council is required to review the Plan annually and report achievements to the community through the annual report.

Nillumbik adopted the DAMP 2013-2017 in May 2013 and received an update on the Plan's implementation in November 2015.

In year three of the DAMP, key achievements included:

- Installing new signage in and around sporting ovals, including footpath symbols, to advise dog owners of leash requirements.
- Maintaining Council's high animal registration compliance through the registration program and targeted

'door knock' program. This year rangers inspected 587 properties throughout the municipality.

- Collaborating with local domestic animal businesses to promote responsible pet ownership within the municipality at the annual Pet Expo event.
- Increased the rehoming of impounded dogs and cats from 92% to 94%.
- Facilitated a meeting with dog trainers and neighbouring councils to improve participation in Council's free dog obedience training program.

Food Act ministerial directions

In accordance with section 7E of the *Food Act 1984*, Council is required to publish a summary of any ministerial directions received during the financial year in its annual report.

No such ministerial directions were received by Council during the financial year.

Protected Disclosure

Council encourages the reporting/disclosure of wrongdoing within the organisation by its officers or externally by any member of the public. Where a potential disclosure under the Act is identified, we will ensure effective action, including investigation by the appropriate entities. We will ensure those who report wrongdoing are supported and protected from reprisal.

Council has developed procedures for reporting disclosures of improper conduct or detrimental action. These procedures enable disclosures to be made to Council's Protected Disclosure Coordinator, the IBAC or to the Victorian Ombudsman.

During the 2015-2016 financial year, Council did not receive any protected disclosures.

CORPORATE GOVERNANCE

FREEDOM OF INFORMATION	2015-2016	2014-2015	2013-2014	2012-2013
Total number of requests	12	8	8	10
Access granted in full	4	3	4	5
Access granted in part	3	5	2	0
No documents available	0	0	2	0
Access denied in full	2	0	0	1
Requests withdrawn or not proceeded with	1	0	0	0
Requests in progress at end of financial year	2	0	0	4
Total application fees collected	\$326	\$212	\$204	\$315
Total other charges collected	\$52	\$716	\$1,365	\$115

Freedom of Information

The *Freedom of Information Act 1982* provides the community with a general right of access to information held by Council.

It also provides for a right of appeal if an applicant is refused access to documents or is not satisfied with the action or decision taken by Council in relation to their request.

Requests for access to information under the Act should be made in writing, specifying the particular document(s) being sought, to the Freedom of Information Officer and accompanied by the appropriate fee.

More information is available on Council's website.

Road Management Act Ministerial Directions

Nillumbik Shire Council is responsible for the management of approximately 800 kilometres of road, of which 375 kilometres are unsealed, 350 kilometres of underground drainage, approximately 17,000 stormwater pits and 250 kilometres of footpaths.

The Road Management Plan forms the basis of Council's management of its road based assets and provides details of how Council will inspect, maintain and respond to road based asset issues.

The Road Management Plan was reviewed and amended most recently in July 2013, in accordance with the *Road Management Act 2004*.

Council, as a road authority, is required under section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No directions were received from the Minister in 2015-2016.

Charter of Human Rights

The *Victorian Charter of Human Rights and Responsibilities Act 2006* protects the human rights of all people in Victoria. All public authorities and their employees are obliged to act compatibly with the Charter.

The Charter seeks to increase transparency in decision making affecting people's rights, and assure the public that their rights are being taken into account. It sets out 20 rights which assist all people to live with freedom, respect, equality and dignity.

Council developed and adopted Human Rights and Responsibilities Guidelines, which explain the human rights principles and how they apply to Councillors, Council officers and contractors.

Officers must take the Charter into account when developing and implementing policies, local laws, procedures, decisions and services. Council's Guidelines include a Human Rights Impact Assessment tool to assist officers.

No Human Rights complaints were received by Council during 2015-2016.



Information Privacy and Health Records

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

Council has implemented policies and procedures to ensure responsible collection, handling and disposal of all personal and health information. Copies of Council's Privacy Policy are available from the Civic Centre and Council's website www.nillumbik.vic.gov.au.

Access to personal information held by Council may be made by applying in writing with proof of identity to Council's Privacy Officer. Any person who feels aggrieved by Council's handling of their personal information may make a complaint to Council's Privacy Officer on 9433 3269. The complaint will be investigated within five business days and a written response provided.

Alternatively, complaints may be made to the Commissioner for Privacy and Data Protection or the Health Services Commissioner (although the Commissioners may decline to hear the complaint if it is not first made to Council). One complaint was received by Council during 2015-2016 regarding an alleged breach of customer privacy. The complainant subsequently referred the matter to the Commissioner for Privacy and Data Protection. Following an investigation by the Commissioner, Council was advised that the complaint was denied because the Commissioner considered that Council had adequately dealt with the matter.

Legislation impacting Council

Council undertakes a broad range of activities and services and conducts its activities under a highly-regulated environment.

Many acts and regulations, including those below, have a direct impact on Council and require significant compliance, contain specific provisions relevant to Council

and have some form of indirect influence or require specific knowledge by staff carrying out their duties.

- *Australian Citizenship Act 2007*
- *Building Act 1993*
- *Country Fire Authority Act 1958*
- *Disability Discrimination Act (Commonwealth) 1992*
- *Disability Act 2006*
- *Domestic Animals Act 1994*
- *Emergency Management Act 2013*
- *Environment Protection Act 1970*
- *Equal Opportunity Act 2010*
- *Food Act 1984*
- *Freedom of Information Act 1992*
- *Geographic Place Names Act 1998*
- *Local Government Act 1989*
- *Occupational Health and Safety Act 2004*
- *Planning and Environment Act 1987 and Nillumbik Planning Scheme*
- *Privacy and Data Protection Act 2014*
- *Protected Disclosures Act 2012*
- *Public Health and Wellbeing Act 2008*
- *Public Records Act 1973*
- *Road Management Act 2004*
- *Road Safety Act 1986*
- *Subdivision Act 1998*
- *Victorian Charter of Human Rights and Responsibilities Act 2006*

CORPORATE GOVERNANCE



Local laws

Council currently has three Local Laws in place.

Amenity Local Law

The purpose of this Local Law is to provide for the:

- safe and fair use and enjoyment of public places
- safe and fair use of roads
- regulation of street activities
- keeping and control of animals
- fair and reasonable use and enjoyment of private land
- uniform and fair administration of this Local Law
- peace, order and good government of the municipality.

Infrastructure Assets Local Law

The purpose of this Local Law is to:

- provide for the peace, order and good government of the municipal district
- protect public assets vested in Council from damage, accelerated deterioration or abuse during the building works process
- provide a physical environment which aims to minimise hazards to the health and safety of persons attending building sites and those adjacent, opposite or passing building sites

- prohibiting, regulating and controlling the presence and disposal of refuse, rubbish and soil on and from building sites within the municipal district to reduce hazards to the environment and promote an environment where residents can enjoy a quality of life that meets the general expectation of the community
- defining the standards to which persons engaged in building works should adhere to
- educating and inducing persons involved in building works to act responsibly to reduce the extent and cost of infrastructure damage for the benefit of the wider community.

The Amenity Local Law and the Infrastructure Assets Local Law both commenced operation on 6 December 2013.

Meeting Procedure Local Law

The purpose of this Local Law is to:

- regulate proceedings at Council Meetings, Special Committee Meetings and other meetings conducted by or on behalf of Council where Council has resolved that the provisions of this Local Law are to apply
- regulate proceedings for the election of the Mayor, Deputy Mayor and Chairpersons
- facilitate community engagement by providing opportunities at meetings for community members to express their views

- ensure the efficient and orderly conduct of meetings
- regulate the use and keeping of the common seal
- ensure the peace, order and good government of the municipal district.

The Meeting Procedure Local Law commenced operation on 15 May 2015.

Council memberships

Council is a member of a number of groups and organisations, including the following key memberships:

- Metropolitan Transport Forum \$1,500
- Victorian Local Governance Association \$17,700
- Australian Local Government Women's Association \$330
- Municipal Association of Victoria \$38,147.82
- Local Government Managers Australia \$2,300

CORPORATE GOVERNANCE



Council Grants to the Community 2015-2016

Arts related

Montsalvat	26,000
	26,000

Business and tourism development grants

Nillumbik Tourism Association	37,000
	37,000

Community festivals/fairs

Diamond Creek Town Fair	35,572
Eltham Jazz, Food and Wine Festival	36,126
Eltham Town Festival	59,988
Hurstbridge Traders – Wattle Festival	28,457
On The Hill Festival, Pantom Hill	15,994
Warrandyte Festival	16,752
Eltham Mudbrick House Tour	5,000
	197,888

Community group support grants

Artist Collective	1,500
Austin Health	1,050
Baldessin Press and Studio	1,500
Bend Of Islands Conservation Association	611
Big Group Hug Ltd	4,034
Bubup Wilam for Early Learning	1,512
Christmas Hills Mechanics Institute	1,300
Diamond Creek Men's Shed Inc.	200
Diamond Creek Runners	2,000
Diamond Valley Baptist Church	1,800
Diamond Valley Red Tent	779
Eltham Rural Group Inc.	2,066
Hohnes Road Playhouse Inc.	1,546
Hurstbridge Learning Co-Operative Primary	2,000
Hurstbridge Men's Shed	2,045
Hurstbridge Uniting Church	80
Koori Kids Pty Ltd.	450
Mens Shed at St Andrews Inc.	3,900
Multicultural Arts Victoria	1,000
Other Thumb Theatre	1,000
Round the Bend Conservation Co-op	520
St Johns Anglican Church, Diamond Creek	1,330
St Margarets Anglican Church	1,000
Theatre 451 Inc.	2,000
Wadambuk Makers Market	500
Walking Forward Disaster Relief Team	1,264
	36,986

Cultural development grants

Diamond Creek Traders Association	5,000
Nillumbik Reconciliation Group	3,000
	8,000

Fire Brigades

Arthurs Creek Fire Brigade	2,722
Christmas Hills Fire Brigade	2,722
Diamond Creek Fire Brigade	2,722
District 14 Headquarters Brigade East	2,722
Doreen Fire Brigade	2,722
Eltham Fire Brigade	2,722
Hurstbridge Fire Brigade	2,722
Kangaroo Ground Fire Brigade	2,722
Kinglake Fire Brigade	2,722
Nillumbik Group Fire Brigade	2,722
North Warrandyte Fire Brigade	2,722
Pantom Hill Fire Brigade	2,722
Plenty Fire Brigade	2,722
Research Fire Brigade	2,722
St Andrews Fire Brigade	2,722
Wattle Glen Fire Brigade	2,722
Whittlesea/Diamond Valley Group Fire Brigade	2,722
Yarrambat Fire Brigade	2,722
	49,000

Heritage grants

Allwood Neighbourhood House Inc	600
Andrew Ross Museum	600
Arthurs Creek Mechanics Institute	600
Eltham District Historical Society	600
Greensborough Historical Society	600
Nillumbik Historical Society	600
Plenty Historical Society Inc	600
Queenstown Cemetery Trust	600
St Andrews/Queenstown Historical Society	600
Warrandyte Historical Society	600
Yarrambat Historical Society	600
	6,600

Occasional childcare centres

Hohnes Road Playhouse Inc.	25,455
	25,455

Operational

Allwood Neighbourhood House Inc	6,780
North East Region Volunteer Resource	4,323
	11,103

Youth support grants

Banyule Nillumbik Local Learning	
Employment Network	2,000
Pantom Hill Youth Choir	1,000
St Helena Secondary College	1,000
Theatre 451 Inc.	1,000
	5,000

Total grants and donations	\$406,332
(Note: Amounts are GST Exclusive)	

ANNUAL FINANCIAL REPORT

FOR THE
YEAR ENDED
30 JUNE 2016

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COMPREHENSIVE INCOME STATEMENT

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
INCOME			
Rates and charges	3	60,491	56,761
Statutory fees and fines	4	1,404	1,325
User fees	5	11,319	10,744
Grants – operating	6	5,919	9,810
Grants – capital	6	9,783	2,385
Contributions – monetary	7	2,116	2,532
Contributions – non-monetary	7	1,607	1,949
Net gain on disposal of property, infrastructure, plant and equipment	8	–	3,220
Share of net profits/(losses) of associates and joint ventures	16(a)	93	161
Other income	9	2,573	2,861
Total income		95,305	91,748
EXPENSES			
Employee costs	10(a)	30,835	30,517
Materials and services	11	27,705	28,279
Bad and doubtful debts	12	29	30
Depreciation and amortisation	13	9,845	9,677
Borrowing costs	14	931	980
Net loss on disposal of property, infrastructure, plant and equipment	8	13,588	–
Contributions to associates and joint ventures	16(b)	2,499	2,277
Other expenses	15	5,180	4,963
Total expenses		90,612	76,723
Surplus/(deficit) for the year		4,693	15,025
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	28(a)	88,465	7,641
Share of other comprehensive income of associates and joint ventures	16	–	–
Total comprehensive result		93,158	22,666

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

BALANCE SHEET

As at 30 June 2016

	Note	2016 \$'000	2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	17	33,220	30,510
Trade and other receivables	18	8,207	7,961
Other financial assets	19	7,000	–
Inventories	20	15	18
Non-current assets classified as held for sale	21	3,172	2,362
Other assets	22	1,256	396
Total current assets		52,870	41,247
Non-current assets			
Trade and other receivables	18	707	987
Other financial assets	19	5	5
Other assets	22	–	70
Investments in associates and joint ventures	16	1,470	1,377
Property, infrastructure, plant and equipment	23	741,462	659,741
Total non-current assets		743,644	662,180
Total assets		796,514	703,427
LIABILITIES			
Current liabilities			
Trade and other payables	24	4,710	4,248
Trust funds and deposits	25	1,352	1,308
Provisions	26(c)	6,658	7,691
Interest-bearing loans and borrowings	27	2,322	2,277
Total current liabilities		15,042	15,524
Non-current liabilities			
Provisions	26(c)	9,350	8,094
Interest-bearing loans and borrowings	27	11,981	12,826
Total non-current liabilities		21,331	20,920
Total liabilities		36,373	36,444
Net assets		760,141	666,983
EQUITY			
Accumulated surplus		360,992	366,017
Reserves	28(a), 28(b)	399,149	300,966
Total equity		760,141	666,983

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserve \$ '000	Other Reserves \$ '000
2016					
.....					
Balance at beginning of the financial year		666,983	366,017	277,186	23,780
Surplus/(deficit) for the year		4,693	4,693	–	–
Net asset revaluation increment/(decrement)	28(a)	88,465	–	88,465	–
Transfers to other reserves	28(b)	–	(24,243)	–	24,243
Transfers from other reserves	28(b)	–	14,525	–	(14,525)
Balance at end of the financial year		760,141	360,992	365,651	33,498

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserve \$ '000	Other Reserves \$ '000
2015					
.....					
Balance at beginning of the financial year		644,317	356,327	269,545	18,445
Surplus/(deficit) for the year		15,025	15,025	–	–
Net asset revaluation increment/(decrement)	28(a)	7,641	–	7,641	–
Transfers to other reserves	28(b)	–	(17,925)	–	17,925
Transfers from other reserves	28(b)	–	12,590	–	(12,590)
Balance at end of the financial year		666,983	366,017	277,186	23,780

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

	Note	2016 Inflows/ (Outflows) \$'000	2015 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		60,526	57,577
Statutory fees and fines		1,404	1,950
User fees (GST inclusive)		12,048	11,369
Grants – operating (GST inclusive)		5,989	9,810
Grants – capital (GST inclusive)		9,783	2,385
Contributions – monetary (GST inclusive)		2,116	2,557
Interest received		1,435	1,435
Trust funds and deposits taken		44	142
Other receipts (GST inclusive)		1,231	1,426
Net GST refund/(payment)		3,502	2,542
Employee costs		(30,612)	(29,907)
Materials and services (GST inclusive)		(32,361)	(32,396)
Trust funds and deposits repaid		–	–
Other payments		(7,772)	(7,240)
Net cash provided by/(used in) operating activities	29	27,333	21,650
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(19,607)	(12,965)
Proceeds from sale of property, infrastructure, plant and equipment		3,715	4,431
Payments for investments		(7,000)	(1,948)
Proceeds from sale of investments		–	4,600
Net cash provided by/(used in) investing activities		(22,892)	(5,882)
Cash flows from financing activities			
Finance costs		(931)	(980)
Proceeds from borrowings		–	1,480
Repayment of borrowings		(800)	(1,542)
Net cash provided by/(used in) financing activities		(1,731)	(1,042)
Net increase/(decrease) in cash and cash equivalents		2,710	14,726
Cash and cash equivalents at the beginning of the financial year		30,510	15,784
Cash and cash equivalents at the end of the financial year	17	33,220	30,510
Financing arrangements	30		
Restrictions on cash assets	17		

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

STATEMENT OF CAPITAL WORKS

For the year ended 30 June 2016

	Note	2016 \$'000	2015 \$'000
Property			
Land		–	–
Land improvements		–	–
Playgrounds		–	–
Total land		–	–
Buildings		3,634	3,482
Buildings – heritage		–	–
Building improvements – disability access works		–	–
Total buildings		3,634	3,482
Total property		3,634	3,482
Plant and equipment			
Plant, machinery and equipment		1,914	954
Furniture, equipment and computers		83	137
Artwork		26	41
Total plant and equipment		2,023	1,132
Infrastructure			
Roads		4,292	3,735
Bridges		606	27
Footpaths and cycleways		726	786
Drainage		507	593
Recreational, leisure and community facilities		3,211	2,390
Waste management		543	234
Parks, open space and streetscapes		1,367	2,399
Traffic treatments		–	–
Other infrastructure		2,939	1,503
Special charge schemes (council contributions)		–	–
Total infrastructure		14,191	11,667
Total capital works expenditure		19,848	16,281
Represented by:			
New asset expenditure		564	2,117
Asset renewal expenditure		7,383	5,041
Asset expansion expenditure		7,030	3,013
Asset upgrade expenditure		4,871	6,110
Total capital works expenditure		19,848	16,281

Statement of capital works excludes work in progress of \$4.2 million.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

INTRODUCTION

The Nillumbik Shire Council was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. The Council's main office is located at Civic Drive, Greensborough, 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 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 (refer to note 1(l))
- the determination of employee provisions (refer to note 1(q))

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.

(c) Accounting for investments in associates and joint arrangements

Associates

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

Joint arrangements

Council is not involved in any joint arrangements at balance date.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 1 (cont.)

SIGNIFICANT ACCOUNTING POLICIES

(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.

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Dividends

Dividend revenue is recognised when the Council's right to receive payment is established.

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.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 1 (cont.)

SIGNIFICANT ACCOUNTING POLICIES

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 reassessing 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.

(f) Cash and cash equivalents

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

(g) Trade and other receivables

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

(h) Other financial assets

Investments in MAPS and the Local Government Health Plan are valued at cost. Any dividends paid are taken up as revenue.

(i) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Inventories are measured at the lower of cost and net realisable value.

All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

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

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

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 1 (cont.)

SIGNIFICANT ACCOUNTING POLICIES

(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 attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use 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, currently every second year. The valuation is performed either by experienced council officers or independent experts. A formal revaluation of land, buildings and infrastructure assets was undertaken in 2016.

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

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using the deemed cost basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report.

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

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

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

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

Artworks are not depreciated.

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

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

Asset recognition thresholds and depreciation periods

	Useful life years	Threshold \$'000		Useful life years	Threshold \$'000
Property			Infrastructure		
Land	Indefinite	Nil	Road surface	12-30	5,000
Playgrounds	10-15	1,000	Road pavement	50-80	5,000
Land improvements	50	5,000	Road kerb, channel and minor culverts	50	5,000
Buildings	50-100	5,000	Traffic treatments/calming	5-50	5,000
Plant and equipment			Major bridge culverts	50-100	5,000
Plant and machinery	6-7	1,000	Bridges – concrete/steel	100	5,000
Motor vehicles	6-7	Nil	Bridges – timber	50	5,000
Furniture, fittings and computers	6-7	1,000	Footpaths, trails and cycleways	10-50	5,000
Artwork	100	500	Drainage	50-100	5,000
			Waste management	5-15	1,000
			Guard fence	10	1,000
			Fire hydrants	50	1,000
			Bus shelters	20	1,000
			Reserves furniture	17	1,000
			Water treatment devices	15-20	5,000

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

(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 25).

(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.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 1 (cont.)

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised. Borrowing costs include interest on bank overdrafts, interest on borrowings, and finance lease charges.

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

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at 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. 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.

(r) Landfill rehabilitation provision

Council is obligated to restore the former landfill sites at Plenty and Kangaroo Ground to a particular standard. The provision for landfill restoration has been calculated based on the present value of expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard as reviewed by the Environmental Protection Agency (EPA). Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

(s) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 6 to 7 year period.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 1 (cont.)

SIGNIFICANT ACCOUNTING POLICIES

Operating leases

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

(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 Taxation 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 34 Contingent Liabilities and Contingent Assets.

(v) Contingent assets and contingent liabilities and commitments

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

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

(w) Pending accounting standards

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

(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.

(y) Related Parties and Key Management Personal

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

Council has prepared the key management personnel disclosures for the year based on reasonable enquiries made by management in relation to the portfolio minister and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions from 2016-2017 onwards.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 2 BUDGET COMPARISON

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 per cent 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 23 June 2015. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for 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*.

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
a) Income and Expenditure				
Income				
Rates and charges	60,112	60,491	379	2(c)(i)
Statutory fees and fines	948	1,404	456	2(c)(ii)
User fees	11,640	11,319	(321)	2(c)(iii)
Grants – operating	6,605	5,919	(686)	2(c)(iv)
Grants – capital	4,517	9,783	5,266	2(c)(v)
Contributions – monetary	105	2,116	2,011	2(c)(vi)
Contributions – non monetary	–	1,607	1,607	2(c)(vii)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	–	–	–	
Share of net profits/(losses) of associates and joint ventures	–	93	93	
Other income	2,030	2,573	543	2(c)(viii)
Total income	85,957	95,305	9,348	
Expenses				
Employee costs	31,122	30,835	(287)	2(c)(ix)
Materials and services	26,619	27,705	1,086	2(c)(x)
Bad and doubtful debts	–	29	29	2(c)(xi)
Depreciation and amortisation	9,639	9,845	206	
Borrowing costs	995	931	(64)	2(c)(xii)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	–	13,588	13,588	2(c)(xiii)
Contributions to associates and joint ventures	2,468	2,499	31	
Other expenses	6,776	5,180	(1,596)	2(c)(xix)
Total expenses	77,619	90,612	(12,993)	
Surplus/(deficit) for the year	8,338	4,693	(3,645)	

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 2 (cont.)

BUDGET COMPARISON

	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	Ref
b) Capital Works				
Property				
Land	–	–	–	
Playgrounds	–	–	–	
Land improvements	–	–	–	
Total land	–	–	–	
Buildings	3,310	3,634	324	2(d)(i)
Buildings – heritage	–	–	–	
Building improvements	–	–	–	
Total buildings	3,310	3,634	324	
Total property	3,310	3,634	324	
Plant and equipment				
Plant, machinery and equipment	1,439	1,914	475	2(d)(ii)
Fixtures, fittings and furniture	330	83	(247)	2(d)(iii)
Computers and telecommunications	–	–	–	
Artwork	–	26	26	2(d)(iv)
Total plant and equipment	1,769	2,023	254	
Infrastructure				
Roads	2,434	4,292	1,858	2(d)(v)
Bridges	340	606	266	2(d)(vi)
Footpaths, trails and cycleways	730	726	(4)	
Drainage	500	507	7	
Recreational, leisure and community facilities	6,820	3,211	(3,609)	2(d)(vii)
Kerb and channel	–	–	–	
Waste management	1,051	543	(508)	2(d)(viii)
Parks, open space and streetscapes	252	1,367	1,115	2(d)(ix)
Traffic treatments	–	–	–	
Other infrastructure	264	2,939	2,675	2(d)(x)
Total infrastructure	12,391	14,191	1,800	
Total capital works expenditure	17,470	19,848	2,378	
Represented by:				
New asset expenditure	2,189	564	(1,625)	
Asset renewal expenditure	6,729	7,383	654	
Asset expansion expenditure	4,861	7,030	2,169	
Asset upgrade expenditure	3,691	4,871	1,180	
Total capital works expenditure	17,470	19,848	2,378	

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 2 (cont.)

BUDGET COMPARISON

c) Explanation of material variations, Income and expenditure

- (i) **Rates and charges**, variance attributable to additional rateable properties recognised over the year through developments across the Shire.
- (ii) **Statutory fees and fines**, variance due to increase in fines and permits issued for the year and penalties served on properties in the Shire.
- (iii) **User fees**, variance attributable to decrease in facility use.
- (iv) **Grants – operating**, variance is the net effect of new initiative grants received but not budgeted for and reduced Grants Commission income.
- (v) **Grants – capital**, variance due to higher than expected funding for Eltham Leisure Centre redevelopment and Eltham Community Reception Centre upgrade.
- (vi) **Contributions – monetary**, variance largely due to developer and capital works contributions received in excess of budget amounts which are tied to specific works.
- (vii) **Contributions – non-monetary**, comprises of infrastructure assets gifted to Council via subdivision.
- (viii) **Other income**, positive variation due to an increase in interest income which is driven by increase in funds invested and interest on unpaid rates.
- (ix) **Employee costs**, underspend is due to position vacancies throughout Council.
- (x) **Materials and services**, variance is due to the reclassification of insurance premiums from other expenses to materials and services category in the income statement.
- (xi) **Bad and doubtful debts**, arises from identification of long outstanding infringement debts which may not be collectable.
- (xii) **Borrowing costs**, due to previously budgeted borrowings taken up later than planned which has reduced interest charges incurred.
- (xiii) **Net gain/(loss) on disposal of property, infrastructure, plant and equipment**, variance due to review of property and infrastructure asset ownership (including Crown Land and traffic infrastructure on VicRoads' roads).
- (xix) **Other expenses**: variations mainly due to the reclassification of insurance premiums from other expenses to materials and services and reductions in lease cost, tipping fees and family day care reimbursements.

d) Explanation of material variations, capital works

- (i) **Buildings**, variance due to carry forward works from prior year for Woodridge Preschool and Eltham Childcare Co-operative.
- (ii) **Plant, machinery and equipment**, variance due to purchases carried forward from 2014-2015.
- (iii) **Fixtures, fittings and furniture**, variance due to works carried forward, to be undertaken in 2016-2017 financial year.
- (iv) **Artwork**, purchases are made within Council policy and funded from reserve.
- (v) **Roads**, variance due to VicRoads blackspot program works, Pioneer Road and Roads 2 Recovery pavement works. These works were largely funded from specific grants, including the VicRoads blackspot and rural roads programs.
- (vi) **Bridges**, variance due to bridge rehabilitation works carried forward from 2014-2015 and undertaken in the 2015-2016 financial year.
- (vii) **Recreation, Leisure and Community**, variance due to work on Eltham Leisure Centre and Diamond Creek Trail carried forward to 2016-2017.
- (viii) **Waste management**, variance due to landfill rehabilitation works budgeted but not completed in 2015-2016 financial year.
- (ix) **Parks, open space and streetscapes**, variance due to open space land purchases not budgeted for, funded from developer contributions reserve.
- (x) **Other infrastructure**, variance due to Eltham Town Square works budgeted in 2014-2015 and completed in 2015-2016.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016	2015
NOTE 3 RATES AND CHARGES		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the market value of land and all improvements at a given point in time.		
The valuation base used to calculate general rates for 2015-2016 was \$13.99 billion (2014-2015 \$13.86 billion). The rate in the dollar for each type of rate to be levied was:		
General	0.003507	0.003287
Farm land	0.002981	0.002794
Commercial/ industrial	0.004067	0.003812
Vacant land – residential and specified low density residential zones	0.007012	0.006573
Vacant land – other zones	0.003507	0.003287
Cultural and recreational land	0.001352	0.001267
	\$'000	\$'000
General rates	50,080	46,434
Municipal charge	2,161	2,304
Waste management charge	7,965	7,742
Service rates and charges	–	–
Special rates and charges	285	281
Supplementary rates and rate adjustments	–	–
Total rates and charges	60,491	56,761
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation will be first applied in the rating year commencing 1 July 2016.		
	\$000	\$000
NOTE 4 STATUTORY FEES AND FINES		
Infringements and costs	622	684
Court recoveries	28	24
Town planning fees	438	346
Land information certificates	44	39
Animal infringements	75	68
Permits	197	164
Total statutory fees and fines	1,404	1,325
NOTE 5 USER FEES		
Aged services	229	275
Leisure centre and recreation	7,935	7,402
Child care/children's programs	326	385
Registration and other permits	668	661
Building services	23	19
Waste management services	458	401
Subdivision supervision	172	142
Pound release	60	36
Adult education	361	434
Edendale farm	225	235
Environmental health	231	218
Hall and sport ground hire	401	344
Other fees and charges	230	192
Total user fees	11,319	10,744

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016 \$000	2015 \$000
NOTE 6 GRANTS		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	2,471	5,696
State funded grants	13,231	6,499
Total	15,702	12,195
Operating Grants		
Recurrent – Commonwealth Government		
Victoria Grants Commission	1,548	4,994
Other	13	35
Recurrent – State Government		
Adult education	447	510
Community health	78	84
Aged care, senior citizens centres	1,522	1,462
Community planning	61	57
Economic development	3	17
Emergency management	16	16
Environment	98	86
Family and children	1,032	1,055
Metro access	128	122
Recreation	22	14
School crossing supervisors	150	143
Other	–	(51)
Total recurrent operating grants	5,118	8,544
Non-recurrent – Commonwealth Government		
Community planning	–	37
Non-recurrent – State Government		
Adult education	21	102
Community planning	124	84
Economic development	–	3
Emergency management	305	344
Environment	245	536
Family and children	95	121
Recreation	5	39
Other	6	–
Total Non-recurrent operating grants	801	1,266
Total operating grants	5,919	9,810

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016 \$000	2015 \$000
NOTE 6		
GRANTS		
Capital Grants		
<i>Non-recurrent – Commonwealth Government</i>		
Environment	–	50
Playgrounds	19	–
Recreation	5	–
Bridges	78	–
Roads	238	–
Roads to recovery	570	580
<i>Non-recurrent – State Government</i>		
Community facilities	2,553	–
Community planning	(10)	10
Emergency management	–	49
Environment	8	192
Family and children	30	1,503
Recreation	5,182	1
Roads	1,110	–
Total Non-recurrent capital grants	9,783	2,385
Total capital grants	9,783	2,385
Unspent grants received on condition that they be spend in a specific manner		
Balance at start of year	(99)	–
Received during the financial year and remained unspent at balance date	1,559	1,909
Received in prior years and spent during the financial year	1,672	2,008
Balance at year end	(212)	(99)

NOTE 7		
CONTRIBUTIONS		
Monetary	2,116	2,532
Non-monetary	1,607	1,949
Total contributions	3,723	4,481
<i>Contributions of non-monetary assets were received in relation to the following asset classes:</i>		
Land (land under roads)	180	–
Buildings	–	–
Infrastructure	1,427	1,949
Other	–	–
Total non-monetary contributions	1,607	1,949

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016 \$000	2015 \$000
NOTE 8 NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT		
Proceeds of sale	3,715	4,431
Written down value of assets disposed	(17,303)	(1,211)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(13,588)	3,220
NOTE 9 OTHER INCOME		
Interest	923	955
Interest on rates	511	480
Other rent	241	347
Reimbursements	101	114
Sale of valuations	17	186
WorkCover insurance recoveries	145	118
Planning	81	64
Other	554	597
Total other income	2,573	2,861
NOTE 10 EMPLOYEE COSTS		
a) Employee costs		
Wages and salaries	23,698	23,467
WorkCover	370	259
Casual staff	662	624
Superannuation	2,575	2,638
Long service leave	555	576
Fringe benefits tax	335	324
Oncost recoveries	2,584	2,629
Other	56	–
Total employee costs	30,835	30,517
b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	246	255
Employer contributions – other funds	–	–
	246	255
Employer contributions payable at reporting date.	–	–
Accumulation funds		
Employer contributions to <i>Local Authorities Superannuation Fund (Vision Super)</i>	1,475	1,557
Employer contributions – other funds	854	826
	2,329	2,383
Total superannuation contributions	2,575	2,638
Employer contributions payable at reporting date.	111	–

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

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

2016
\$000

2015
\$000

NOTE 11 MATERIALS AND SERVICES

Contract payments	14,061	13,592
Building maintenance	311	297
Materials, maintenance and equipment	5,973	6,428
Utilities	1,240	1,229
Information technology and telephone	1,548	1,692
Insurance premiums	971	963
Fleet operations	1,564	1,811
Emergency management	175	177
Planning and building services	40	22
Corporate support	80	88
Communications	313	224
Corporate information	66	45
Waste services	8	6
Stationary, printing and postage	223	237
Bushfire	648	924
Subscriptions and memberships	114	119
Other	370	425

27,705 28,279

NOTE 12 BAD AND DOUBTFUL DEBTS

Parking fine debtors*	8	16
Bad debts	21	14

Total bad and doubtful debts 29 30

* Bad and doubtful debts for parking debtors relate to provisions raised regarding amounts in excess of 12 months old which have been referred to Infringements Court for collection plus associated costs.

NOTE 13 DEPRECIATION AND AMORTISATION

Property	102	144
Buildings	1,295	2,334
Plant and equipment	1,217	1,111
Infrastructure	7,231	6,088

Total depreciation and amortisation 9,845 9,677

Refer to note 23 for a detailed breakdown of depreciation and amortisation charges.

NOTE 14 BORROWING COSTS

Interest:		
Borrowings	931	979
Finance leases	–	1

Total borrowing costs 931 980

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016 \$000	2015 \$000
NOTE 15 OTHER EXPENSES		
Auditors' remuneration – VAGO – audit of the financial statements, performance statement	60	60
Auditors' remuneration – internal and grant acquittals	114	110
Councillors' allowances	237	238
Operating lease rentals	990	946
Payment agents and bank fees	162	160
Aged and family services	351	315
Strategic planning	126	88
Economic development	346	349
Council support	47	50
Planning and building	4	4
Waste management	992	947
Municipal laws	149	165
Environmental works	331	198
Leisure and education services	43	184
Youth services	5	15
Community development	146	217
Information technology	164	268
Arts and cultural services	295	101
Other	618	548
Total other expenses	5,180	4,963

NOTE 16 INVESTMENT IN ASSOCIATES, JOINT ARRANGEMENTS AND SUBSIDIARIES

a) Investments in associates accounted for by the equity method are:

– Yarra Plenty Regional Library Service	1,470	1,377
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Yarra Plenty Regional Library Service

Background

The Yarra Plenty Regional Library Service consists of nine locations and a mobile library service. Responsibility for the provision and management of the Library Service rests with the Regional Library Board, which comprises of two representatives from each of the three member councils. The Regional Library service operates as an independent legal entity and is audited annually by the Auditor General.

Council's investment in the Yarra Plenty Regional Library Service was increased by \$93,086 (increase of \$161,359 in 2014-2015) due to the increase in the net assets position of the Corporation (audited at 30 June 2016). Council's equity interest based on contributions is 20.86 per cent.

Fair value of Council's investment in Yarra Plenty Regional Library Service	1,470	1,377
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Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus/(deficit) at start of year	474	474
Reported surplus/(deficit) for year	93	–
Transfers (to)/from reserves	–	–
Distributions for the year	–	–

Council's share of accumulated surplus/(deficit) at end of year	567	474
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NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

2016
\$000

2015
\$000

NOTE 16 INVESTMENT IN ASSOCIATES, JOINT ARRANGEMENTS AND SUBSIDIARIES (cont.)

Movement in carrying value of specific investment

Carrying value of investment at start of year	1,377	1,216
Share of surplus/(deficit) for year	93	161
Share of asset revaluation	–	–
Distributions received	–	–

Carrying value of investment at end of year	1,470	1,377
--	--------------	--------------

Council's share of expenditure commitments

Operating commitments	–	–
Capital commitments	–	–

Council's share of expenditure commitments	–	–
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Council's share of contingent liabilities and contingent assets

Council's share of contingent liabilities and contingent assets	–	–
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Council's share of contingent liabilities and contingent assets	–	–
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b) Yarra Plenty Regional Library Service Contributions

Contributions	2,499	2,277
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NOTE 17 CASH AND CASH EQUIVALENTS

Cash on hand	7	6
Cash at bank	1,857	9,262
Term deposits	31,356	21,242

Total cash and cash equivalents	33,220	30,510
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Council's cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use, these include:

Note

Trust funds and deposits	25	1,352	1,308
Net increase/(decrease) in restricted assets resulting from grant revenues	6	(212)	(99)
Statutory cash backed and capital works reserves	28(c)	23,162	18,420

Total restricted funds	24,302	19,629
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Total unrestricted cash and cash equivalents	8,918	10,881
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Intended allocations

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

Cash held to fund long service leave (cash at bank)	–	4,600
Cash held to fund long service leave (other financial assets)	6,000	–

6,000	4,600
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NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016 \$000	2015 \$000
NOTE 18 TRADE AND OTHER RECEIVABLES		
Current		
Rates debtors	5,520	5,262
Special charge scheme debtors	819	679
Parking infringement debtors	574	509
Provision for doubtful debts – parking infringements	(287)	(279)
Other debtors	1,138	1,348
Provision for doubtful debts – other debtors	–	–
Net GST receivable	443	442
Total current trade and other receivables	8,207	7,961
Non-current		
Special rate scheme	707	987
Loans and advances to community organisations	–	–
Total non-current trade and other receivables	707	987
Total trade and other receivables	8,914	8,948
a) Ageing of Receivables		
At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's trade and other receivables (excluding statutory receivables) was:		
Current (not yet due)	833	959
Past due by up to 30 days	112	39
Past due between 31 and 180 days	52	56
Past due between 181 and 365 days	63	49
Past due by more than 1 year	365	475
Total trade and other receivables	1,425	1,578
b) Movement in provisions for doubtful debts		
Balance at the beginning of the year	279	336
New provisions recognised during the year	29	12
Amounts already provided for and written off as uncollectible	(21)	(69)
Amounts provided for but recovered during the year	–	–
Balance at end of year	287	279
NOTE 19 OTHER FINANCIAL ASSETS		
Current		
Term deposits	7,000	–
Non-current		
Investment – MAPS	5	5
Total other financial assets	7,005	5

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

		2016 \$000	2015 \$000
NOTE 20	INVENTORIES		
	Fuel	15	18
	Total inventories	15	18

NOTE 21	NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
	Cost of acquisition	3,172	2,362
	Capitalised development costs (e.g. roads, drainage)	–	–
	Total non-current assets classified as held for resale	3,172	2,362

NOTE 22	OTHER ASSETS		
	Current		
	Prepayments	977	318
	Accrued income	279	78
	Total current other assets	1,256	396
	Non-current		
	Accrued income	–	70
	Total non-current other assets	–	70
	Total other assets	1,256	466

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	At fair value 30 June 2016	Accumulated depreciation	WDV 30 June 2016	At fair value 30 June 2015	Accumulated depreciation	WDV 30 June 2015
Land ⁽ⁱ⁾	310,066	(11,947)	298,119	275,141	(12,513)	262,628
Buildings ⁽ⁱ⁾	73,052	(30,062)	42,990	129,754	(54,001)	75,753
Plant and equipment	16,909	(9,836)	7,073	15,858	(9,976)	5,882
Infrastructure ⁽ⁱⁱ⁾	529,555	(141,028)	388,527	438,191	(127,414)	310,777
Work in progress	4,753	–	4,753	4,701	–	4,701
Total	934,335	(192,873)	741,462	863,645	(203,904)	659,741

	Summary of work in progress	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Land (land improvements)		988	1,975	(978)	(10)	1,975
Buildings		2,023	1,588	(1,956)	(47)	1,608
Plant and equipment		–	–	–	–	–
Infrastructure		1,690	644	(1,144)	(20)	1,170
Total		4,701	4,207	(4,078)	(77)	4,753

(i) Assets with a fair value of \$58 million previously classified as *Buildings – specialised*, reclassified and transferred into *Recreational, leisure and community*.

(ii) Assets with a fair value of \$2.6 million previously classified as *Land improvements* and *Other infrastructure*, reclassified and transferred into *Parks, open spaces and streetscapes*.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (cont.)

	Land – specialised	Land – non-specialised	Land improvements	Total land	Buildings – heritage	Buildings – specialised	Buildings – non-specialised	Building improvements	Total buildings	Work in progress	Total property
Land and buildings											
At fair value 1 July 2015	-	255,361	8,059	263,420	12,608	116,657	489	-	129,754	3,011	396,185
At deemed cost	320	-	-	320	-	-	-	-	-	-	320
At anticipated restoration cost	11,401	-	-	11,401	-	-	-	-	-	-	11,401
Accumulated depreciation at 1 July 2015	(11,401)	-	(1,112)	(12,513)	(5,579)	(48,028)	(394)	-	(54,001)	-	(66,514)
	320	255,361	6,947	262,628	7,029	68,629	95	-	75,753	3,011	341,392
Movements in fair value											
Acquisition of assets at fair value	180	1,100	411	1,691	-	4,796	-	-	4,796	3,563	10,050
Revaluation increments/(decrements)	-	44,637	-	44,637	873	92	23	-	988	-	45,625
Fair value of assets disposed	-	(7,659)	(120)	(7,779)	-	(4,184)	-	-	(4,184)	(57)	(12,020)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	(810)	(2,814)	(3,624)	-	(58,302)	-	-	(58,302)	(2,934)	(64,860)
	180	37,268	(2,523)	34,925	873	(57,598)	23	-	(56,702)	572	(21,205)
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	(102)	(102)	(185)	(1,105)	(5)	-	(1,295)	-	(1,397)
Revaluation increments/(decrements)	-	-	-	-	(441)	(499)	(18)	-	(958)	-	(958)
Accumulated depreciation of disposals	-	-	29	29	-	2,459	-	-	2,459	-	2,488
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	639	639	-	23,733	-	-	23,733	-	24,372
	-	-	566	566	(626)	24,588	(23)	-	23,939	-	24,505
Land and buildings											
At fair value 30 June 2016	180	292,629	5,536	298,345	13,481	59,059	512	-	73,052	3,583	374,980
At deemed cost	320	-	-	320	-	-	-	-	-	-	320
At anticipated restoration cost	11,401	-	-	11,401	-	-	-	-	-	-	11,401
Accumulated depreciation at 30 June 2016	(11,401)	-	(546)	(11,947)	(6,205)	(23,440)	(417)	-	(30,062)	-	(42,009)
	500	292,629	4,990	298,119	7,276	35,619	95	-	42,990	3,583	344,692

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 23 (cont.)

PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	Plant machinery, equipment and motor vehicles	Fixtures, fittings and furniture	Computers and telecomms	Artwork	Total plant and equipment
Plant and equipment					
At fair value 1 July 2015	9,545	2,412	2,062	1,839	15,858
Accumulated depreciation at 1 July 2015	(6,154)	(1,939)	(1,883)	–	(9,976)
	3,391	473	179	1,839	5,882
Movements in fair value					
Acquisition of assets at fair value	1,918	66	119	26	2,129
Revaluation increments/(decrements)	–	–	–	567	567
Fair value of assets disposed	(1,348)	(297)	–	–	(1,645)
Impairment losses recognised in operating result	–	–	–	–	–
Transfers	–	–	–	–	–
	570	(231)	119	593	1,051
Movements in accumulated depreciation					
Depreciation and amortisation	(1,029)	(133)	(55)	–	(1,217)
Revaluation increments/(decrements)	–	–	–	–	–
Accumulated depreciation of disposals	1,060	297	–	–	1,357
Impairment losses recognised in operating result	–	–	–	–	–
Transfers	–	–	–	–	–
	31	164	(55)	–	140
Plant and equipment					
At fair value 30 June 2016	10,115	2,181	2,181	2,432	16,909
Accumulated depreciation at 30 June 2016	(6,123)	(1,775)	(1,938)	–	(9,836)
	3,992	406	243	2,432	7,073

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (cont.)

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Kerb and channel	Waste management	Parks, open spaces and streetscapes	Other infrastructure	Work in progress	Total infrastructure
Infrastructure											
At fair value 1 July 2015	236,220	13,818	24,125	126,933	-	22,778	1,287	3,806	9,224	1,690	439,881
Accumulated depreciation at 1 July 2015	(45,449)	(4,695)	(13,543)	(41,161)	-	(13,057)	(944)	(2,785)	(5,780)	-	(127,414)
	190,771	9,123	10,582	85,772	-	9,721	343	1,021	3,444	1,690	312,467
Movements in fair value											
Acquisition of assets at fair value	3,421	441	1,203	1,759	-	207	-	4,029	194	644	11,898
Revaluation increments/(decrements)	25,328	572	(323)	(4,046)	3,345	1,714	-	116	-	-	26,706
Fair value of assets disposed	(6,695)	(51)	(158)	(185)	(1,909)	(11)	-	(35)	-	(20)	(9,064)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	391	26	421	15	58,043	-	-	2,588	964	(1,144)	61,304
	22,445	988	1,143	(2,457)	59,479	1,910	-	6,698	1,158	(520)	90,844
Movements in accumulated depreciation											
Depreciation and amortisation	(2,573)	(235)	(625)	(1,415)	(1,203)	(491)	(86)	(242)	(361)	-	(7,231)
Revaluation increments/(decrements)	6,446	(116)	4,189	2,179	(2,570)	5,763	-	631	-	-	16,522
Accumulated depreciation of disposals	403	13	114	11	941	6	-	17	-	-	1,505
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	(8)	-	(5)	(22)	(23,733)	-	-	(380)	(262)	-	(24,410)
	4,268	(338)	3,673	753	(26,565)	5,278	(86)	26	(623)	-	(13,614)
Infrastructure											
At fair value 30 June 2016	258,665	14,806	25,268	124,476	59,479	24,688	1,287	10,504	10,382	1,170	530,725
Accumulated depreciation at 30 June 2016	(41,181)	(5,033)	(9,870)	(40,408)	(26,565)	(7,779)	(1,030)	(2,759)	(6,403)	-	(141,028)
	217,484	9,773	15,398	84,068	32,914	16,909	257	7,745	3,979	1,170	389,697

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (cont.)

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer, Ms B Stephen of Matheson Stephen Valuations, valuer registration no. 63034. 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 and land under roads will have a significant impact on the fair value of these assets.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land – specialised	–	500	–
Land – non-specialised	–	292,629	–
Land improvements	–	–	4,990
Buildings – heritage	–	–	7,276
Buildings – specialised	–	–	35,619
Buildings – non-specialised	–	–	95
Building improvements	–	–	–
Total	–	293,129	47,980

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an valuation undertaken by Council's General Manager Infrastructure Services, Conal Creedon, Bachelor of Engineering (Civil), Graduate Diploma in Municipal Engineering, and MBA (Technology Management). The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Council's General Manager Infrastructure Services, Conal Creedon performed valuations for bridges, roads and earthworks and drainage for 30 June 2016 on the basis of current replacement cost adjusted for age and the remaining life of asset.

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Roads	–	–	217,484
Bridges	–	–	9,773
Footpaths and cycleways	–	–	15,398
Drainage	–	–	84,068
Recreational, leisure and community	–	–	32,914
Kerb and channel	–	–	16,909
Waste management	–	–	257
Parks, open spaces and streetscapes	–	–	7,745
Other infrastructure	–	–	3,979
Total	–	–	388,527

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 23 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (cont.)

Land under roads acquired after 30 June 2008 is brought to account using the deemed cost basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report.

Land held at anticipated restoration cost, being the Plenty and Kangaroo Ground landfill sites, is recognised at cost to restore the site to the standard set out by the EPA and all applicable regulations.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$230 to \$3,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure assets are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2016 \$000	2015 \$000
Reconciliation of specialised land		
Land under roads	500	320
Land held at anticipated restoration cost (Plenty/Kangaroo Ground Landfill Closure)	11,401	11,401
Less: accumulated depreciation	(11,401)	(11,401)
Total specialised land	500	320

NOTE 24 TRADE AND OTHER PAYABLES

Trade payables	1,633	2,108
Accrued expenses	3,009	2,064
Prepaid income	68	76
Net GST payable	—	—
Total trade and other payables	4,710	4,248

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 25 TRUST FUNDS AND DEPOSITS

	2016 \$000	2015 \$000
Refundable deposits	202	236
Fire services levy	–	–
Retention amounts	363	170
Other refundable deposits	787	902
Total trust funds and deposits	1,352	1,308

Purpose and nature of items

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

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

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

NOTE 26 PROVISIONS

	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2016			
Balance at beginning of the financial year	7,278	8,507	15,785
Additional provisions	3,335	–	3,335
Amounts used	(3,112)	–	(3,112)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	–	–	–
Balance at the end of the financial year	7,501	8,507	16,008
	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2015			
Balance at beginning of the financial year	6,668	8,699	15,367
Additional provisions	3,500	–	3,500
Amounts used	(2,890)	(192)	(3,082)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	–	–	–
Balance at the end of the financial year	7,278	8,507	15,785

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 26

PROVISIONS

(cont.)

	2016 \$000	2015 \$000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	671	691
Long service leave	925	911
	1,596	1,602
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,363	1,402
Long service leave	3,699	3,636
	5,062	5,038
Total current provisions	6,658	6,640
Non-current		
Long service leave	843	638
Total non-current provisions	843	638
Aggregate carrying amount of employee provisions		
Current	6,658	6,640
Non-current	843	638
Total aggregate carrying amount of employee provisions	7,501	7,278
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	3.10%	3.10%
Weighted average discount rates	1.76%	2.36%
(b) Land fill restoration		
Current	–	1,051
Non-current	8,507	7,456
Total land fill restoration	8,507	8,507
(c) Aggregate carrying amount of provisions		
Current	6,658	7,691
Non-current	9,350	8,094
Total	16,008	15,785

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

	2016 \$000	2015 \$000
NOTE 27 INTEREST-BEARING LOANS AND BORROWINGS		
Current		
Finance leases	–	4
Borrowings – secured	2,322	2,273
	2,322	2,277
Non-current		
Finance leases	–	–
Borrowings – secured	11,981	12,826
	11,981	12,826
Total	14,303	15,103
a) The maturity profile for Council's borrowings is:		
Not later than one year	2,322	2,273
Later than one year and not later than five years	3,369	3,521
Later than five years	8,612	9,305
Total	14,303	15,099
b) The maturity profile for Council's finance lease liabilities is:		
Not later than one year	–	4
Later than one year and not later than five years	–	–
Later than five years	–	–
Total	–	4
Minimum future lease payments	–	4
Less future finance charges	–	–
Present value of minimum lease payments	–	4
Council's obligations under finance leases were for the lease of mobile garbage bins, Volvo Loader and Hino Sweeper (the sum of which was recognised as a liability after deduction of future lease finance charges included in the obligation). Council's obligations were discharged during the financial year on conclusion of the finance lease arrangement.		
c) Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	2,322	2,277
Non-current	11,981	12,826
Total	14,303	15,103

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 28

RESERVES

	Balance at beginning of reporting period \$'000	Increment/ (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2016			
Property			
Land, land improvements and playgrounds	146,434	45,384	191,818
Buildings	12,721	805	13,526
Total property	159,155	46,189	205,344
Plant and Equipment			
Plant, machinery and vehicles	535	–	535
Furniture, equipment and computers	689	–	689
Artwork	801	567	1,368
Total plant and equipment	2,025	567	2,592
Infrastructure			
Roads	58,464	32,026	90,490
Bridges	3,460	456	3,916
Footpaths and cycleways	(1,124)	3,866	2,742
Drainage	45,234	(1,867)	43,367
Kerb and channel	662	7,477	8,139
Traffic treatments	8,908	(249)	8,659
Other infrastructure	401	–	401
Total infrastructure	116,005	41,709	157,715
Total asset revaluation reserves	277,186	88,465	365,651
2015			
Property			
Land, land improvements and playgrounds	147,764	(1,330)	146,434
Buildings	12,473	248	12,721
Total property	160,237	(1,082)	159,155
Plant and Equipment			
Plant, machinery and vehicles	535	–	535
Furniture, equipment and computers	689	–	689
Artwork	801	–	801
Total plant and equipment	2,025	–	2,025
Infrastructure			
Roads	58,068	396	58,464
Bridges	3,579	(119)	3,460
Footpaths and cycleways	–	(1,124)	(1,124)
Drainage	45,234	–	45,234
Kerb and channel	–	662	662
Traffic treatments	–	8,908	8,908
Other infrastructure	401	–	401
Total infrastructure	107,282	8,723	116,005
Total asset revaluation reserves	269,545	7,641	277,186

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

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 28

RESERVES

(cont.)

Statutory reserves are those for which Council is required to separately account for by statute. Funds are held for specific purposes as described in the reserve account name.

Discretionary Reserves are those for which Council does have discretion over the manner in which funds are expended. Funds held in these reserve accounts are held for the purposes describe in the reserve account name.

	Balance at beginning of reporting period \$'000	Net of transfer to/(from) accum. surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves			
2016			
Statutory cash backed reserves			
Car parks	97	—	97
Open space	610	327	937
Yarrambat drainage scheme	390	11	401
Yarrambat drainage extension area	145	4	149
Street light contributions	28	—	28
Street trees	76	—	76
Development planning overlays: infrastructure	2,081	562	2,643
Development contribution plans: open space	2,655	(770)	1,885
Development contribution construction	176	5	181
Native vegetation	269	(31)	238
Total cash backed statutory reserves	6,527	108	6,635
Discretionary reserves			
Public art program	133	4	137
Carried forward projects	7,051	4,398	11,449
Information technology	371	449	820
Leisure centre profit share	150	177	327
Plant replacement	1,915	(123)	1,792
Property management	3,394	2,264	5,658
Bridgeford Estate	53	(3)	50
Plenty and Kangaroo Ground landfill restoration	2,874	362	3,236
Grants program management	125	(34)	91
Bushfire grants	—	—	—
Special rates	4	11	15
MAV bond repayment	342	1,443	1,785
Unallocated	106	56	162
Defined benefit superannuation potential future calls	735	606	1,341
Total discretionary reserves	17,253	9,610	26,863
Total other reserves	23,780	9,718	33,498

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 28 (cont.)

RESERVES

	Balance at beginning of reporting period \$'000	Net of transfer to/(from) accum. surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves (cont.)			
2015			
Statutory cash backed reserves			
Car parks	97	–	97
Open space	413	197	610
Yarrambat drainage scheme	388	2	390
Yarrambat drainage extension area	144	1	145
Street light contributions	28	–	28
Street trees	76	–	76
Development planning overlays: infrastructure	1,698	383	2,081
Development contribution plans: open space	2,209	446	2,655
Development contribution construction	172	4	176
Native vegetation	227	42	269
Total cash backed statutory reserves	5,452	1,075	6,527
Discretionary reserves			
Public art program	155	(22)	133
Carried forward projects	6,086	965	7,051
Information technology	232	139	371
Leisure centre profit share	100	50	150
Plant replacement	1,340	575	1,915
Property management	661	2,733	3,394
Bridgeford Estate	51	2	53
Plenty and Kangaroo Ground landfill restoration	4,211	(1,337)	2,874
Grants program management	20	105	125
Bushfire grants	30	(30)	–
Special rates	1	3	4
MAV bond repayment	–	342	342
Unallocated	106	–	106
Defined benefit superannuation potential future calls	–	735	735
Total discretionary reserves	12,993	4,260	17,253
Total other reserves	18,445	5,335	23,780
		2016 \$'000	2015 \$'000
(c) Statutory cash backed and capital works reserves			
Statutory cash backed reserves		6,635	6,527
Discretionary reserves:			
Carried forward projects		11,449	7,051
Plant replacement		1,792	1,915
Bridgeford Estate		50	53
Plenty and Kangaroo Ground landfill restoration		3,236	2,874
Total externally restricted reserves		23,162	18,420

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

2016
\$000

2015
\$000

NOTE 29 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)

Surplus/(deficit) for the year	4,693	15,025
Depreciation/amortisation	9,845	9,677
(Profit)/loss on disposal of property, infrastructure, plant and equipment	13,588	(3,220)
Share of net (profits)/losses of associates and joint ventures	(93)	(161)
Contributions – non-monetary assets	(1,607)	(1,949)
Other	931	980
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	34	281
(Increase)/decrease in prepayments	(659)	28
(Increase)/decrease in accrued income	(131)	283
Increase/(decrease) in trade and other payables	462	139
(Increase)/decrease in inventories	3	7
Increase/(decrease) in provisions	223	418
Increase/(decrease) in trust funds	44	142

Net cash provided by/(used in) operating activities	27,333	21,650
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NOTE 30 FINANCING ARRANGEMENTS

Bank overdraft and drawdown available	–	1,145
Credit card facilities	153	–
Other facilities	–	–
Total facilities	153	1,145
Used facilities	20	–
Unused facilities	133	–
Total	153	–

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 31 COMMITMENTS

The Council has entered into the following commitments:

	Not later than 1 year \$000	Later than 1 year and not later than 2 years \$000	Later than 2 year and not later than 5 years \$000	Later than 5 years \$000	Total \$000
2016					
Operating					
Sport and leisure	387	176	1,167	—	1,730
Garbage collection	—	—	—	—	—
Strategic community programs	200	205	211	—	616
Infrastructure	—	—	—	—	—
Total	587	381	1,378	—	2,346
Capital					
Buildings	2,871	—	—	—	2,871
Landfill rehabilitation	2,400	1,550	356	—	4,306
Land improvements	683	—	—	—	683
Roads	98	—	—	—	98
Bridges	106	—	—	—	106
Playgrounds	256	—	—	—	256
Footpaths, trails and cycleways	306	—	—	—	306
Total	6,720	1,550	356	—	8,626
	Not later than 1 year \$000	Later than 1 year and not later than 2 years \$000	Later than 2 year and not later than 5 years \$000	Later than 5 years \$000	Total \$000
2015					
Operating					
Sport and leisure	37	387	1,343	—	1,767
Garbage collection	—	—	—	—	—
Strategic community programs	250	—	—	—	250
Infrastructure	—	—	—	—	—
Total	287	387	1,343	—	2,017
Capital					
Buildings	3,209	—	—	—	3,209
Roads	—	—	—	—	—
Drainage	—	—	—	—	—
Total	3,209	—	—	—	3,209

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 32 OPERATING LEASES

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):

	2016 \$000	2015 \$000
Not later than one year	903	1,110
Later than one year and not later than five years	1,984	3,098
Later than five years	441	583
	3,328	4,791

NOTE 33 SUPERANNUATION

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in 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 2016, this was 9.5 per cent required under Superannuation Guarantee legislation).

Defined Benefit

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

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

Funding arrangements

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

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

Net investment return	7.0% per annum
Salary inflation	4.25% per annum
Price inflation (CPI)	2.5% per annum

Vision Super has advised that the VBI at 30 June 2016 was 102.0 per cent. The VBI is to be used as the primary funding indicator. Because the VBI was above 100 per cent, the 2015 interim actuarial investigation determined the defined benefit category was in a satisfactory financial position and that no change was necessary to the defined benefit category's funding arrangements from prior years.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 33

(cont.)

SUPERANNUATION

Employer contributions

Regular contributions

On the basis of the results of the 2015 interim full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's defined benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5 per cent of members' salaries (9.5 per cent in 2014-2015). This rate will increase in line with any increase to the required Superannuation Guarantee (SG) contribution rate.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

Funding calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Latest actuarial investigation surplus amounts

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2015.

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

Council was notified of the 30 June 2015 VBA during August 2015.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2017 is \$0.226 million.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. Matters relating to this potential obligation are outlined in Note 33. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

Public Liability

As a local authority with ownership of numerous parks, reserves, roads and other land holdings, the Council regularly receives claims and demands allegedly arising from incidents which occur on land belonging to Council. There are currently no outstanding claims against Council in this regard. Council carries \$400 million of public liability insurance and has an excess of \$20,000 on this policy in 2016 (\$20,000 in 2015). Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Liability Mutual Insurance – MAV Insurance. There are no claims of which Council is aware which would fall outside the terms of Council's policy.

Professional Indemnity

As a local authority with statutory regulatory responsibilities, including the responsibility of issuing permits and approvals, Council receives claims and demands for damages allegedly arising from actions of Council or its officers. Council carries \$300 million of professional indemnity insurance and has an excess of \$20,000 on this policy in 2016 (\$20,000 in 2015). Therefore, the maximum liability of Council in any single claim is the extent of its excess. The primary insurer is Liability Mutual Insurance – MAV Insurance. There are no instances or claims of which Council is aware which would fall outside the terms of Council's policy.

Legal Matters

The Council is not presently involved in any significant legal matters. No allowance has been made in the financial report for contingencies of a legal nature.

	2016	2015
	\$000	\$000

Guarantees for loans to other entities

Total guarantees for loans to other entities	1,039	863
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The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

Contingent assets

From time to time Council receives gifted infrastructure assets from property developers. The nature and timing of these assets is conditional upon subdivisional requirements being completed. Once received by Council ongoing maintenance costs become the responsibility of the Council.

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 35 FINANCIAL INSTRUMENTS

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

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

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

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

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

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

(c) Credit risk

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

- we have a policy for establishing credit limits for the entities we deal with
- we may require collateral where appropriate
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal 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.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34.

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

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 35 FINANCIAL INSTRUMENTS (cont.)

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements or 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:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained
- have readily accessible standby facilities and other funding arrangements in place
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments
- monitor budget to actual performance on a regular basis
- 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 in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 34, and is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

e) Fair value

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

Fair value hierarchy

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

(f) Sensitivity disclosure analysis

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

- A parallel shift of +1 per cent and -1 per cent in market interest rates (AUD) from year-end rates of 3.0 per cent.

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

NOTE 36 RELATED PARTY TRANSACTIONS

(i) Responsible Persons

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

Councillors (elected 27 October 2012)

Cr Helen Coleman (Mayor 1/07/2015 – 27/10/2015)
Cr Bronnie Hattam (Mayor 27/10/2015 – 30/06/2016)
Cr Ken King

Cr Meralyn Klein
Cr Peter Perkins
Cr Anika Van Hulsen
Cr Michael Young

Chief Executive Officer
Stuart Burdack

NOTES TO THE FINANCIAL REPORT

For the year ending 30 June 2016

NOTE 36 RELATED PARTY TRANSACTIONS

(cont.)

(ii) Remuneration of Responsible Persons

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

	2016	2015
\$1 – \$9,999	–	–
\$10,000 – \$19,999	–	–
\$20,000 – \$29,999	5	5
\$30,000 – \$39,999	–	1
\$40,000 – \$49,999	1	–
\$50,000 – \$59,999	–	–
\$60,000 – \$69,999	1	1
\$300,000 – \$309,999	–	1
\$310,000 – \$319,999	1	–
Totals	8	8

Total remuneration for the reporting year for Responsible Persons included above:	\$'000	\$'000
*Total remuneration including superannuation	549	521

(iii) Senior officers remuneration

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

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$136,000

The number of senior officers other than the Responsible Persons, are shown below in their relevant income bands:

Income range:	2016	2015
\$130,000 – \$139,999	–	5
\$140,000 – \$149,999	4	9
\$150,000 – \$159,999	6	1
\$160,000 – \$169,999	4	–
\$170,000 – \$189,999	–	–
\$190,000 – \$199,999	–	3
\$200,000 – \$209,999	1	1
\$210,000 – \$219,999	3	–
Totals	18	19

Total Remuneration for the reporting year for Senior Officers included above:	\$'000	\$'000
* Increase in number of senior officers attributed to overlapping employment.	2,995	2,702
Total number of senior officers at 30 June 2016 was 18.		

(iv) Responsible persons retirement benefits

No retirements benefits have been made by the Council to a Responsible Person (2014-2015 nil).

(v) Loans to responsible persons

No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2014-2015 nil).

(vi) Transactions with responsible persons

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or related parties of such Responsible Person during the reporting year (2014-2015 nil).

NOTE 37 EVENTS OCCURRING AFTER BALANCE DATE

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

CERTIFICATION OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

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.



Vincenzo Lombardi CA
Principal Accounting Officer
Date: 23 August 2016

GREENSBOROUGH

In our opinion the accompanying financial statements present fairly the financial transactions of Nillumbik Shire Council for the year ended 30 June 2016 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.



Bronnie Hattam (Mayor)
Councillor
Date: 23 August 2016



Helen Coleman (Deputy Mayor)
Councillor
Date: 23 August 2016



Stuart Burdack
Chief Executive Officer
Date: 23 August 2016

GREENSBOROUGH

AUDITOR GENERAL'S REPORT

on the Financial Report and Standard Statements

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Nillumbik Shire Council

The Financial Report

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

The Councillors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

AUDITOR GENERAL'S REPORT

on the Financial Report and Standard Statements

Independent Auditor's Report (continued)


Independence

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

Opinion

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

MELBOURNE
26 August 2016



Dr Peter Frost
Acting Auditor-General

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Sustainable Capacity Indicators

INDICATOR/MEASURE	2016	2015	MATERIAL VARIATIONS
Population			
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$1,447.43	\$1,220.30	This variance is due to once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council. If these adjustments had not been recognised as an expense this year, the expense per head of population would be \$1,225 which is consistent with the prior year.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$7,081.93	\$6,316.21	The value of Council's infrastructure has increased because of capital works undertaken by Council to improve community facilities and infrastructure assets, as well as the impact of a periodic revaluation of assets.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	81.09	82.08	The decrease in population density per length of road reflects a 270 person decrease in population.
Own-source revenue			
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,212.10	\$1,194.05	This result is consistent with the previous year.
Recurrent grants			
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$81.75	\$135.90	There was a reduction in grant revenue during the year, due to a combination of cuts to the Commonwealth Government's Financial Assistance Grants (reduced by \$125,000), and also changes to the timing of payments.
Disadvantage			
<i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio-Economic Disadvantage by decile]	10.00	10.00	The resident population of the municipality has a high socio-economic status.

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Service Performance Indicators

SERVICE/INDICATOR/MEASURE	2016	2015	MATERIAL VARIATIONS
Aquatic Facilities			
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2.56	4.18	There were more visits to the Diamond Creek outdoor pool this year, but patronage at both pools declined overall as a result of the impending closure and redevelopment of the aquatics at Eltham Leisure Centre.
Animal Management			
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	8.00	5.00	Six of the prosecutions were for owners of dogs which had attacked. The remaining two prosecutions were for owners who allowed their dogs to bark excessively causing a continued nuisance to neighbours.
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 notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	92.41%	All inspections of food premises resulting in a critical or major non-compliance result were followed up by Council.
Governance			
Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	64.20	66.70	Satisfaction with Council's performance on making decisions in the interests of the community declined 3.8 per cent in 2016, from 66.7 to 64.2. This decline was reflected across the state.
Home and Community Care (HACC)			
Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	23.88%	24.50%	These figures are based on our population, not funded hours of service. Council delivered its funded target hours for all services in the HACC program.
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	40.84%	23.74%	All CALD clients have been able to access the service/s that they are eligible to receive.
Libraries			
Participation <i>Active library members</i> [Number of active library members / Municipal population] x100	23.71%	24.88%	There has been a slight decrease in library membership compared to the previous year. This figure does not take into consideration the number of community members who attend the Eltham and Diamond Valley libraries but may not be members of the Yarra Plenty Regional Library Service.

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Service Performance Indicators

SERVICE/INDICATOR/MEASURE	2016	2015	MATERIAL VARIATIONS
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		81.15%	The MAV has received verbal confirmation from LGV that an extension will be granted for the LGPRF MCH indicators due to the CDIS data cleansing that councils are currently undertaking. The extended due date for the MCH indicators will be the end of October.
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		76.00%	The MAV has received verbal confirmation from LGV that an extension will be granted for the LGPRF MCH indicators due to the CDIS data cleansing that councils are currently undertaking. The extended due date for the MCH indicators will be the end of October.
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]	65.20	65.60	Council surveys residents' satisfaction with the maintenance and repairs of sealed local roads and this declined by 0.4 per cent. This remains at a level categorised as 'good'.
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	70.00%	36.36%	This is a 34 per cent improvement on last year because VCAT upheld more of Council's decisions.
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	69.30%	70.00%	Council continues to be well above State diversion targets even with this small 0.7 per cent decrease in the amount of waste diverted from landfill.

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Financial Performance Indicators

	RESULTS		FORECASTS				
DIMENSION/ INDICATOR/MEASURE	2015	2016	2017	2018	2019	2020	MATERIAL VARIATIONS
Efficiency							
Revenue level <i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$2,463.03	\$2,569.65	\$2,643.15	\$2,713.15	\$2,785.04	\$2,858.84	This variance reflects the increase in rates for the year along with the impact of new properties created through subdivision and development. Nillumbik has relatively few commercial and industrial properties, which places greater reliance upon residential rate revenue.
Expenditure level <i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$3,186.17	\$3,329.18	\$3,346.45	\$3,411.72	\$3,485.88	\$3,565.60	The change in expenditure is consistent with the change in level of rates. The result is in the middle of the expected range.
Workforce turnover <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	5.68%	12.94%	5.85%	5.76%	5.76%	5.76%	There was a significant turnover of staff compared to the previous year.
Liquidity							
Working capital <i>Current assets compared to current liabilities</i> [Current assets / Current liabilities] x100	265.70%	351.48%	187.65%	209.26%	213.02%	200.91%	This variance reflects higher liquidity which has resulted from increased cash holdings, due to grants and contributions for capital works projects that are planned but have not yet been implemented.
Unrestricted cash <i>Unrestricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	71.82%	62.99%	62.94%	73.20%	75.33%	72.16%	While the overall level of liquidity has increased, a greater proportion is restricted for specific purposes (grants and contributions), and therefore the unrestricted proportion has slightly decreased.

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Financial Performance Indicators

	RESULTS		FORECASTS				
DIMENSION/ INDICATOR/MEASURE	2015	2016	2017	2018	2019	2020	MATERIAL VARIATIONS
Obligations							
Asset renewal <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	52.09%	74.99%	119.99%	68.37%	64.52%	63.17%	This variance is due to Council allocating extra funding for capital works to renew community facilities and infrastructure assets.
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	26.74%	23.76%	21.75%	19.96%	18.38%	15.89%	Council is continuing to reduce the level of debt as part of its financial strategy.
Loans and borrowings <i>Loans and borrowings compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	4.47%	2.88%	2.80%	2.46%	2.19%	3.05%	Because Council is continuing to reduce the level of debt, the interest costs have been lower which has reduced the required repayments.
Indebtedness <i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	27.87%	34.24%	28.43%	26.80%	24.19%	19.78%	Non-current liabilities have reduced, however own-source revenue has reduced by a greater extent, causing this variation. The reduction in own-source revenue is due to the negative impact of once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of traffic signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council.

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Financial Performance Indicators

	RESULTS		FORECASTS				
DIMENSION/ INDICATOR/MEASURE	2015	2016	2017	2018	2019	2020	MATERIAL VARIATIONS
Operating position							
Adjusted underlying result <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	9.79%	-12.92%	4.84%	4.84%	5.86%	6.12%	The variance and the negative ratio reflect once-off adjustments to Council's asset register (\$13.5 million net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council. Without these adjustments the adjusted underlying result would have been a surplus of \$4 million with a positive ratio of 5.73% on this measure.
Stability							
Rates concentration <i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	66.41%	88.26%	75.77%	76.31%	75.86%	75.94%	This variance is due to a reduction in adjusted underlying revenue caused by once-off adjustments to Council's asset register (\$13.5 billion net expense). These adjustments have been made to correct ownership of pedestrian signals on VicRoads' roads; tenants' infrastructure on Council land; land not owned by Council; and Crown land not controlled by Council.
Rates effort <i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.41%	0.43%	0.39%	0.40%	0.40%	0.41%	This variance reflects the 2015-2016 rate increase (average 5.5% per property) plus growth in the number of rateable properties.

PERFORMANCE STATEMENT

For the year ended 30 June 2016

Financial Performance Indicators

NOTE 1 BASIS OF PREPARATION

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

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

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

The forecast figures included in the performance statement are those adopted by Council in its Strategic Resource Plan on 23 June 2015 and which forms part of the Council Plan. The Strategic Resource Plan includes estimates based on key assumptions about the future that were relevant at the time of adoption and aimed at achieving sustainability over the long term. Detailed information on the actual financial results is contained in the General Purpose Financial Statements. The Strategic Resource Plan can be obtained by contacting Council.

CERTIFICATION OF THE PERFORMANCE STATEMENT

For the year ended 30 June 2016

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



Vincenzo Lombardi CA
Principal Accounting Officer

Date: 23 August 2016

GREENSBOROUGH

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

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

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

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



Bronnie Hattam (Mayor)
Councillor

Date: 23 August 2016



Helen Coleman (Deputy Mayor)
Councillor

Date: 23 August 2016



Stuart Burdack
Chief Executive Officer

Date: 23 August 2016

GREENSBOROUGH

AUDITOR GENERAL'S REPORT

on the Performance Statement

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Nillumbik Shire Council

The Performance Statement

I have audited the accompanying performance statement for the year ended 30 June 2016 of the Nillumbik Shire Council which comprises the statement, the related notes and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

AUDITOR GENERAL'S REPORT

on the Performance Statement

Independent Auditor's Report (continued)


Independence

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

Auditor's Opinion

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

MELBOURNE
26 August 2016



Dr Peter Frost
Acting Auditor-General



GLOBAL REPORTING INITIATIVE

Nillumbik Shire Council's 2015-2016 Annual Report is prepared with reference to the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines.

GRI is a network-based organisation that produces a comprehensive sustainability reporting framework that is widely used by organisations around the world to report on their economic, environmental and social practices and performance.

The contents of Council's annual report are substantially determined by the requirements of the *Local Government Act 1989* and, like all councils in Victoria, we have been reporting our financial and non-financial performance to our stakeholders for many years.

Council's financial and standard statements and performance statement are externally audited by the Victorian Auditor General and have been prepared in accordance with relevant legislation and professional standards.

The GRI offers two options for an organisation in order to prepare its report 'in accordance' with the guidelines – the 'core' option and the 'comprehensive' option. Council is reporting against the 'core' option.

The GRI appears as a list of indicators or index, each with a page reference to demonstrate where in the annual report the relevant information can be located.

This is the third year that Nillumbik has reported against the principles and performance measures of the GRI.

GLOBAL REPORTING INITIATIVE

GRI Content Index for 'in accordance' – core

GRI INDICATOR	DESCRIPTION	PAGE
GENERAL STANDARD DISCLOSURE		
Strategy and analysis		
G4-1	Statement from most senior decision maker	10-11
Organisational profile		
G4-3	Name of organisation	4
G4-4	Primary brand, products and services	40-83
G4-5	Location of headquarters	4, back page
G4-6	Number of countries in which the organisation operates	7, 21
G4-7	Nature of ownership and legal form	17
G4-8	Markets served	21
G4-9	Scale of organisation (total number of employees, number of operations, net revenue, quantity of products or services provided)	12-13, 24-31, 40-83
G4-10	Number of employees by contract and gender Number of permanent employees by employment type and gender Total workforce by employees and supervised workers by gender Total workforce by region and gender Whether substantial portion of work is performed by sub-contractors Any significant variations in employment numbers	24-31
G4-11	Percentage of employees covered by collective bargaining agreements	26, 30
G4-12	Organisation's supply chain	94
G4-13	Report significant changes regarding organisation's size, structure, ownership or supply chain	No significant change
G4-14	Precautionary approach or principle is addressed by organisation (risk management)	91
G4-15	List of externally developed economic, environmental and social charters, principles or other initiatives which the organisation subscribes/endorsees	97
G4-16	List of membership of associations and national advocacy organisations in which the organisation: <ul style="list-style-type: none">• Holds a position• Participates in projects and committees• Provides substantive funding beyond memberships due• Views membership as strategic	98

GLOBAL REPORTING INITIATIVE

GRI Content Index for 'in accordance' – core (cont.)

GRI INDICATOR	DESCRIPTION	PAGE
GENERAL STANDARD DISCLOSURE		
Identified material aspect and boundaries		
G4-17	List all entities in the organisations consolidated financial statements	100-157
G4-18	Explain the process for defining report content and the aspect boundaries	4, 38
G4-19	List all material aspects identified in the process for defining report content	4, 38
G4-20	For each material aspect, report the aspect boundary within the organisation	17
G4-21	For each material aspect, report the aspect boundary outside the organisation	40-83
G4-22	Explanation of the effect of any re-statements of information provided in earlier reports and the reasons for such re-statement	No re-statement of information in earlier reports
G4-23	Report significant changes from previous reporting periods in the scope and aspect boundaries	No significant changes in the scope and aspect boundaries
Stakeholder Engagement		
G4-24	List of stakeholder groups engaged by the organisation	4
G4-25	Basis for identification and selection of stakeholders	4
G4-26	Organisation's approach to stakeholder engagement	35-37
G4-27	Key topics and concerns raised during stakeholder engagement and how organisation responded	32-33
Report profile		
G4-28	Reporting period	4
G4-29	Date of most recent previous report	4
G4-30	Reporting cycle	4, 38
G4-31	Contact point for questions regarding the report or content	4
G4-32	Report the 'in accordance' option GRI content index Reference to external assurance report if applicable	156
G4-33	Assurance – organisation's current policy and practice for seeking external assurance	146-147, 156-157
Governance		
G4-34	Governance structure of the organisation, identify any committees responsible for decision-making on economic, environmental and social impacts	87
Ethics and Integrity		
G4-56	Organisation's values, principles, standards and norms of behaviour such as code of conduct and code of ethics	28, 30, 87

Social

As part of the GRI, Council reports on its social practices and performance.



ANNUAL FINANCIAL REPORT

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Back cover:

Tom SANDERS

Wall of the Moon (Homage to Miro) (detail), 1968

earthenware tiles, glazes

freestanding mural: 270cm x 650cm x 15cm framed

Public Art Collection: Nillumbik Shire Council. Gifted by the artist 2007

Location: Eltham Town Square (Cnr Arthur Street and Commercial Place)

© The Estate of Tom Sanders



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