

Cardinia Shire Council  
**Annual Report 2014–15**



# Highlights and achievements



## Our people

### Highlights

- Child and Family Plan 2014–16 adopted.
- Healthy Together Cardinia Shire reach expands.
- Pepi's Land master plan adopted.
- IYU Recreation Reserve Stage 1 complete.



## Our community

### Highlights

- Pathway upgrades.
- First public artwork in Port Ward.
- Cultural Diversity Action Plan drafted.
- Reconciliation Action Plan adopted.



## Our environment

### Highlights

- McGregor Road duplication.
- Aspirational Energy Transition Plan adopted.
- Statutory planning.



## Our economy

### Highlights

- Pakenham Structure Plan adopted.
- Investment attraction.
- Island Road special charge scheme completed.



## Our governance

### Highlights

- Council Budget 2015–16.
- Advocacy program.

**Challenges**

- Review of Out of School Hours Care.
- Healthy Together Cardinia Shire advocacy.
- Managing population growth.

**Looking forward****(see page 36)**

- Integrating services.
- Investment in sport and recreation.

**Challenges**

- Providing infrastructure in the growth area.
- Health and wellbeing of residents.
- Supporting growing CALD community.

**Looking forward****(see page 46)**

- Advocate for external investment.
- Consider health and wellbeing in planning decisions.
- Support CALD community.
- Health promotion programs.

**Challenges**

- Climate change.
- Managing the natural and built environment.
- Providing appropriate levels of infrastructure.

**Looking forward****(see page 49)**

- Aspirational Energy Transition Plan.
- Manage and protect green wedge zones.
- Develop and implement development contribution plans, structure plans and township strategies.

**Challenges**

- Boosting local employment.
- Balancing agricultural land with development.

**Looking forward****(see page 58)**

- Continue with Casey Cardinia Investment Attraction Framework.
- Pakenham Structure Plan.

**Challenges**

- Managing Cardinia Shire's growth.
- Future of rate capping.

**Looking forward****(see page 62)**

- Business improvements.
- Debt management strategy.

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## Prepared by:

Cardinia Shire Council

## Acknowledgement

Council would like to thank all staff who contributed to this Annual Report 2014–15.

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# Introduction

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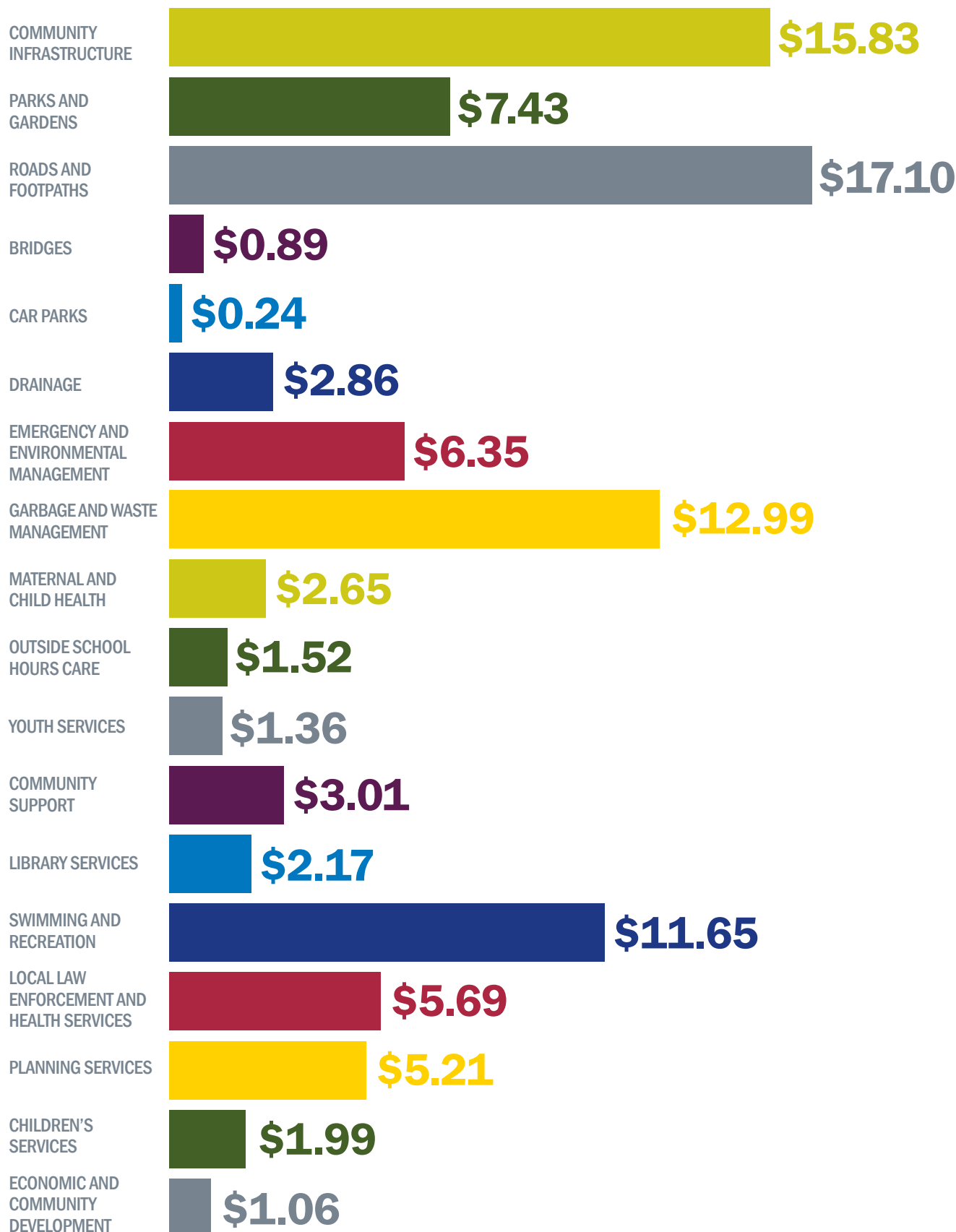


## Fast facts

<p>BIRTH NOTICES</p> <p><b>1,460</b></p> 	<p>BRIDGES AND MAJOR CULVERTS MAINTAINED</p>  <p><b>221</b></p>	<p>BUILDING PERMITS LODGED</p>  <p><b>2,016</b></p>	<p>COUNCIL KINDERGARTEN ENROLMENTS</p>  <p><b>1,455</b></p>
<p><b>558</b> <b>km</b></p> <p>FOOTPATHS MAINTAINED</p>	<p>GARBAGE COLLECTED (TONNES)</p>  <p><b>16,960</b></p>	 <p>IMMUNISATIONS ADMINISTERED</p> <p><b>13,310</b></p>	<p>INCREASE IN NUMBER OF RATEABLE PROPERTIES (PERCENTAGE BASED ON PREVIOUS YEAR)</p>  <p><b>4.5%</b></p>
<p>LIBRARY ITEMS BORROWED</p>  <p><b>754,294</b></p>	<p>MATERNAL AND CHILD HEALTH CONSULTATIONS</p>  <p><b>15,215</b></p>	 <p>NEW ANIMAL REGISTRATIONS</p> <p><b>3,040</b></p>	<p>PARKS AND RESERVES MAINTAINED (HA)</p>  <p><b>1,393</b></p>
 <p>PLANNING APPLICATIONS PROCESSED</p> <p><b>862</b></p>	<p>PUBLIC FACILITIES MANAGED</p>  <p><b>413</b></p>	 <p>RECYCLING COLLECTED (TONNES)</p> <p><b>8,698</b></p>	 <p>SEALED ROADS MAINTAINED (KM)</p> <p><b>626</b></p>
 <p>UNSEALED ROADS MAINTAINED (KM)</p> <p><b>872</b></p>	<p><b>649</b> <b>km</b></p> <p>UNDERGROUND DRAINS MAINTAINED</p>	<p>WASTE DIVERTED FROM LANDFILL</p> <p><b>46%</b></p>	 <p>YOUTH CONTACTS WITH COUNCIL</p> <p><b>30,114</b></p>

## Your rates at work

Dollar amounts represent the amount in every \$100 of rates that Council used to deliver facilities, programs and services in 2014–15.



## Our purpose

### What we do

Cardinia Shire Council is responsible for programs and activities which promote, develop and improve the wellbeing of the Shire's growing communities. Council works with residents from newborn babies, to young people, families and seniors. The broad range of community services and infrastructure delivered by Council supports the wellbeing and prosperity of the community.

As Council works with the community to build a sustainable Shire for present and future generations, Council understands the importance of managing its financial responsibilities while meeting identified challenges. Balancing growth and maintaining the diverse rural communities is a major focus.

Council delivers activities and initiatives under 62 major service categories. Each contributes to the achievement of the Council's vision as set out in its Council Plan. The plan identifies five strategic objective areas and the results of these are reported in this document. For more information about Council's performance this year, see the Our Performance section from page 34.

### Vision

Cardinia Shire will be developed in a planned manner to enable present and future generations to enjoy and experience the diverse and distinctive characteristics of our Shire.

### Commitment

Council will provide leadership, including community engagement, with stakeholders to ensure the long-term sustainability of our communities and townships. We will be mindful of the social, environmental and economic impacts of our decisions and ensure future generations benefit from our decisions. We will practise good governance and meet recognised standards of excellence. Council will work diligently to achieve excellence in every aspect of our activities.

### Values

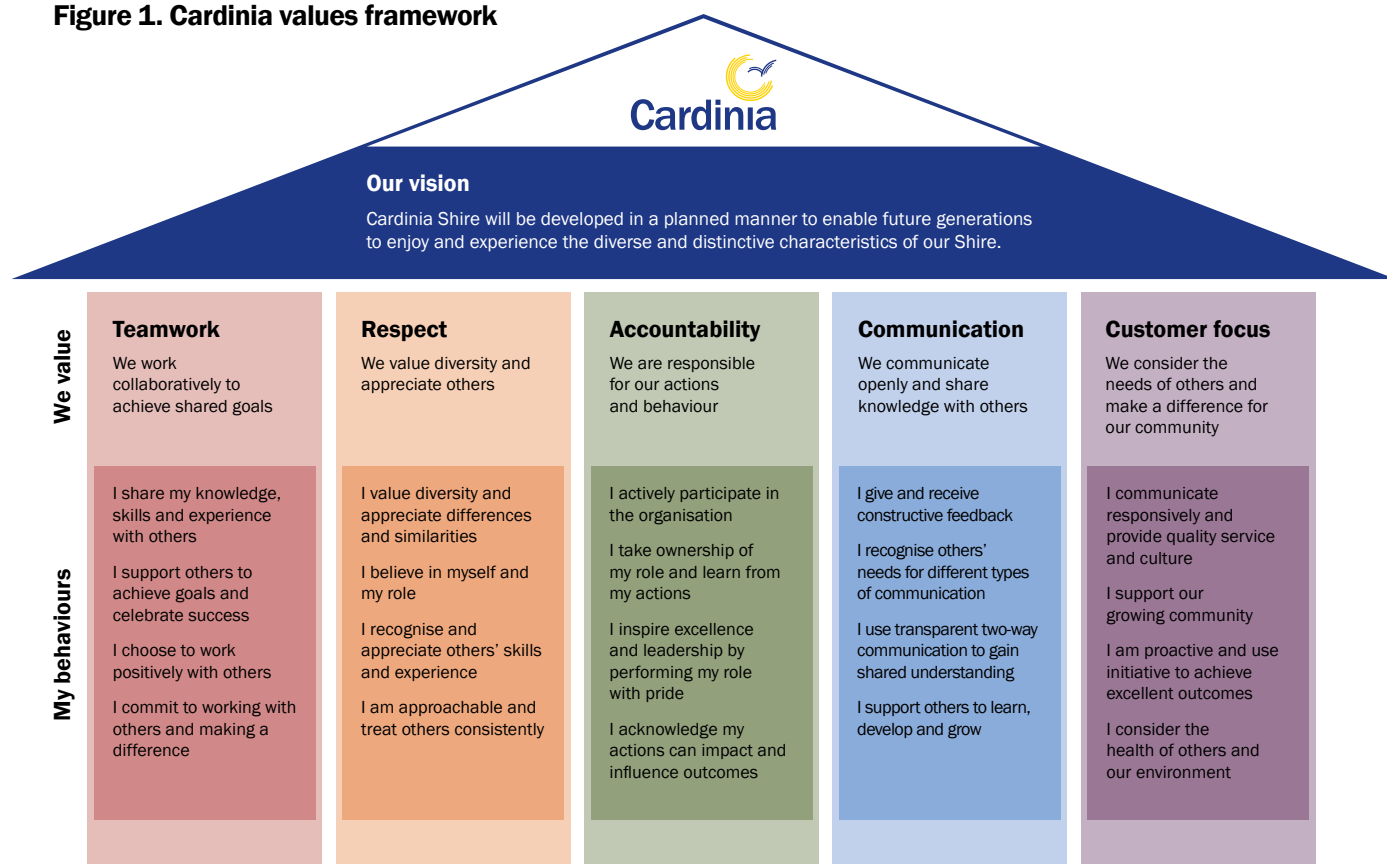
Our values framework (see Figure 1) considers how staff work as individuals, across the organisation and more importantly with the local community. The values framework underpins Council's Human Resources Strategy.

The framework supports Council's vision with five key values: teamwork, respect, accountability, communication and customer focus. Each of the values includes four key behaviours to demonstrate and call to account the way staff behave each day at work.

### Feedback

We hope our residents find this annual report helpful and informative about Council's operations during 2014–15. We would appreciate any feedback to help us report to our community. Contact our Customer Service team on 1300 787 624 or [mail@cardinia.vic.gov.au](mailto:mail@cardinia.vic.gov.au) to provide feedback.

**Figure 1. Cardinia values framework**





# Year in review



## Mayor's foreword

**On behalf of my fellow councillors, I am pleased to present Cardinia Shire Council's Annual Report for 2014–15. It has been a year of notable achievements and significant change for Council.**

### Highlights of 2014–15

Council is proud to have delivered Toomah Community Centre in Pakenham to the Cardinia Shire community. The health and wellbeing community centre opened to the public in April and will help residents learn new skills, connect with others and raise healthy families. It was delivered in an innovative partnership between Council, Windermere Child and Family Services and the Victorian Government. The centre is already delivering a fantastic range of community services not previously available in our Shire.

Council adopted its first Reconciliation Action Plan (RAP) 2015–19 in June, demonstrating a firm commitment to supporting and creating opportunities for Cardinia Shire's growing community of Aboriginal people. The plan will help build stronger relationships and enhance respect between the Shire's Aboriginal people, Council and the wider local community (see page 47).

The Anzac Walk project, which commemorates Emerald's World War I soldiers, was officially launched by Governor General the Honourable Sir Peter Cosgrove AK MC (Retd) at a memorable celebration for the public in March. The project was delivered by Council and Emerald RSL in time for the Anzac Centenary (see page 55).

### Major projects

This year Council committed to a number of major projects that will greatly benefit residents into the future.

In May, Council welcomed the announcement of \$1.5 million in Australian Government funding for the \$5.7 million Hills Hub project in Emerald. This major community services centre will boost the social, health, education and economic wellbeing of residents in Cockatoo, Emerald, Gembrook and their surrounding townships. Council will deliver the project in partnership with the Eastern Dandenong Ranges Group and Dandenong Ranges Community Bank Group.

An exciting partnership between Council and Monash Health was announced in December to develop the former Shire offices into a major health and welfare

facility. The Pakenham Health Hub will deliver a range of services that will potentially include dentists, GPs, pathologists, pharmacists and clinical specialists, as well as early childhood services and mental health services. The announcement is a culmination of two years' work by the two organisations to bring the project to fruition.

### Move to Officer

Council relocated to its new civic centre in Officer in November. The building was officially opened by the Governor of Victoria His Excellency the Honourable Alex Chernov AC QC (Retd) in February, and about 40 community members also embarked on a tour of the civic centre in March. The centre brings Council's indoor staff together into one location, allowing employees to collaborate more effectively, achieve greater productivity and most importantly, provide better and more convenient customer service to residents. The new centre is already proving to be an excellent facility from which Council will guide our municipality's substantial current and future growth (see page 30).

### Thank you

I would like to thank my fellow councillors, Chief Executive Officer Garry McQuillan, Senior Management Team and all other Council staff members for working so hard to make Cardinia Shire a great place for people to work, visit or call home.



*L. Wilmot*

**Cr Leticia Wilmot**  
**Mayor 2014–15**

# CEO's report

**The organisation has worked consistently and with great dedication to deliver a range of services and projects and adopt new plans and policies to ensure a great future for Cardinia Shire's community members.**

## Council performance

The Council Plan for 2014–15 included 93 actions. Eighty-nine per cent of these actions were completed, with the remaining actions to be completed in 2015–16.

The 2015 Local Government Community Satisfaction Survey Report showed that residents were generally happy with Council's performance and overall direction. About 73 per cent of people surveyed said Council's customer service was 'good' or 'very good' compared to 69 per cent in the 2014 survey report. Improving customer service levels is a key focus for Council, so it is positive to see that gains are being made in this area (see page 68).

Council's Customer Service Centre is more accessible since our relocation to the new civic centre in Officer in November and the introduction of the new Cardinia Appointment Booking System has also made Council more available. This initiative gives residents direct contact with Council on the issues most important to them.

Major projects completed during 2014–15 included the duplication of McGregor Road, Pakenham between Rogers and Main streets, construction of Toomah Community Centre, and works at Holm Park Recreation Reserve (Beaconsfield), Heatherbrae Recreation Reserve (Officer), and Officer Recreation Reserve. Progress has also been made on IYU Recreation Reserve in Pakenham, design works on Lang Lang Bypass, and on the construction of Officer Community Hub (see page 12).

## Financial management

The rate increase of 5.9 per cent for 2014–15 was necessary for Council to continue to provide quality community services and facilities. Council will continue to reduce the rate burden on residents, as part of our five-year financial plan.

The capital works program for 2014–15 was \$55.6 million, a significant increase on the previous year due to the purchase of the new civic centre. The program included a range of projects across Cardinia Shire as prioritised in the budget (see page 63).

## Organisational change

Council's move to the new civic centre coincided with staff transitioning to an activity based working (ABW) environment. In this environment, rather than having their own desk, staff move around the office according to the nature of the task or project they are engaged in, and who they are working with. This is made possible by technology that allows movement and flexibility.

New technologies have allowed the organisation to significantly reduce its paper use; Council used nine per cent less paper in 2014–15 than in the previous financial year. This move towards paper independence is resulting in productivity gains; for example, planning applications are being processed much more quickly.

These changes have meant our workplace is now more flexible, responsive and collaborative than ever before. Already we are seeing the benefits of this change, with staff collaborating more widely across all areas of the organisation (see page 30).

We hope this annual report provides you with a good overview of how Council operates and the many services and initiatives we deliver.



**Garry McQuillan**  
**Chief Executive Officer**



## Financial summary

### Income statement

The income statement identifies income and expenses for 2014–15. As at 30 June 2015, Council's operating result was at surplus of \$56.8 million (see Figure 2); this was \$42.2 million higher than budget.

Revenue exceeded budget by \$45.3 million. Contributions of non-monetary assets were \$29.4 million favourable due to higher than budgeted non-cash contributions of infrastructure assets. Operating grants income was \$9.8 million favourable due to the receipt of unbudgeted grants, including flood rectification works for the 2011 and 2012 floods across the Shire and an advance payment of part of the 2015–16 Victoria Grants Commission financial assistance grant.

Operating expenditure was \$3.1 million higher than budget. This was mainly due to over expenditure materials and services as a result of capital works, priority works and community capital works expenditure totalling \$4.2 million which was budgeted in the capital works program, partly offset by under expenditure in contracts of \$1.3 million.

Employee costs were \$800,000 over budget predominantly due to staffing changes during the year; however this was partially offset by a reduction in employee leave provisions at year-end. Staffing levels have slightly increased over the year (see Figure 3).

Figure 2. Operating result \$M

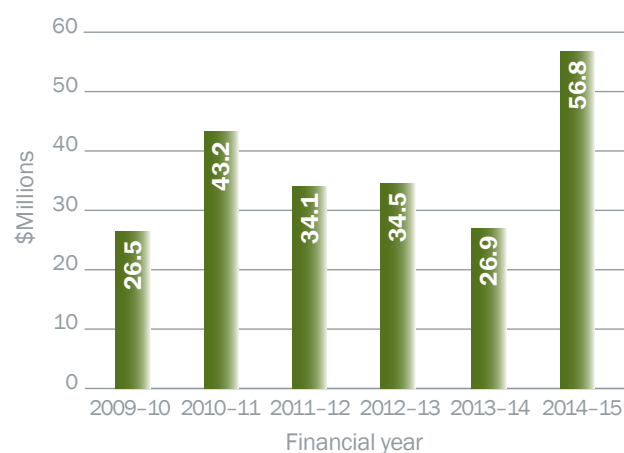
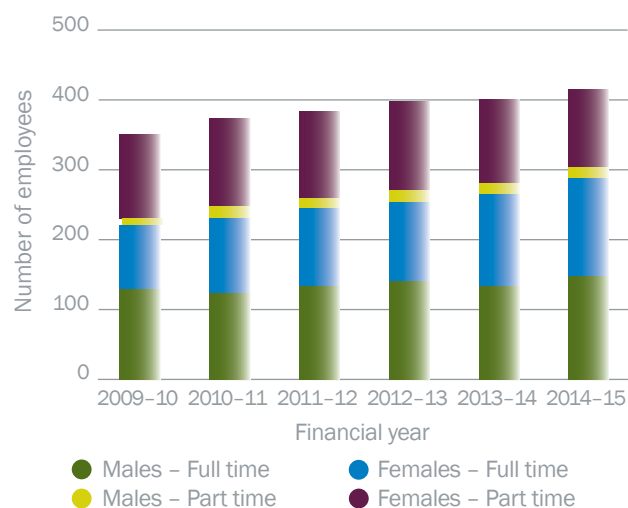


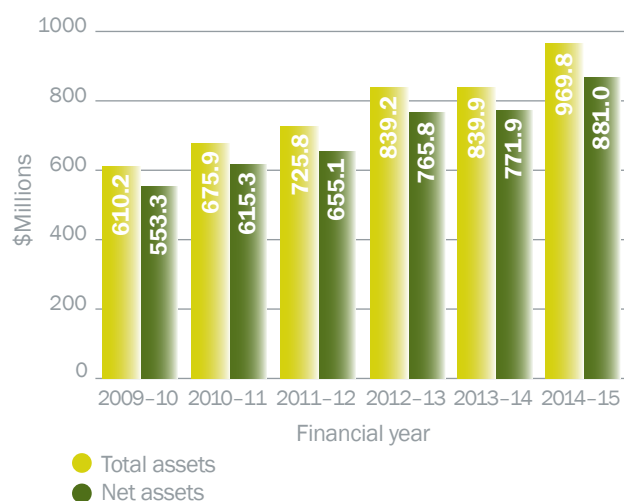
Figure 3. Staffing



## Balance sheet

The balance sheet represents the overall financial worth of Council (net assets). This comprises what it owns as assets (total assets) less what it owes as liabilities (see Figure 4).

**Figure 4. Assets \$M**

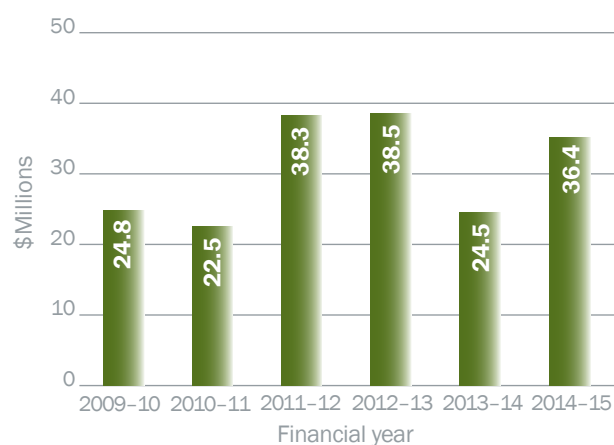


## Cash flow

This statement provides a summary of Council's cash receipts (inflows) and cash payments (outflows) during the year.

The closing cash balance as at 30 June 2015 was \$36.4 million (see Figure 5) consisting of \$16.6 million cash and \$19.8 million call deposits. This represents an \$11.9 million increase from 2013-14 predominantly due to the receipt of unbudgeted operating grants.

**Figure 5. Cash and investments \$M**

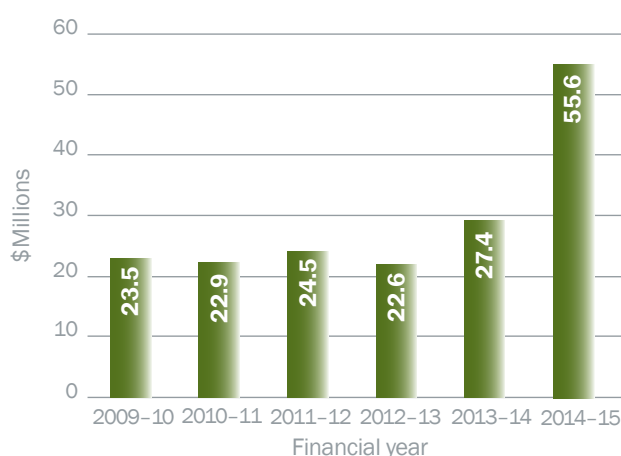


## Capital works

The capital works statement identifies costs of constructing or acquiring property, infrastructure and plant.

Council spent \$55.6 million on capital works in 2014-15 which was a \$28.2 million increase on the prior year (see Figure 6). The significant increase was primarily due to the recognition of the new civic centre.

**Figure 6. Capital works program \$M**



## Borrowings

During 2014-15, Council received \$25.5 million in Australian and Victorian government funding, an increase of \$13.0 million from 2013-14. Capital grants received in 2014-15 included local road funding from the Victoria Grants Commission and Roads to Recovery, as well as funding for the Officer Community Hub.

The full amount of grants received is reported within Note 6 of the financial report.

Council has received a clear audit of its financial statements. For the full financial report, see page 90.



## Environmental overview

Council is committed to ensuring the sustainability of our environment by reducing greenhouse emissions, water consumption and waste to landfill, as well as working to conserve our natural environment.

### **Sustainability Expo**

Council's annual Sustainability Expo was held on Saturday 2 May 2015 at Cardinia Cultural Centre. Over 70 stalls provided interactive and informative displays with products available to view or buy at the family-friendly event. Children were able to have hands on experiences and entertainment with environmental themes.

Visitor numbers were considerably higher than previous years and were conservatively estimated to be 1,800–2,000 people (1,500 attendance in 2014).

### **Aspirational Energy Transition Plan**

On 20 October 2014, Council adopted the Aspirational Energy Transition Plan. The plan explores ways Council can reduce greenhouse gas emissions by improving energy efficiency and utilising renewable energy. The plan set an aspirational target of achieving zero net emissions for Council operations and a 36 per cent reduction in community emissions on a per capita basis by 2024 (see page 54).

### **Indian myna trial trapping program**

In response to community requests, Council developed and implemented a trial Indian myna trapping program. Indian mynas are an introduced species and one of the most invasive and aggressive animal species in the world, which cause fire hazards, health risks and threaten native animals. The trial program allowed members of the community to loan specially designed Indian myna traps from Council. All participants must follow the RSPCA guidelines for humane trapping and euthanasia.



The trial program started in late May 2015 and within the first six weeks Council had received overwhelming interest from the community. In response to this demand, additional traps were purchased.

### **Cardinia Life environmental upgrade**

Cardinia Life is the premier health and recreational facility in Cardinia Shire and is Council's second largest source of greenhouse gas emissions. In mid-2012, Council was successful in obtaining a grant for an environmental upgrade of the facility from the Australian Government as part of the Community Energy Efficiency program.

During the 2014–15 year, improvements included:

- lights were replaced with light emitting diodes (LEDs)
- variable speed drives were installed on the air conditioning units
- the building management system was upgraded to give greater control
- the co-generation system was commissioned
- a power factor control unit was installed.

### **New civic centre**

Council's new civic centre has a number of energy efficiency measures including:

- central energy plant with a gas fired tri-gen plant for power, reticulated chilled and hot water
- back-up plans for waste to energy in future
- passive design exposed thermal mass, shading and insulation to reduce heating and cooling and use of recycled materials
- building management system controlled windows for mixed mode ventilation and night purge
- recycled water, water-sensitive urban design (car park, road) collection and re-use of stormwater
- building orientation to north, narrow floor plates and atrium provided diffused sunlight deep into work spaces
- low velocity fresh air delivered from floor vents providing healthy efficient displacement ventilation.

### **Waste**

Council has continued to provide waste, recycling and green waste collection services to the municipality. These services have once again been rated as the top service provided by Council in the community satisfaction survey (see page 68).

The public place litter and recycling collection service has been upgraded to a wheelie bin-based service. All small open-topped litter bins have been removed and replaced with wheelie bins which are larger, safer to handle and better able to resist access by birds and vermin. This collection service is now provided by a contractor.

“

Council has continued to provide waste, recycling and green waste collection services to the municipality. These services have once again been rated as the top service provided by Council.



The residential green waste collection service has been expanded across the entire municipality allowing residents in more remote areas to access the service.

E-waste and chemical waste (Detox your Home) collections have been held routinely throughout the Shire, providing local and easy access to dispose of these items.

### **Projects to reduce energy consumption**

Council is a member of the South East Councils Climate Change Alliance (SECCCA), along with seven other councils in Victoria's south-east. The alliance works on projects to reduce greenhouse gas emissions and energy consumption in the region. During the year, Council partnered with SECCCA to deliver the following projects:

- Energy Saver Study – trial study to help low income households reduce energy consumption and reduce energy bills, while increasing home comfort.
- Save it for the Game – project delivered to six sporting clubs in Cardinia Shire, aimed at demonstrating to clubs how to manage and reduce their energy consumption and costs.
- Eco-driver training – training provided to over 100 Council staff with a high use of Council vehicles for work purposes, aimed at reducing fuel consumption.

### **Draft Integrated Water Management Plan**

The draft Integrated Water Management Plan (IWMP) outlines a framework that guides Council towards a more sustainable approach to water management. The plan does this by establishing aspirations, targets and actions for each of the six water streams: potable water, stormwater, recycled water, ground water, waste water and waterway and bays.

The plan is due to be finalised and released for public comment early in 2015–16.

### **Biodiversity Education Program**

Council engaged Greening Australia to provide a biodiversity education program to eight primary schools during 2014–15. The aim of the program was to inspire schools to take action to improve biodiversity within their grounds, leading to greater connectivity of wildlife habitat across the Shire.

Evaluation responses showed an overwhelming positive response. All participants agreed the biodiversity audit component of the program helped identify biodiversity assets and habitat values in school grounds and improved student knowledge. The education program also provided curriculum outcomes in science, literacy, civics and citizenship and maths.

### **Facilities upgrades**

Council is committed to reducing its carbon footprint at facilities around the Shire.

**Table 1. Energy improvement actions to Council facilities completed**

Action	Building
Installation of a 75-kW solar system	Cardinia Cultural Centre, Pakenham
Upgrade to LED lighting	Cardinia Cultural Centre, Pakenham
Upgrade to LED lighting	Beaconsfield Community Complex
Upgrade to LED lighting	Bunyip Stadium
Installation of a 25-kW solar system	Henry Family Children's Centre, Pakenham

## Major projects

The following are the major projects that were underway in 2014–15 to deliver improved transport and facilities in the Shire. These are projects that have a value over \$500,000.

### ***Holm Park Recreation Reserve, Beaconsfield***

Development of district level sport, recreation and passive reserve.

Start	End	Cost	Status
September 2008	May 2018	\$9.6m	The netball pavilion was scheduled to open in July and the delivery of the playground has been completed. Two additional netball courts were constructed and the netball club contributed towards the cost of lighting.



### ***McGregor Road Duplication Stage 2, Pakenham***

Design and commence construction of Stage 2 of the McGregor Road duplication from Princes Highway to Rogers Street, Pakenham.

Start	End	Cost	Status
July 2010	Delivered	\$6.9m*	<p>Works at the Cunningham Crescent intersection were completed which has brought the construction of this stage of the duplication to an end.</p> <p>The construction works have improved access arrangements for turning traffic at both ends of Cunningham Crescent where it meets Duncan Drive. Pedestrian movements across McGregor Road have also been improved with the implementation of pedestrian refuge islands at three locations.</p>

\* excludes railway crossing (responsibility of Department of Transport).



### Heatherbrae Recreation Reserve, Officer

Develop Heatherbrae Recreation Reserve (formerly Gum Scrub Creek Reserve).

Start	End	Cost	Status
December 2011	April 2017	\$7.05m	Two netball courts, two cricket/football playing fields, cricket nets, playground and half court are complete and being used. Victorian Government funding of \$500,000 has helped in the development to date. The pavilion is currently being designed with construction to start early 2016.

### Lang Lang Bypass—Stage 1

Complete the design and construction of the Lang Lang Bypass from Westernport Road to McDonalds Track, including Milners Road.

Start	End	Cost	Status
July 2012	June 2016	\$5m	Lang Lang Bypass Stage 1, from Westernport Road to McDonalds Track, is ready to be tendered with the design works complete. The Milners Road and Westernport Road intersection design needs to be reviewed. Lang Lang Bypass Stage 1 environmental offset works have been approved. Construction is dependent on funding sources available.



## Major projects (cont.)

### ***Toomah Community Centre, Pakenham***

Design and construct the new community centre at 18 Golden Green Street, Pakenham.

Start	End	Cost	Status
August 2010	Delivered	\$6.8m	Construction complete. Both Windermere Child and Family Services and Living Learning Inc. moved into the building in April 2015.



### ***IYU Recreation Reserve, Pakenham***

Development of district level sport, recreation and passive reserve.

Start	End	Cost	Status
October 2013	May 2018	\$7.3m	<p>The construction of the wetlands is finished and planting is scheduled. Major earthworks for the synthetic soccer pitch are now finished; the sprigging of the turf pitches has been postponed. The synthetic playing field, field lighting, playground and pavilion at the reserve are being designed and construction will start in 2015–16.</p> <p>A grant of \$650,000 from the Victorian Government and an additional grant of \$300,000 from Melbourne Water's 'Living Rivers' funding program will help with the project.</p>



### Officer Recreation Reserve, Officer

Ongoing improvements to a district level sport, recreation and passive reserve.

Start	End	Cost	Status
November 2014	May 2015	\$780,000	The netball pavilion and public toilets were handed over to user groups in June 2015. With the support of the Australian Government (\$380,000), the new facilities will enhance opportunities for the Officer Netball Club and users of the Officer Recreation Reserve.



### Officer Community Hub, Officer

Development of a joint-use three court indoor stadium and hub at Officer Secondary College, for community use.

Start	End	Cost	Status
November 2014	December 2015	\$3.9m	<p>Council has entered into a Joint Use Agreement with the Victorian Government for the development of three multi-purpose indoor courts and a multi-purpose community/arts space as part of the development of the Officer Secondary College. The Victorian Government contributed \$650,000 to the indoor stadium, and \$812,000 to the multi-purpose community hub.</p> <p>The concrete slab, steel work and roof for the facility is in place with fit-out, installation of flooring, carpark due for completion in late 2015.</p>

## Events in Cardinia Shire

### July 2014

- Citizenship ceremony
- Stan Henwood Award (see page 21)
- Community capital works grants awarded



### September 2014

- Casey Cardinia Business Breakfast
- Bring your bills day
- Healthy Bites expands shirewide (see page 41)
- Cardinia Shire declared Refugee Welcome Zone
- Resilient Australia Awards (see page 32)

### August 2014

- Push Start Battle of the Bands
- CEO address to the business community
- Healthy Together Cardinia Shire's principals breakfast

### October 2014

- Seniors Festival
- Activate October
- Visit by Governor of Victoria
- Hard and green waste collection



### November 2014

- Move into new civic centre (see page 30)
- Cr Leticia Wilmot elected mayor
- White Ribbon breakfast
- Aspirational Energy Transition Plan adopted (see page 54)

### December 2014

- Carols by Candlelight
- All Abilities Awards (see page 33)
- Emergency Committees forum



## January 2015

- Australia Day celebrations (including citizenship ceremony and Australia Day awards – see page 33)
- Playground renewal program



## March 2015

- Mobile March
- Get to know your neighbour campaign
- Casey Cardinia Business Breakfast
- Governor General of Australia officially opens Emerald Anzac Walk (see page 55)
- Pepi's Land Masterplan adopted (see page 42)

## February 2015

- Summer Music Series
- Stephanie Alexander Kitchen Garden Program launches (see page 41)
- Civic Centre officially opened by Governor of Victoria (see page 30)



## April 2015

- Active April
- Hard and green waste collection
- Duplication of McGregor Road completed (see page 54)
- Toomah Community Centre opens to the public



## June 2015

- 2015–16 Budget adopted (see page 63)
- Trial Indian myna trapping program launches (see page 10)
- Reconciliation Action Plan adopted (see page 47)
- Local Law 17 adopted



## May 2015

- National Volunteers Week and annual Volunteer Reception (see page 21)
- Sustainability Expo (see page 10)





## Our Council



## Shire profile

Cardinia Shire is located south-east of Melbourne and is one of 10 'interface councils' around the perimeter of metropolitan Melbourne, providing a transition between urban and rural areas. The primary urban centre is Pakenham, which is 55km from Melbourne's central business district (CBD).

The Princes Highway and Gippsland railway corridor runs east-west through the centre of the Cardinia Shire, providing a key road and rail link between Melbourne and West Gippsland. The western end of this corridor comprises the Cardinia Shire growth area (about 10% of the Shire's land area).

Cardinia Shire has a large rural population; 27 rural townships exist outside the urban growth area, resulting in unique service provision issues. The northern part of the Shire is set in the foothills of the Dandenong Ranges, and includes Bunyip State Park and Cardinia Reservoir. Koo Wee Rup swamp and Westernport Bay are significant features of the southern part of Cardinia Shire.

### History

Cardinia Shire covers an area of about 1,280km<sup>2</sup> and has a rich diversity of both natural and cultural sites, from the waters of Western Port Bay to the foothills of the Dandenong Ranges, comprising places of local and state significance. These heritage places reflect the different periods and people who helped shape the Shire's landscape; from Indigenous Australians, the first people to use and shape the rugged landscape, to logging and gold mining of the foothills, draining of the former Koo Wee Rup Swamp, and pastoral settlement. The landscape is again under a period of change as new development and new people move into the area every week. Cardinia Shire derives from four main development periods.

- Indigenous cultural landscape at first contact (c1835–c1860).
- Pastoral era and land settlement (1838–c1870).
- Selection era and establishment of service communities (c1860–c1940).
- Post war residential expansion (c1945 to present day).

### Population

- Cardinia Shire is among the fastest and largest growing Local Government Area's (LGA) in Victoria and across Australia.
- Approximately three to four families move into Cardinia Shire every day. This figure has recently decreased from five per day.
- Most recent population estimate is 87,008 (June 2014 ERP), an increase of 3,011 from 2013.
- Population is expected to increase by approximately 41,000 over the next 10 years (2025) and 81,887 over the next 20 years, to a total of 168,895 by 2035.
- Median age of residents is 34 which is two years younger than Greater Melbourne at 36.
- Largest age group cohort is up to four years (currently 6,873), which is expected to increase by approximately 3,822 in the next ten years (2025) and 7,271 in the next 20 years (2035), totalling over 14,000 children.
- Higher than average youth population, with 21 per cent of the population aged between 10–24 years.
- By 2035, the 10–24 age group will increase by around 16,900.



**Cardinia Shire has a higher than average youth population, with 21 per cent of the population aged between 10–24 years.**





## Shire profile (cont.)

The Victorian Government has nominated the Casey–Cardinia as one of five regions around the fringe of metropolitan Melbourne where new housing and population growth is to be concentrated. As a result, rapid population growth will happen for the next 20 years within the Shire’s designated growth area, comprising the townships of Beaconsfield, Officer and Pakenham.

Cardinia Shire has a higher proportion of young families than the Melbourne average. In contrast, the proportion within the 60-plus age group is lower when compared with metropolitan Melbourne. These patterns are typical of growth areas on the fringe of large cities where young couples often move out from rental accommodation in inner suburbs in search of affordable housing and larger family-sized dwellings.

Approximately 13,940 residents aged 60 and over live in Cardinia Shire, representing 15.1 per cent of the total population. The number of senior residents, aged 60 plus, living in Cardinia Shire is expected to increase to approximately 30,477 by 2035. This increase in the number of older residents will have a corresponding impact on the demand for community and aged services, health services, public transport and local infrastructure.

At the time of the 2011 census, 62 per cent of Cardinia Shire’s population identified as having a Christian faith and Catholic was the most prominent denomination chosen by residents. Just 2.9 per cent of residents identified with a non-Christian religion, the most common being Buddhism. Approximately 29.8 per cent of residents said they had no religion which is a higher proportion compared with Greater Melbourne (23.5%).

While CALD (culturally and linguistically diverse) communities comprise only a small proportion of the overall Cardinia Shire population, in line with current population growth this number is increasing. The number of residents from non-English speaking backgrounds is now estimated to be approximately 15 per cent. The most common countries of birth for non-Australian born residents are the United Kingdom, New Zealand, the Netherlands, India, Germany, and Sri Lanka.

### Households and housing

- Cardinia Shire has 31,113 households.
- Nearly 40 per cent of households are couples with children, more than the Melbourne average.
- Approximately 27.6 per cent are couples without children and 11 per cent are one- parent families.
- Overall 26 per cent of the population own their dwelling, 48.4 per cent were purchasing and 20 per cent are renting.

### Education

In general, Cardinia Shire residents are achieving lower levels of educational and training attainment than elsewhere in metropolitan Melbourne. At the time of the 2011 census, 40 per cent of residents had completed Year 12 or equivalent, compared to the metropolitan Melbourne average of 54.6 per cent. At present, there is no university campus and there are restricted TAFE courses available in Cardinia Shire, which limits the availability of post-secondary education opportunities for residents.

### Industry and economy

- More Cardinia Shire residents work in manufacturing than any other industry.
- There are more technicians and trade workers in Cardinia Shire than any other occupation.
- Of the 16,537 people who work in Cardinia Shire, 64.9 per cent (or 10,560) also live in the area.
- Total of 24,471 jobs located in Cardinia Shire in the year ending June 2014.
- Approximately 36,270 persons (95.4%) were employed from a labour force of 38,008.
- Approximately 4.6 per cent of residents were unemployed which is less than metropolitan Melbourne (5.5%).



## Volunteers

Volunteers lend their time and talents, for no reward or remuneration, to support, encourage and enhance the lives of others in the community. Volunteering is a strong component of the Australian way of life and enriches the community and individuals in a range of ways and settings.

Council values the many volunteers within the community and provides support in a number of ways.

Its community strengthening officers work across the Shire with residents, groups, progress associations, halls, neighbourhood houses and township committees.

Cardinia Shire has over 560 volunteer and not for profit groups in the Shire, who operate in a range of sectors including:

- community and welfare
- arts, culture and heritage
- parks and environment
- recreation and sport
- emergency services
- education and training
- aged care and disability
- animal welfare
- youth and children's services.

### Volunteer database

Potential volunteers can search Council's website for volunteering opportunities and to help people in the local community. Organisations can also seek out volunteers by posting a volunteer opportunity on the website. The resource is free for organisations and community members to use.

### Volunteer training

Volunteers looking to expand on their skillset can access a subsidised volunteer training program through Council. Training is provided through local neighbourhood houses, community centres and Universities of the Third Age (U3A) each term. Courses include food handling, CPR, first aid, bookkeeping and computer related courses.

Ninety-eight people participated in the training program in 2014–15. Courses were CPR/first aid (42), responsible service of alcohol (23), food handlers (19), computer courses (10), Word/Excel (3) and bookkeeping (1).

The training was delivered in Central Ward (32), Ranges Ward (66) and Port Ward (0).

### Volunteer reception

Council hosts its annual Mayors volunteer reception dinner each May, to coincide with National Volunteer Week. Over 250 volunteers from around 110 organisations attended the event, held at the Cardinia



Cultural Centre on 7 May. The event was a chance for Council to thank the many volunteers from organisations operating in Cardinia Shire or which help its residents.

National Volunteer Week 2015 was held from 11–17 May with this year's slogan 'Give Happy Live Happy'.

### Stan Henwood Award

The Stan Henwood Award is Council's annual volunteer award which recognises a lifetime of outstanding community achievement. It is presented each year at the annual grants presentation dinner, held in July.

The award recognises those who make a valuable contribution to Cardinia Shire. It commemorates the lifetime achievements of the late Stan Henwood, a Tynong resident who gave much to the community through his charity work, sporting and volunteer roles.

The 2014 winner of the Stan Henwood award was Colin Leeson. For more information about Colin and why he received the award, see page 32.

### Staff volunteering

Council also supports the volunteer efforts of staff members through its staff volunteering program. Staff can apply for one day paid leave (per year) for the purposes of volunteering in the community or with a nationally recognised organisation that supports the municipality. On occasions, staff can seek approval from the CEO for any additional time which has occurred in the last 12 months.

Eighteen staff utilised the program in 2014–15 by volunteering for a range of organisations in Cardinia Shire and beyond for between two hours and 10 days.

## Council wards

Cardinia Shire is divided into three wards.

- Three-councillor **Ranges Ward** includes Beaconsfield, Beaconsfield Upper, Emerald, Cockatoo, Officer, Pakenham Upper and Gembrook.
- Two-councillor **Port Ward** includes Koo Wee Rup, Bunyip, Nar Nar Goon, Tynong, Garfield, and Lang Lang.
- Four-councillor **Central Ward** covers Pakenham.

**Figure 7. Council Ward Map**



## Councillors

Nine Councillors were elected in November 2012 and will serve for a four-year period until October 2016.

### Ranges Ward



**Cr Brett Owen**

First elected 2005. Mayor 2012–13, Deputy Mayor 2013–14.

Council delegate:

- Cardinia Foundation
- Chief Executive Officer Appraisal Committee
- Access and Inclusion Advisory Committee
- Town Planning Committee.



**Cr Leticia Wilmot  
(Mayor 2014–15)**

First elected 2012.

Council delegate:

- Arts and Culture Reference Group
- Australia Day Planning Committee
- Chief Executive Officer Appraisal Committee
- Emerald Lake Park Advisory Committee
- Town Planning Committee
- Interface Councils Group
- Municipal Association of Victoria
- National Growth Areas Alliance
- South East Metro Mayors and CEOs group
- Tourism Advisory Committee
- Victorian Local Governance Association.



**Cr Tania Baxter**

First elected 2012.

Council delegate:

- Casey–Cardinia Library Corporation (sub)
- Cardinia Life Board
- Education Task Force
- Grants Evaluation Committee
- Town Planning Committee.



## Central Ward



**Cr Collin Ross**

First elected 2008.

Council delegate:

- Cardinia Life Board
- Metropolitan Local Government Waste Forum
- Town Planning Committee.



**Cr George Blenkhorn**

First elected 2008. Mayor 2010–11.

Council delegate:

- Arts and Culture Reference Group
- Audit Committee
- Casey Cardinia Library Corporation
- Herb Thomas Memorial Trust
- Mt Shamrock Quarry Extension Environmental Review Committee
- Town Planning Committee.



**Cr Kate Lempriere**

Elected 2012. Previously elected 2003–08, Mayor 2003–04 and 2006–07.

Council delegate:

- Audit Committee
- Australia Day Planning Committee
- Arts and Culture Reference Group
- Grants Evaluation Committee
- Town Planning Committee
- Youth Strategy Reference Group.



**Cr Jodie Owen**

First elected 2012.

Council delegate:

- Access and Inclusion Advisory Committee
- Graffiti Reference Group
- Positive Ageing Steering Committee
- Town Planning Committee.

## Port Ward



**Cr Graeme Moore**

First elected 2011.  
Mayor 2013–14,  
Deputy Mayor 2014–15.

Council delegate:

- Australia Day Planning Committee
- Cardinia Life Board
- Casey–Cardinia Local History Reference Group
- Grants Evaluation Committee
- Town Planning Committee
- Chief Executive Officer Appraisal Committee
- Victorian Local Governance Association (sub)
- Municipal Association of Victoria (sub)
- Youth Strategy Reference Group.



**Cr David Young**

First elected 2012.

Council delegate:

- South East Business Park Project Control Group
- Town Planning Committee
- Westernport Biosphere Reserve
- Westernport Catchment Implementation Committee
- Yallock Drainage Advisory Committee to Melbourne Water.

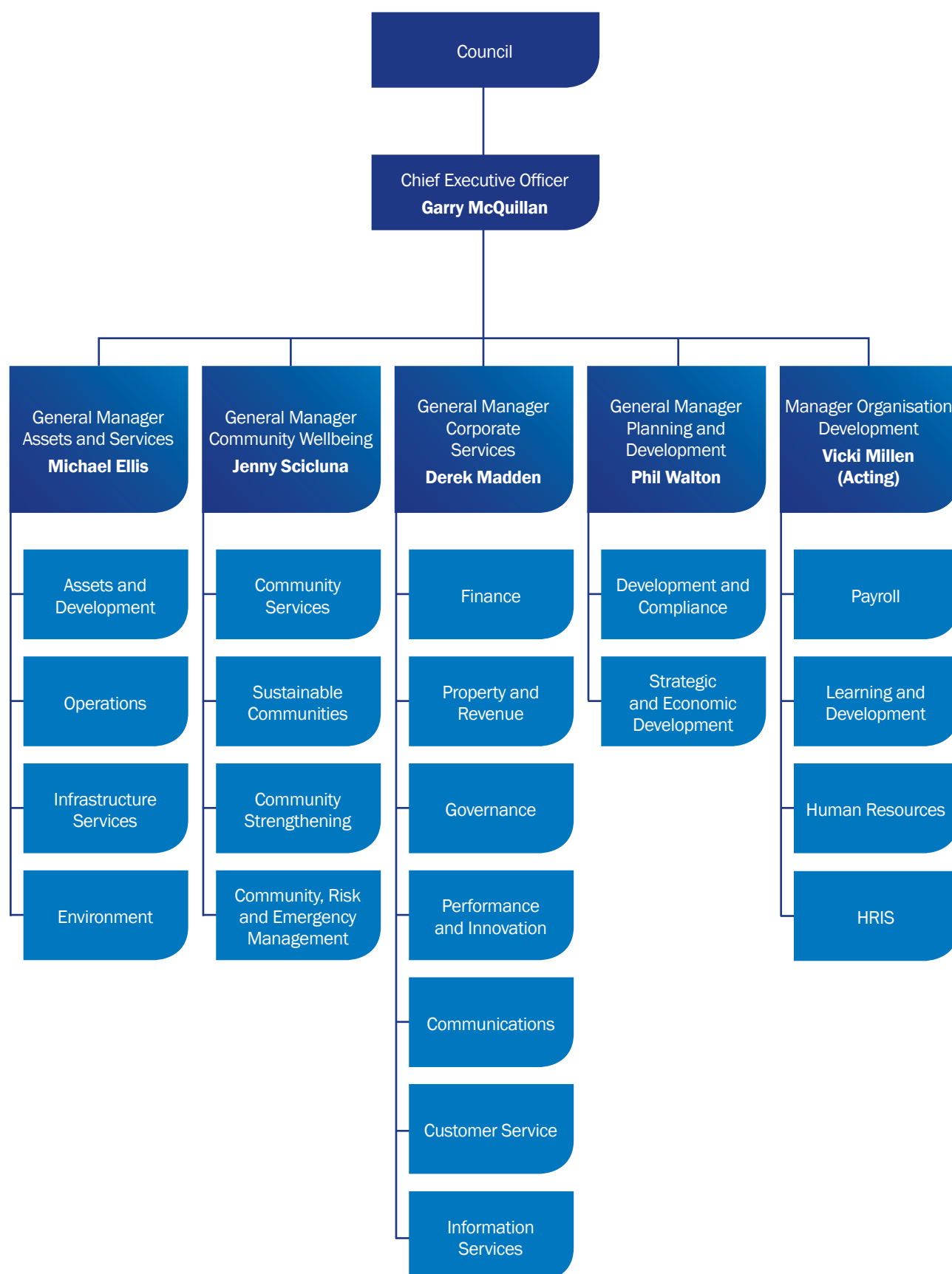
## Our organisation





# Organisation structure

Structure as at 30 June 2015



## Senior Management Team

### Garry McQuillan – Chief Executive Officer

Garry McQuillan was appointed CEO in December 2006. He has tertiary and post-tertiary qualifications in business management and finance and is a member of Local Government Professionals (LGPro).



Garry has a long history in local government having held executive positions with the City of Boroondara and the City of Fairfield in New South Wales. He has been with Cardinia Shire Council since 2002.

### Michael Ellis – General Manager Assets and Services

Michael joined Cardinia Shire Council in March 2000. He has management and engineering qualifications and more than 35 years' experience in local government and the private sector.



He is a member of both Local Government Professionals and the Institute of Public Works Engineering Australasia.

Timely delivery of new assets and infrastructure has been a priority of Michael's to ensure services are provided to meet growth demands.

The maintenance and renewal of existing assets is also a major focus to ensure their long term sustainability.

#### Business unit areas

- Engineering services and capital works.
- Environment and heritage.
- Parks and gardens.
- Public buildings.
- Roads and drainage.
- Waste management.
- Operations.

### Fiona Hodges – General Manager Community Wellbeing (2001–November 2014)

In leading the Community Wellbeing division, Fiona drew on her education and business management qualifications and her vast experience in community settings to set direction across her portfolio to meet residents' needs for community services, arts, culture, recreation, leisure and employment. Fiona is passionate about ensuring Cardinia Shire's communities are well connected, vibrant and sustainable and has overseen significant new initiatives including Healthy Together Cardinia and the Casey Cardinia Investment Attraction strategy to achieve this outcome.

This broad experience has equipped her with a sound foundation.

### Jenny Scicluna – General Manager Community Wellbeing (from February 2015)

Jenny joined Cardinia Shire Council in February 2015 and has worked in the local government sector for 13 years. She has led a broad range of community services in both the eastern and northern regions before coming to Council.



Jenny's foundation qualifications are in the education sector and she is particularly interested in organisational leadership, change management and culture development. She is currently studying a Masters in Human Resources Management. Jenny is passionate about supporting the health and wellbeing of Cardinia Shire's residents and is proud to lead an accomplished team that works on the frontline in the community.

#### Business unit areas

- Maternal and child health.
- Children and youth services.
- Positive ageing.
- Health promotion
- Diversity
- Community development and support
- Community grants.
- Recreation
- Arts and culture.
- Community, risk and emergency management.

### Derek Madden – General Manager Corporate Services

Derek joined Council in 2010 and brought with him 10 years' experience in local government, having worked at both Moreland and Melbourne city councils. Derek is a qualified accountant who also holds qualifications in organisational dynamics (MSC) and business administration (MBA) and is a Chartered Management Accountant (ACMA).



#### Business unit areas

- Corporate and business alignment.
- Finance.
- Governance.
- Information management.
- Information technology.
- Insurance.
- Communications.
- Property and rates.

### Phil Walton – General Manager Planning and Development

Phil has been with Council since 1995 and has performed the General Manager's role for the last nine years. He is a qualified planner who also holds qualifications in business management. As leader of Council's planning and development division, Phil's responsibilities cover a wide range of activities from strategic planning to compliance services.



#### Business unit areas

- Building.
- Compliance services.
- Planning enforcement.
- Statutory planning.
- Strategic planning.
- Economic development.

### Holger Philipp – Manager Organisation Development (January 2013–June 2015)

Holger joined Council in 2013 and brought a new perspective on organisation development, having gained experience from a diverse range of industries, in both the public and private sector. His expertise and leadership ensure the appropriate processes; systems and structures are developed to increase the effectiveness and efficiency that enable transformation. Holger's qualifications include a Master of Human Resource Management and an MBA.

### Vicki Millen – Acting Manager Organisation Development (from June 2015)

Vicki is currently acting Manager Organisation Development; an opportunity offered due to her aptitude in the Organisation Development Advisor role. Vicki has been involved in organisational change management in senior roles for over 10 years in both the public and private sector, most recently playing an integral part in engaging and supporting employees transition toward a new and innovative activity based way of working.



Vicki is continuing her studies in management and human resources, and is passionate about helping organisations develop high performance cultures; providing leadership for effective behaviours, systems and processes for long lasting results.

#### Business unit areas

- Employee relations.
- Human resources.
- Learning and development.
- Organisation development.

### Di Ashton – Project Director, Activity Based Working (ABW)

Di has worked for Council since 2001 in a number of roles. She is tertiary qualified and has extensive human resources and organisation development expertise, along with broader senior management experience.



Di has had the opportunity to lead the Civic Centre project for the last three years on secondment. This project is the most significant change management project that Council has ever embarked on. Council is the first local authority in Australia to embrace the activity based working work style.

Di leads a multidisciplinary team covering the physical (building), virtual (Information Technology), behavioural (people and culture) and paper independence streams.

Di led a successful transition and relocation which saw the opening of the new Civic Centre on 17 November 2014.

#### Business unit areas

- ABW project team.
- Customer service (until June 2015).

## Staff information and development

Council is proud of its gold status as an 'Investor in People' organisation. In the last 12 months, Council continued to implement numerous initiatives that support the development of its people, including the Leadership Fundamentals Program. This program is dedicated to building leadership capacity, team effectiveness and a more cohesive culture across the organisation. The executive leadership development program also continued; it is a whole-of-organisation program encouraging leadership at all levels. A range of elective programs supporting team effectiveness and enabling leadership, including an internal consulting program, have also continued. An internal staff mentoring program was delivered to support staff engagement, provide skills to have important conversations and take up a leadership role at all levels.

Council continues to offer a diverse range of development opportunities through its online corporate training plan, coaching and involvement in whole-of-local government initiatives such as LGPro programs.

Council staff are supported in their learning at all stages of their career. Staff are provided with opportunities to access 'education assistance' as a way of engaging in formal education from certificate level courses to post-graduate qualifications. Council also supports a traineeship program offering a range of placement opportunities for trainees from school age to experience working in various business units across Council for up to 18 months. In 2014–15, the organisation continued developing its Workforce Plan (Human Capital Strategic Plan) to guide its future human resources decisions.

Council is proud of its organisational culture and is committed to continuous improvement through engaging staff and assessing its performance through delivering the staff culture survey.

### Staffing at 30 June 2015

- 64.8 per cent of Council staff were female (including casuals).
- 35.2 per cent of Council staff were male (including casuals).
- 50.4 per cent of full time positions were held by men.
- 88.1 per cent of part time positions were held by females.
- 31.4 per cent of Council staff worked part-time.



**Table 2. Staffing numbers**

Status	Males	Females	Total
Full-time	137	133	270
Part-time	17	126	143
Casual	6	36	42
Total employees	160	295	455

**Table 3. Staff demographic**

Age	Percentage
15–19	0%
20–24	3%
25–34	24%
35–44	25%
45–54	25%
55–64	17%
65 and over	6%

Note: Council's payroll system provides the above data which includes staff on extended leave without pay and parental leave. Where this is the case, employee numbers may be exaggerated due to extended position coverage. The data does not include contractors employed by other parties.



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Council is proud of its organisational culture and is committed to continuous improvement through engaging staff and assessing its performance through delivering the staff culture survey.



### **EEO statement**

Cardinia Shire Council is committed to the principles of equal employment opportunity and the establishment and maintenance of a non-discriminatory work environment.

All staff and prospective staff will receive fair and equitable treatment in all policies and practices of Council without regard to attributes of age, breastfeeding, gender identity, impairment, industrial activity, employment activity, lawful sexual activity, marital status, status as a parent or carer, physical features, political beliefs or activities, pregnancy, race, religious belief or activity, sex, sexual orientation, or personal association with someone who has, or is assumed to have, one of these personal characteristics.

Council will treat all individuals employed, or those considered for employment, on a merit basis according to their skills, aptitude, qualifications and experience, relevant to the work to be performed.

Council aims to ensure the most efficient and equitable use of the development of the skills and talents of all staff within the organisation. To achieve this, Council will, in consultation with staff, develop strategies to ensure equality at all stages of employment, including recruitment, selection and appointment, promotion, training and all other terms and conditions of employment.

All new Council staff complete induction training in equal opportunity, sexual harassment and bullying. Refresher training is coordinated for all staff every two years. Councillors also undergo this training.

## Move to Officer and a new way of working

Council moved into its new civic centre in Officer on 17 November 2014. It is expected the change will lead to improved efficiency and customer service and give Council the facilities it needs to guide Cardinia Shire's current and future growth. The new civic centre was officially opened by the Governor of Victoria His Excellency the Honourable Alex Chernov AC QC (Retd) on Wednesday 25 February.

Council made the decision to move to an activity-based working (ABW) environment, empowering staff to select a work space based on their activities or outcomes. It has led the way as the first Australian government organisation to transition to ABW and with it, has reduced the need for a larger building, which would have been required to sustain the Shire's growth.

As a result of this decision, the organisation had to undergo significant change. In the years leading up to the move, a number of initiatives were implemented. This allowed staff to work independent of time and place, significantly cut the use of stationary, not rely on paper (which was reduced by 70%) and improve customer response times. These changes were achieved through the implementation of an extensive change plan and with the commitment of staff at all levels.

Staff were coached and encouraged to take small steps towards an ABW environment before the move. Multiple training sessions were held to help staff make the behavioural changes required to transition from a traditional office model with allocated desks or offices, to a flexible environment with a range of work spaces that allowed staff to increase productivity and customer satisfaction. Staff also had to develop and agree to a set of etiquettes which governed how they would work together in the new office and ensure they were prepared for this new way of working.

The relocation successfully occurred over one weekend and staff arrived in Officer ready to work with minimal



impact to the community. Staff have embraced the new way of working and successfully implemented the learnings to adjust to an ABW environment. Anecdotally, staff are more active in the building, are more collaborative with other staff members and business units, and are working smarter. Early indications are that the organisation is on track to achieve the envisaged benefits. A comprehensive post implementation plan will guide the ongoing reinforcement work that needs to occur to ensure that the smarter way of working becomes embedded into the culture of the organisation.

Council's transition to the new civic centre and ABW attracted the attention of other local government authorities nationwide and multiple local government publications. The interest has focused on how the organisation planned and transitioned towards a new way of working and its aim to reduce operational costs while still delivering operational excellence.

Council will continue to monitor how the ABW environment works for the organisation and continue to strive for business improvements.





## Customer service

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Council has a strong focus on responding to the needs of the community and this underpins the diverse range of services it delivers.

An important part of Council's services to residents is the provision of information on a timely basis delivered in an efficient and courteous manner. Council has a strong focus on responding to the needs of the community and this underpins the diverse range of services it delivers.

Council ensures the services provided to local people, local businesses, and visitors are readily available, accessible to all, are of a high standard, and represent value for money.

The Customer Service team aims to provide a 'one-stop shop' approach to delivering Council services. This involves responding to customer requests for information and other Council products and services received via telephone, fax, email, mail and direct face-to-face contact. Council manages telephone contact via its customer service centre.



### Scope of services

- Input of customer requests for service via customer request tracking system.
- Maintaining information promotion and displays at the customer service centre.
- Managing and operating Council's call centre.
- Promoting a positive image of Council services.
- Providing information on Council and referral services.
- Receipting payment of accounts and fees.

**Table 4. Call centre statistics**

Number of calls received	Average wait time	Average call length
125,194	1 minute 32 seconds	2 minutes 46 seconds

In 2014–15 the total number of requests logged was 35,726 and 94 per cent of requests were completed on time. The total number of registered inwards mail items for the year was 105,248.

### Online communications

Council continued with its social media presence on Facebook, Twitter, LinkedIn and YouTube. Posts and updates regularly promoted Council news, upcoming events and activities, employment opportunities and other information published on Council's website. As of 30 June, Council had 2,371 likes on Facebook, 3,027 followers on Twitter and 597 LinkedIn followers. The YouTube Cardinia TV channel had 19 subscribers and 6,655 views of videos.

**Table 5. Website statistics**

Sessions	Users	Page views	Average session duration minutes
504,350	378,188	1,542,707	2.22



## Awards and recognition

### Organisational awards

In 2014–15, Council was acknowledged through a number of awards. This recognition celebrated the positive work Council did throughout the year, and demonstrated a commitment to being a leader in local government and to ensuring a bright future for our organisation and our residents.

#### Playgroup Victoria Awards 2014

The Tiny Turtles playgroup was one of six winners in the 'Supported Playgroup of the Year' category of this award. The free playgroup was developed by Council's Family Connections team for families who live in Officer. It encourages play in nature and the surrounding environment to encourage outdoor play and help boost children's motor skills.

#### Government Communications Australia Awards 2015

Council was a finalist in the 'Best Internal Communications and Engagement' category of this award.

This category acknowledged effective communication programs that created and increased staff connection, engagement and internal employee awareness.

Council was recognised for its internal communications campaign to prepare staff for the move to the new civic centre and to an activity based working environment.

#### Resilient Australia Awards 2014 – Victorian recipient

These awards recognised the ongoing work of local councils, community groups, businesses and government and emergency services agencies to help protect lives and support community safety through initiatives that strengthened community disaster resilience.

Council, in partnership with the Emerald community and various partner organisations, won the 'Local Government' category of this award for the Emergency Support Team – Emerald Pilot project.

The two-year project is helping the Emerald community prepare for recovery after a future emergency event. To deliver the project Council partnered with organisations including St Marks Church, Echo Youth and Family Services, Emerald Primary School, Emerald Secondary College, Menzies Creek Primary School, Emerald RSL, Emerald Medical Centre, the Victorian Council of Churches and the local CFA, Victoria Police, Ambulance Victoria and SES.

### Heart Foundation Local Government Awards 2014

These awards showcase councils who are working to improve heart health through building a sense of community, encouraging people to be physically active, be smoke free and make healthy food choices.

Council won in the 'Councils with populations greater than 15,000' category of this award. Several Council initiatives improving the health of the Cardinia Shire community were recognised, including 'stop and drop zones' which encourage students to make their way to school in a physically active way, and the Healthy Bites program, which promotes healthier food choices in cafes and restaurants.

### Community awards

#### Stan Henwood Award 2014

Lang Lang resident Colin 'Col' Leeson was named the winner of this award at Council's annual grants presentation dinner held in July.

The 81-year-old has been the grounds manager of Lang Lang Showgrounds for about 35 years and has kept the grounds in excellent condition for the many community events held there each year. Col is actively involved in Lang Lang's Pastoral, Agricultural and Horticultural Association, as well as the town's medical centre board, township committee and pony club. He was a director of the town's former building society and water and sewerage authority. He is also a life member of Lang Lang Football Club.

Col was nominated for the award by Cr David Young.





## Awards and recognition (cont.)



### All Abilities Awards 2014

Shaunagh Stevens from Beaconsfield was named the inaugural Cardinia Shire All Abilities Leader Award winner at a presentation at Outlook Community Centre in Pakenham in December.

Shaunagh has been a community advocate for people with disabilities since she was five years old and wanted to attend a mainstream school. She is currently an active member of the Cardinia Access and Inclusion Advisory Committee (AIAC) and was recently appointed Chair. In addition to her role on the committee, Shaunagh is also part of Council's Access Priority Upgrade working group, Disability Resources Centre, Women with Disabilities Victoria, Beaconsfield Neighbourhood Centre, Disability Action South East, Association of Employees with a Disability and People with Disability Australia (PWDA).

Coordinator of Beaconsfield Neighbourhood Centre Lynda Smith nominated Shaunagh for the honour. Lynda believed Shaunagh had faced her own struggles but chose to use them as motivation to fight for an accessible and inclusive community for people with disabilities.

### Australia Day Awards 2015

Winners of the 2015 Australia Day Awards were announced at a community event held on Sunday 26 January at Cardinia Cultural Centre in Pakenham.

Darren Spargo was named Citizen of the Year. Darren has been involved in the Scouts since 1985 and is currently the District Commissioner for the Cardinia region. Through his involvement with Scouts, Darren has also been involved in many local community activities. He has been a member of Pakenham Rotary Club, Pakenham Masonic Lodge and Nar Nar Goon Primary School's Council.

Graeme Legge was named Senior Citizen of the Year. Graeme has been involved in many community groups during his lifetime, including Emerald Fire Brigade since 1951 and Scouts since 1953. He is currently the Chairperson of Cardinia District Scouts and Emerald Ambulance Auxiliary. Graeme also served as a councillor from 1997 to 2013.

Holly Latter was named Young Citizen of the Year. Holly was a member of the Cubs and Scouts in Emerald before she joined the Upper Beaconsfield Venturers; she is also involved in John Hill's Landcare Group. Holly was Beaconsfields College's Community Service Captain in 2013, and is now studying towards a Bachelor of Nursing/Bachelor of Paramedics.

Outlook (Vic) Inc was named Community Organisation of the Year. Outlook is a disability and social inclusion support organisation which has grown considerably since it was founded in the 1970s. In 2014, the organisation opened a start-of-the-art support and learning centre and launched its All Together community choir. Outlook also demonstrated leadership by establishing the Casey-Cardinia Volunteer Managers network.

Pakenham and District Agricultural and Horticultural Show was named Community Event of the Year. In recent years, the event's committee has worked tirelessly to ensure the show would continue after it lost use of the site it had operated from for 50 years. The show brings the community together to acknowledge and showcase local craft, farming and agricultural aspects of the local area.

Penelope Jennings was named the winner of the Community Services Award. Penelope has done extensive historical research on the Beaconsfield, Upper Beaconsfield and Officer areas.



## Our performance





## Reporting Council's performance

Council measures its performance in a variety of ways. At a service level, it monitors demand and delivery quality, and monitors and audits financial management. Importantly, Council regularly consults residents and ratepayers to gain an understanding of their perceptions of what is important and how the organisation performs.

Council produces quarterly performance reports providing detailed progress on actions undertaken to deliver the Council Plan, major projects, improvement activities and key service provision and growth indicators. The report is available to the public via Council's website as part of the Council meeting agenda documents.

Council's key resident communication publication, *Connect* magazine, continues to provide updates on Council's activities in a narrative style, complementing the data provided in the quarterly performance reports.

This annual report provides an overall view of Council's activities within the 2014–15 financial year.

Council has continued its focus on independent auditing of both its financial practices and other key process to identify areas to both reduce Council's risk and to improve service delivery. These audits complement the internal focus on service improvement.



## Our people

*We support a variety of needs and lifestyles through programs and activities that promote and develop the wellbeing of Cardinia Shire's people.*

We want access to a variety of services for all.		
Action	Result	Status
<b>We will do this by continually reviewing services to ensure those offered meet community needs</b>		
Implement specific actions in accordance with Child and Family Plan 2014–16 and develop use of children's centres through development of integrated multi-service approach.	Plan adopted. Community Services is linked into various networks and partnerships.	Completed
<b>We will do this by routinely reviewing community needs for services and delivering or advocating for adequate service delivery</b>		
Assess the before-and-after school and vacation care needs of new and existing communities to identify new service needs and partnerships required to meet needs.	Transition of OSHC Service to a private provider successful on 26 June 2015.	Completed
Design and commence construction of Arena Children's Centre.	Architect awarded contract, building design underway and landscape design being developed.	Completed
<b>We will do this by delivering positive ageing initiatives that support older adults to live longer in their own homes</b>		
Implement key actions in Positive Ageing Strategy, including support for seniors' festival and delivery of initiatives to increase older adults' participation in healthy transport options. Commence review of strategy.	Internal and external consultations have been completed.  The Age Friendly Strategy 2015–19 will be adopted following public display period.	Completed







### We want access to support programs for young people.

Action	Result	Status
<b>We will do this by advocating for increased locally based health services to support young people</b>		
Undertake playground upgrades at Gardenia Street (Pakenham), Sutherland Park Reserve (Upper Beaconsfield) and Cora Lynn Reserve.	Playground renewal has been successfully completed.	Completed
Advocate for increased local resources including a skilled youth sector workforce that reflects the needs and diversity of young people in the Shire.	Six young people to be involved in recruitment of Youth Engagement Officer.  Discussions taking place with Monash Health regarding resourcing needs for young people in the Shire.	Completed
<b>We will do this by investigating opportunities for services to be co-located with Council facilities</b>		
Maximise potential of My Place to offer increased opportunities for young people through development of partnerships.	Discussions and partnerships ongoing with a number of local support, education and health agencies.	Completed

## Our people (cont.)

We want learning opportunities for all ages and abilities.		
Action	Result	Status
<b>We will do this by supporting and advocating to State Government for the development of new and upgraded primary and secondary schools</b>		
Identify need for new schools annually and advocate to the State Government and local MPs for the allocation of funding in the State budget.	Advocacy leading to 2014 State election. Commitment to the Gum Scrub Creek primary school.	Completed
<b>We will do this by advocating to State and Federal Governments for post-compulsory and vocational training that meets the needs of local employers and residents</b>		
Undertake a focused advocacy campaign on post-compulsory and vocational training with major political parties as a lead up to the Victorian State election in 2014.		Completed
<b>We will do this by supporting learning opportunities for all ages and abilities</b>		
Review and update the Lifelong Learning Policy and Action Plan.	Reviewed and cancelled as policy is widely embedded in other Council Plans and strategies.	Cancelled
We want improved health and wellbeing for all.		
Action	Result	Status
<b>We will do this by sourcing funding and deliver a range of health promotion initiatives</b>		
Advocate and collaborate with Department of Health for continuation of Healthy Together Victoria. Deliver actions to encourage active travel including stop and drop zones, Mobile March and GOvember.	Advocacy continuing to secure ongoing funding.	Completed
<b>We will do this by reviewing existing, and developing new municipal public health and wellbeing plan</b>		
Implement Municipal Public Health and Wellbeing Plan 2013–17 and undertake annual review, including delivery of food access interventions in partnership with local Food Coalition and implementation of strategies in response to new anti-smoking legislation applying to parks and playgrounds.	The 2013–14 progress report has been completed. Actions are ongoing.	Completed
We want variety of recreation and leisure opportunities.		
Action	Result	Status
<b>We will do this by providing active and passive recreational facilities to meet the needs of our residents</b>		
Continue to support committees to protect and maintain existing reserves of high environmental significance for 2014–15 i.e. friends groups, grants.	Provided support to community groups.	Completed
Commence construction of Officer Secondary College Indoor Stadium – subject to funding.	Construction commenced.	Completed
Pepi's Land. Complete design of netball facilities and other active recreation facilities and commence northern trail.	The Pepi's land master plan is endorsed. Weed removal and vegetation works complete.	Completed
IYU Recreation Reserve (Pakenham) Stage 1 regional soccer facility – construct two turf pitches and civil components for soccer as identified in the master plan.	Construction of Stage 1 complete.	Completed
Deep Creek Reserve (Pakenham) master plan – commence alterations to the golf course layout subject to land sales.	Pre-construction activities undertaken in readiness for works when funding is confirmed.	Completed
Resurface the bowling green at Garfield Recreation Reserve.	Works completed.	Completed



### We want variety of recreation and leisure opportunities. (cont.)

Action	Result	Status
<b>We will do this by providing active and passive recreational facilities to meet the needs of our residents (cont.)</b>		
Prepare concept plan for proposed sporting facilities for Lang Lang.	Community engagement has been completed. Landscape architect engaged.  Expected completion November 2015.	Ongoing
Complete the design of the pavilion at the Heatherbrae Recreation Reserve.	Architect has been appointed and working group formed. First concept plans received.  Expected completion October 2015.	Ongoing
<b>We will do this by increasing opportunities for participation in a range of sport, recreation and leisure activities</b>		
Implement the priority program for upgrade of netball facilities within the Shire – Catani pavilion.	Tenders received and not accepted by Council. Reserve committee undertaking the works. Works due to be completed end of July 2015.	Ongoing
Finalise master plan for James Bathe Reserve.	Master plan 90 per cent complete.  Expected completion October 2015.	Ongoing

## Our people (cont.)

We want increased awareness of safety.		
Action	Result	Status
<b>We will do this by working with the police, the State Government and the community to improve community safety in homes, businesses, public places and roads</b>		
Review joint prevention and early intervention approaches as a result of bi-annual youth survey and evaluate outcomes.		Completed
Ongoing advocacy on behalf of Cardinia Shire communities at regional and state level on relevant emergency management issues and community safety initiatives.	Emergency management plans audits completed. Advocacy will continue.	Completed
Continue to liaise with Victoria Police, State Government and the community on issues related to improving public safety.	Safer Communities Project Officer has been appointed.	Completed
<b>We will do this by improving awareness of township safety</b>		
Work with the Fire Service Commissioner and other agencies and organisations on the development of the Dandenong Ranges Landscape Strategy.	Future of the project is being determined at state level.	Completed
Conduct a full review of the Municipal Emergency Management Plan.	Following direction from VICSES and Emergency Management Victoria the auditing schedule for Municipal Emergency Management Plans has been altered. The plans will be reviewed before October 2015.	Completed
Effectively liaise with the lead agency to ensure Council input and structural fire considerations are factored into the Municipal Fire Management Plan.	Emergency Management Commissioner instructed all reviews are on hold until the development of the State Fire Mitigation Plan.	Completed
We want minimised impact of emergencies.		
Action	Result	Status
<b>We will do this by implementing plans that support people in times of emergency</b>		
Ensure Council is effectively and adequately represented in the development and exercising of Municipal Flood Emergency Plan, Municipal Fire Management Plan, Municipal Storm Emergency Plan and Emergency Traffic Modelling.		Completed
In conjunction with the lead agency ensure structural fire considerations are factored into the Municipal Fire Management Plan.	Emergency Management Commissioner instructed all reviews are on hold until the development of the State Fire Mitigation Plan.	Completed
<b>We will do this by implementing effective plans and procedures that minimise the impact of emergencies in the Shire</b>		
Ensure Municipal Emergency Management Plans are exercised for currency and effectiveness on an ongoing basis.	Major Municipal Emergency Coordination centre (MECC) exercise completed.	Completed
<b>We will do this by protecting against risk through effective bushfire and flood preparation</b>		
Develop the Cardinia Fuel Management Framework.	Presentation to senior management on direction of fuel management. If approved development of fuel management framework will begin in 2016.	Completed



### Child and Family Plan 2014–16

Council adopted a new Child and Family Plan for 2014–16 in January 2015. The plan outlines how Council will partner with child and family services and agencies working within the Shire to ensure children stay healthy and happy. It focuses on four key strategies including parenting support, early learning development and education, access to services, and support for vulnerable families.

As part of the plan, Council also endorsed the Child Friendly Cities and Communities Charter. The charter is a statement of action to ensure Cardinia Shire is child friendly. It supports increased participation by children to share ideas and thoughts about what is important to them, how they live as young community members and how they help adults make decisions which affect them and their environment.

### Healthy Together Cardinia Shire

This initiative continued its success in encouraging residents to be healthy and active. The Healthy Together Cardinia Shire team reached 91 per cent of early childhood services, around 66 per cent of primary schools and 28 workplaces in Cardinia Shire to help local children, families and employees make healthy choices.

The Healthy Bites program continued to expand, with an additional nine cafes and restaurants committing to offer healthy options (low in saturated fat and salt and high in fibre) to diners. Additional programs included seminars and forums to support schools, workplaces and the community promote healthy lifestyles; support to community groups to roll out programs such as Yoga in the Park and walking groups; bike education in schools and delivering the achievement program to schools, early childhood services and workplaces. The team has also undertaken significant local research to better understand the barriers to good health in Cardinia Shire and how Council and the community can work to overcome them.

As part of the Healthy Together initiative, Council was proud to partner with the Stephanie Alexander Kitchen Garden Foundation to implement the program into schools in the Shire. The program launched at an event at the Pakenham Community Garden on Tuesday 17 February. Children from two year levels at Garfield Primary School, Berwick Grammar School Officer campus, St Patrick's Catholic Primary School, St John's Catholic Primary School, St Clare's Catholic Primary School and Officer Specialist School were involved in the kitchen garden program. The program teaches food education from growing produce to preparing healthy meals.



## Our people (cont.)

### ***Pepi's Land***

The Pepi's Land master plan, adopted in March, proposes the construction of four netball courts, club facilities, car park, children's playground and revegetation works to establish natural habitat for native fauna at the Emerald site. Pepi's Land is of particular interest to the Emerald and broader community and Council plans to develop the site into a useful community meeting place.

A path around the park has been constructed and is well-used by the community. Path and weed control works have been completed and fencing (following the path alignment) has been installed to protect the future revegetation zone and keep dogs away from the wombat burrows found near the existing dams.

Tenders for the design of the netball facility, netball courts, car park and entrance upgrade have been called. The brief for the tender is to have the facilities integrate seamlessly within the surrounding landscape.

### ***IYU Recreation Reserve***

Work on Cardinia Shire's major new soccer facility is progressing well, with Stage 1 of the project complete. Council invested \$2.35 million in the facility to date, with Sport and Recreation Victoria contributing \$650,000 of this amount. Around \$2.02 million will also be spent in 2015–16.

IYU Recreation Reserve on Henry Road, Pakenham now has one full-sized senior soccer field and a multi-use pitch that can be used as two junior fields or a single senior field. Each of the fields have a sand base, drainage, irrigation, drought tolerant turf and access to a sustainable water source. Council hopes the pitches will be ready for play in winter 2016, but this will depend on grass-growing conditions.

A pavilion and an all-weather synthetic soccer pitch will be constructed at the reserve in 2016 and an athletics facility will be built in the coming years. Once complete, the reserve will be used by Pakenham United Football Club, which was consulted extensively during the planning phases.

### ***Challenges***

Council undertook an internal and external evaluation of Out of School Hours Care (OSHC) service delivery in Cardinia Shire. The review found that, for a variety of reasons, Council was no longer best placed to provide OSHC services. This decision was based on the recognition that other, equally capable and more affordable service providers were already operating in schools across Cardinia Shire and that Council was no longer best placed to undertake this service on behalf of schools. Council worked with principals at the seven

affected local primary schools to assist them to transition the OSHC arrangements to new programs of their choice.

Funding for the continuation of the Healthy Together initiative, state-wide, was not forthcoming in the state or federal budgets for 2015–16. Healthy Together Cardinia Shire in its current form will only continue until the end of 2015, however the organisation was active in advocating for additional funding to see the work continue – in Cardinia Shire and other involved local government areas. This included a social media campaign, media coverage, petition and advocating directly to members of parliament. No additional external funding had been determined as of the end of the financial year.

Managing the population growth is a major challenge for Council. The population is expected to double by 2035, concentrated particularly in the growth areas of Pakenham, Officer and Beaconsfield. The Victorian Government has nominated Casey–Cardinia as one of five regions around the fringe of metropolitan Melbourne where new housing and population growth is to be concentrated. As a result, rapid population growth will occur for the next 20 years within the Shire's designated growth area. While many metropolitan municipalities in Melbourne are experiencing challenges with an ageing population, greater ethnic diversity and an increase in one- or two-person households, Cardinia Shire is continuing to attract young families and the age group with the largest population is currently four years or under.

### ***Looking forward***

Council is taking an innovative approach to planning for future facilities like children's hubs, recreation reserves and community centres. Toomah Community Centre, which opened in April, demonstrates Council's commitment to bringing integrated services under the one roof rather than constructing multiple facilities.

A continued focus is also to invest in sporting and recreation facilities to cater for the booming population, particularly in the growth corridor. These facilities are great places for residents to get active and engaged with their communities. Council is currently working on constructing or improving Pepi's Land (Emerald), IYU Recreation Reserve (Pakenham), Heatherbrae Recreation Reserve (Officer), Holm Park Recreation Reserve (Beaconsfield) and sporting facilities in Lang Lang.

## Performance indicators

### Aquatic facilities

Service indicator	Result	Material variation
<b>Service standard</b> <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities/Number of Council aquatic facilities]	2.00	—
<b>Health and safety</b> <i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	0.00	There were no reportable safety incidents.
<b>Service cost</b> <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received/Number of visits to indoor aquatic facilities]	-\$0.42	—
<b>Service cost</b> <i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received/Number of visits to outdoor aquatic facilities]	\$13.23	—
<b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/Municipal population]	\$9.78	—

### Animal management

Service indicator	Result	Material variation
<b>Service standard</b> <i>Animals reclaimed</i> [Number of animals reclaimed/Number of animals collected] x100	43.38%	This figure is not reflective of the total number of animals collected and reclaimed. It only reflects the dogs and cats placed in Council's pound. Changes to Council's Customer Relationship Management (CRM) system have been made to capture the occasions when dogs/cats are seized and returned to animal owners and will be reflected in the 2015–16 figure.
<b>Service cost</b> <i>Cost of animal management service</i> [Direct cost of the animal management service/Number of registered animals]	\$23.27	—
<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	\$15.00	—



## Our people (cont.)

### Food safety

Service indicator	Result	Material variation
<b>Service standard</b> <i>Food safety assessments</i> [Number of registered Class 1 food premises and Class 2 food premises that received an annual food safety assessment in accordance with the Food Act 1984/Number of registered Class 1 food premises and Class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	100%	—
<b>Service cost</b> <i>Cost of food safety service</i> [Direct cost of the food safety service/Number of food premises registered or notified in accordance with the Food Act 1984]	\$252.26	—
<b>Health and safety</b> <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%	—

### Libraries

Service indicator	Result	Material variation
<b>Utilisation</b> <i>Library collection usage</i> [Number of library collection item loans/Number of library collection items]	7.89	—
<b>Resource standard</b> <i>Standard of library collection</i> [Number of library collection items purchased in the last five years/Number of library collection items] x100	79.83%	—



**Libraries (cont.)**

Service indicator	Result	Material variation
<b>Service cost</b>	\$2.84	—
<i>Cost of library service</i> [Direct cost of library service/Number of visit]		
<b>Participation</b>	19.32%	—
<i>Active library members</i> [Number of active library members/Municipal population] x100		

**Maternal and child health (MCH)**

Service indicator	Result	Material variation
<b>Satisfaction</b>	103.23%	The result for this measure is above 100% as birth notifications received in the last week of June (in 2013–14) received a home visit in July (in 2014–15).
<i>Participation in first MCH visit</i> [Number of first MCH home visits/Number of birth notifications received] x100		
<b>Service standard</b>	100%	—
<i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received)/Number of birth notifications received] x100		
<b>Participation</b>	76.76%	—
<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		
<b>Participation</b>	72.78%	—
<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		

## Our community

*We will foster a strong sense of connection among Cardinia Shire's diverse communities.*

We want our diverse community requirements met		
Action	Result	Status
<b>We will do this by facilitating and supporting opportunities for participation in a diverse range of artistic and cultural pursuits and tourism</b>		
Deliver public art at prominent sites across Cardinia Shire – Port Ward.	Works installed.	Completed
Provide support in the delivery of one Interfaith Network event per year. Council to provide support to deliver an event during Cultural Diversity Week and an annual Taste of Faith event to promote their activities and engage with new community members.	Interfaith network engaged and delivered event during Harmony week in March 2015. The Network has run two Tours of Worship.	Completed
We want engaged communities		
Action	Result	Status
<b>We will do this by fostering community leadership</b>		
Deliver a community leadership initiative in one community – Central Ward.	Two community leadership training sessions delivered.	Completed
We want increased levels of community participation		
Action	Result	Status
<b>We will do this by promoting initiatives by the community and Council that connect and strengthen our communities</b>		
Upgrade pathways and walking tracks across the Shire in accordance with the footpath program to increase accessibility and meet DDA requirements.	2014–15 pathway program completed.	Completed
Implement Diversity Action Plan including facilitation of local CALD service provision in community facilities. Development of a CALD specific web page.	Diversity Action Plan developed. CALD Network established and CALD web page developed and active.	Completed
Develop new Access and Inclusion Policy and Action Plan.	Access and Inclusion policy reviewed and action plan developed.	Completed







### Pathways upgrades

During the year, 39.3km of footpaths were constructed, 47 per cent higher than at the same time last year.

Footpaths are an important means of improving community cohesion by providing for pedestrian traffic around our communities, particularly for those with limited accessibility. The footpath network is currently 558km in length and increases by an average rate of 30km per year. This growth is from a combination of footpaths constructed from subdivision development and Council's capital works program.

A 1.5km shared path constructed along Princes Highway, between the Emergency Services Complex in Pakenham and Cardinia Road, Officer, was a key project during the year. This footpath, now 6km long, provides a vital pedestrian link between Pakenham and Officer. With many residents moving into this area every week, the shared path allows more residents to move around safely.

### Koo Wee Rup artwork

Council commissioned a public artwork for Koo Wee Rup. Three artists were shortlisted in 2014 for the project, who then created a concept based on community feedback gathered at a number of community workshops. The Public Art Selection Committee (comprised of representatives from Council, the local community and Port Ward councillors) selected local artist, Viktor Kalinowski, to complete the artwork. It is the first public artwork to be installed in Port Ward.

The Mount Burnett-based artist created a corten-steel sculpture to represent the relationship between man and

the natural environment of the swamp region. The design of the sculpture references the many drains which protect the township from floods and the way Koo Wee Rup residents live together in harmony with nature. It will be named as part of a community competition in 2015–16.

### Reconciliation Action Plan 2015–19

The inaugural Reconciliation Action Plan (RAP) 2015–19 was adopted on Monday 15 June. The inaugural plan outlines Council's commitment to establishing meaningful relationships with Aboriginal and Torres Strait Islander peoples. Council's RAP will be a four-year guiding document for Council and will include a set of actions aligned to current policies, strategies and services. The plan was developed in consultation with Aboriginal leaders, service providers working with Aboriginal people and the local community living in Cardinia Shire.

Some actions of the RAP include:

- increase understanding of local Aboriginal populations
- strengthen relationships with Aboriginal communities, organisations and groups
- explore opportunities to establish a local gathering/healing place and identify local places and spaces that are of significance to Aboriginal people, traditional owners and organisations
- support the Aboriginal community to preserve artefacts and sites of significance through Council's statutory planning process when land is developed
- support and increase opportunities for aboriginal children, youth and seniors.

Reconciliation Australia guided the development of the RAP and endorsed the plan.

## Our community (cont.)

A local Aboriginal artist has designed and painted an original piece of artwork to depict Cardinia Shire's community, culture and landscape. The artwork is titled 'Everything connected to the land' and will be used to illustrate the RAP.

### **Draft Cultural Diversity Action Plan 2015–19**

Council's commitment to supporting its growing diverse community will be realised through the development of the first Cultural Diversity Action Plan 2015–19. The plan has been developed in line with the Cultural Diversity Policy 2012 and Council's commitment to supporting the Shire's growing culturally diverse communities. Six strategic priorities have been identified through an extensive community consultation process. The priorities will guide Council's approach over the next four years to respond effectively and in an appropriate and timely manner to the needs and aspirations of the culturally and linguistically diverse residents. They include social cohesion, information access, languages services, health and wellbeing services, education and employment, and connecting young people.

The plan has been developed and guided by a consultation process, legislation and the Council Plan, the Municipal Public Health and Wellbeing Plan and the Cultural Diversity Policy. It will build on current initiatives. Through effective planning, partnership development and advocacy, the plan will ensure Council remains responsive to local needs and strives to enhance the richness of our culturally diverse communities.

### **Challenges**

A critical issue for Council is providing timely and cost effective infrastructure on a growth area. The need for new infrastructure, services and facilities is increasing as the population continues to grow. Physical links including roads, footpaths and bicycle paths to allow people to easily access services and facilities will also need to be created and designed to encourage physical activity of residents.

The health and wellbeing of residents is an ongoing concern for Council with obesity and related illnesses such as diabetes and heart disease on the rise. Only 3.4 per cent of adults in Cardinia Shire meet the recommended fruit and vegetable intake and 50.4 per cent are overweight or obese (Victorian Population Health Survey 2011–12). Only one in three people in Cardinia Shire get enough physical activity.

As the population of Cardinia Shire continues to grow, so too does the number of residents from CALD (culturally and linguistically diverse) backgrounds. The number of residents from non-English speaking backgrounds is now estimated to be approximately 15 per cent. Recent data from the Department of Social Services has confirmed



that the number of residents from non-English speaking backgrounds who have settled in the Shire in the past 10 years now exceeds residents from English speaking countries who have settled in the Shire in the same period. This provides Council with the added responsibility of delivering programs and initiatives to meet the needs and aspirations of people from cultural, linguistic and religious diverse groups in the Shire at both an organisational and community-based level.

### **Looking forward**

Council is continuing to advocate for external investment in public transport, services and tertiary education opportunities to meet the demands of population growth. Work is also continuing on structure plans, precinct structure plans and township strategies to determine the future direction of the Shire's growing community and prepare for continued growth. Council will also continue to consider the health and wellbeing of the community in the planning and building of environments.

Council is committed to supporting the needs of this growing diverse community and ensuring Cardinia Shire is a place where all people can participate in community life regardless of their race, culture, religion or language. Council has introduced and supports a number of initiatives designed to support the CALD community, including the Cardinia Shire CALD Network, which meets bi-monthly to map service gaps and promote partnership opportunities; and the Cardinia Interfaith Network, which provides a forum for faith communities in the Shire to promote an inclusive community that respects religious diversity and acceptance of difference.

Support will continue to be provided to Healthy Together Cardinia Shire. The initiative has already implemented many programs into the community and will continue to develop innovative programs to encourage residents to be healthy and active.



## Our environment

***We will continue to plan and manage the natural and built environment for present and future generations.***

We want provision and maintenance of assets on a lifecycle basis.

Action	Result	Status
<b>We will do this by developing new and maintaining existing parks, gardens and reserves in a sustainable manner</b>		
Implement Emerald Lake Park Vegetation Management Plan using grant funding Stage 3. Works include weed removal in the south-western bushland areas and revisiting areas that have already been treated.	Natural Resource Management Year 3 has been completed. The interpretive signs have been well used.	Completed
<b>We will do this by providing accessible facilities to meet identified community needs</b>		
As part of the Council Buildings Plan, improve accessibility and meet enhanced DDA requirements. Will involve upgrades to access to kindergartens.	Works have been completed	Completed
<b>We will do this by managing Council's assets using a life-cycle approach that ensures adequate maintenance over the life of the asset</b>		
Conduct a program of resurfacing of playing surfaces at recreation reserves in Nar Nar Goon and Koo Wee Rup.	Works complete at Koo Wee Rup. Works nearly complete at Nar Nar Goon.	Completed
Pakenham Town Centre – improvements identified in structure plan to be designed.	Pakenham Town Centre Structure Plan completed. No budget has been provided for structure plan.	Completed





## Our environment (cont.)

We want transport linkages connecting towns.		
Action	Result	Status
<b>We will do this by upgrading local roads to improve safety while considering the traffic demand</b>		
Commence construction of the Lang Lang Bypass from Westernport Road to McDonalds Track, including Milner's Road.	Tender documents and drawings for the bypass have been prepared. A funding application is being prepared.  Expected completion June 2016.	Ongoing
McGregor Road (Pakenham) – duplication north of railway line. Advocate for funding for railway crossing upgrade and intersection works.	Completed. Will continue to advocate for funding for the construction of the rail crossing and associated works.	Completed
Undertake a review of the Road Safety Strategy, adopted in 2011.	The funding application submitted to TAC was successful, however funding is not available until 2015–16.  Expected completion May 2016.	Ongoing
<b>We will do this by continuing the use of special charge schemes to finance road, drainage and footpath improvement programs</b>		
Cockatoo Strategy Plan – undertake design works for the Cockatoo town centre improvements, including landscaping. Funding from township sources.	Initial design and public consultation works underway. Construction to be programmed by 2015–16.  Expected completion May 2016.	Ongoing
Wadsley Avenue (Pakenham) road and drainage scheme Stage 1 – planning and design phase leading to Council declaration.	Design works for the scheme completed and the scheme declared. Funding for construction included in the 2015–16 budget.	Completed
Nar Nar Goon road and drainage scheme – continuation of 2013–14 Council declaration process involving further public consultation.	Application under Living Rivers Program was unsuccessful.  New completion date to be confirmed.	Deferred
Consult and undertake the statutory process for the design of a special charge scheme for O'Sullivan's Road, Hill Street and Peet Street (Pakenham).	Design and estimate being finalised.	Ongoing
Moody Street (Koo Wee Rup) road and drainage scheme Stage 2. Continuation of 2013–14 Council declaration process involving further public consultation.	Special charge scheme declared.	Completed
McBride Road (Upper Beaconsfield) road and drainage scheme Stage 2 – continuation of Council declaration process and construction phase.	Construction complete.	Completed





### We want transport linkages connecting towns. (cont.)

Action	Result	Status
<b>We will do this by prioritising multi-use pathways, where practicable, to create networks that connect destinations</b>		

Emerald to Gembrook Trail. Advocate for government funding to commence construction.	Full design to commence. Funding sources are being explored.	Completed
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### We will do this by advocating for and facilitating improved public transport options to help link employment, educational, recreational and retail activities between rural and growth areas of the Shire

Provide information when required to the Interface Council's group and South Eastern Metro Integrated Transport Group as part of aim to both enhance the frequency and coverage of public transport within both Cardinia Shire and south east region.	Council has regularly attended SEITG meetings and provided information as requested.	Completed
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### We want an enhanced natural environment.

Action	Result	Status
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#### We will do this by reducing Council's energy consumption and help the community do likewise

To commence implementation of the Energy Transition Plan with such projects as the Cardinia Cultural Centre and Beaconsfield Community Centre energy efficiency upgrades.	Adopted.	Completed
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#### We will do this by adapting to the impacts of climate change by working in partnership with South East Council's Climate Change Alliance and State and Federal governments

Continue to support the South East Council's Climate Change Alliance (formally the Western Port Greenhouse Alliance) through membership and participating in relevant projects in 2014–15.	Participated in a number of South East Councils Climate Change Alliance (SECCCA) lead projects.	Completed
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#### We will do this by reducing the amount of waste going to landfill to meet the State Government's waste and resource recovery policy targets

Liaise with and support schools in the areas of waste minimisation, litter and recycling.	Recycling Processing Contractor SKM to deliver waste reduction education.	Completed
Reduce landfill volumes from kerbside pick-ups by undertaking initiatives including the provision of 80-litre garbage bins, subsidised compost bins, e-waste service and continuation of green waste collection.	Continue to review initiatives.	Completed
In partnership with Waste Management Group, advocate alternative waste technologies and resource recovery technologies rather than sending waste to landfill for 2014–15.	Liaison with Metropolitan Waste Management Group continuing.	Completed

## Our environment (cont.)

We want an enhanced natural environment. (cont.)		
Action	Result	Status
<b>We will do this by planning to manage water in an integrated manner, including the reduction of potable water consumption by Council and households.</b>		
Prepare an integrated water management plan in conjunction with Melbourne Water, which incorporates the sustainable water use plan, domestic waste water and the storm water management plan.	The draft plan is expected to open for community consultation in July 2015.	Completed
<b>We will do this by promoting catchment management practices to improve the water quality of natural systems</b>		
Reduce off site septic discharges by advocating to water authorities to complete the backlog sewer program and mandate property connection in 2014–15.	Continuing to advocate for backlog programs.	Completed
<b>We will do this by protecting and enhancing biodiversity by increasing the area of natural ecosystems across the Shire</b>		
Implement actions identified in Equestrian Strategy, adopted in 2013–14. Improve crossing of roads with high traffic volumes/speeds by installing signage and undertake bridge works at Yarrabubba Reserve in Nar Nar Goon.	Works completed.	Completed
We want natural and built environments that support the improved health and wellbeing of our communities.		
Action	Result	Status
<b>We will do this by planning and developing built environments that support improved health and wellbeing</b>		
Council to implement Environmental Sustainable Design (ESD) principles in public buildings demonstrating our commitment to sustainability.	Upgrades and installations at multiple buildings.	Completed
<b>We will do this by raising awareness of the impact of our environment on health and wellbeing</b>		
Establish environmental sustainability demonstration projects for 2014–15, e.g. Cardinia Life, Cardinia Cultural Centre.	The Cardinia Life Project continues. Other demonstration projects recently completed.	Completed





We want to balance the needs of development, the community and the environment.		
Action	Result	Status
<b>We will do this by reviewing the Municipal Strategic Statement and the Cardinia Planning Scheme regularly to ensure it continues to meet Council objectives</b>		
Undertake a review of the Municipal Strategic Statement in light of the Metropolitan Strategy.	Waiting on new format for state planning policy framework.	Completed
<b>We will do this by planning for development of the urban growth area with a mix of residential, commercial, employment, recreational and community activities to meet the needs of our growing community in a sustainable manner</b>		
Incorporate reviewed Cardinia Road Precinct development contributions plan into Cardinia Planning Scheme.	Review of project list in Cardinia Road Precinct DCP being undertaken.	Completed
Finalise Pakenham East Precinct Structure Plan and commence planning scheme amendment to incorporate into Cardinia Planning Scheme.	Completion of Glismann Road area development plan work required to further advance this work.  Expected completion June 2016.	Ongoing
Prepare amendment to incorporate the Beaconsfield Structure Plan into the Cardinia Planning Scheme.	Waiting for ministerial approval.	Completed
Complete Glismann Road (Beaconsfield) design and funding plan development.	Completion of Glismann Road area development plan work required to further advance this work.  Expected completion December 2015.	Ongoing
Undertake review of the Cardinia Road Precinct developer contributions plan.	Draft process prepared.	Completed
Complete Pakenham East Precinct Structure Plan/developer contributions plan.	Draft precinct structure plan being prepared.  Expected completion November 2015.	Ongoing
Develop the Officer Town Centre Urban Design Framework (UDF).	Structure of UDF document drafted.	Completed
Develop the Cardinia Road Employment Precinct (CREP) Urban Design Framework.	Expected completion July 2016.	Ongoing
Develop the Pakenham Town Centre Structure Plan.	Adopted.	Completed
<b>We will do this by providing for the sustainable development of rural townships while taking into account their existing character and community needs</b>		
Prepare Nar Nar Goon and Tynong township strategy/statement.	Nar Nar Goon in progress.  Expected completed June 2016.	Deferred
<b>We will do this by ensuring the planning of rural (green wedge) areas protects and enhances important agricultural, environmental, natural resource, infrastructure and recreational values</b>		
Review Planning for peri-urban areas in light of Plan Melbourne including rural issues in Gembrook.	Workshop with Gembrook community to occur in August 2015.	Completed
Prepare and adopt the Westernport Green Wedge Action Plan.	Community consultation being undertaken.  Expected completion March 2016.	Ongoing

## Our environment (cont.)



### McGregor Road duplication

The duplication of McGregor Road, Pakenham, between Rogers and Main streets is complete. This section of road now has two lanes in each direction, a central median strip and upgraded intersections. The \$5 million project was fully funded by Council. The duplication project first started in 2009 between Henry Road and Heritage Boulevard.

As one of Cardinia Shire's busiest roads, the duplication improved safety and access for the 15,000 cars, trucks and motorbikes and many pedestrians who use it each day. Better access to the Pakenham business district is another benefit for residents and business operators.

Council is continuing to advocate to the Victorian Government for the upgrade and duplication of the road over the railway crossing, as well as for intersection works at Henty and Rogers streets.

### Aspirational Energy Transition Plan

The Aspirational Energy Transition Plan was formally adopted by Council on 20 October 2014. The plan outlines how Council can achieve the aspirational target of carbon neutrality by 2024, keep community emissions low and improve energy security. Council has set the aspirational target of achieving zero net emissions for its operations and a 36 per cent reduction in community emissions on a per capita basis by 2024.

Some of the key actions of the plan include:

- environmental upgrades to Council facilities like Cardinia Cultural Centre, Pakenham Library and Hall, Koo Wee Rup Pool and Beaconsfield Community Complex
- installation of solar electricity systems for Council's facilities
- incorporating sustainable design assessment in the planning approval process
- initiatives to support solar electricity systems for the community.

During the year, Council installed a 75kW solar electricity system on the Cardinia Cultural Centre, along with internal lighting upgrades, and completed a lighting upgrade at the Beaconsfield Community Centre and adjoining kindergarten.

## Emerald Anzac Walk

Council and Emerald RSL were proud to unveil Emerald's Anzac Walk in March, the town's newest war memorial. The commemorative walk honours the 32 soldiers from the Emerald region who lost their lives in World War I. The Governor General of Australia Sir Peter Cosgrove attended the official opening event which included a flyover by the Air Force Roulettes and a re-enactment of World War I troops arriving home after the Great War on the historic Puffing Billy railway.

The Anzac Walk features plaques and information signs made from timber recycled from nearby Worrell Reserve, an audio trail to listen to the stories of the 32 soldiers and a statue of the Unknown Soldier.

Council contributed \$30,000 to the project, and developed the landscape drawings and conducted horticultural and arboriculture works. Council will also continue to manage the newly installed infrastructure including the audio trail. Additional funding was provided by the Department of Veteran Affairs for \$47,000, the Victorian Government Veterans Council for \$15,100 and Emerald Rotary. Member for LaTrobe Jason Wood MP also provided a grant of \$25,000 through the Department of Veterans Affairs grants program to fund the development of the Unknown Soldier statue.

## Statutory planning

For 2014–15, Council issued 75 per cent of decisions within the 'statutory timeframe' (as determined by the Department of Transport, Planning and Local Infrastructure.). This is the second highest figure Council has achieved – the highest figure was 82 per cent in 2013–14. The metropolitan average was 64 per cent and the growth area average was 62 per cent. The percentage has dropped primarily due to changes to the Planning Scheme.

Council received 886 new planning applications in 2014–15, slightly down from 887 the previous year. However, the number of all other planning application types increased significantly to 1,355 in 2014–15 compared with 1,099 in 2013–14. Ten planning application decisions were appealed to VCAT, down from 19 in 2013–14; of these, eight findings were in favour of Council, an 80 per cent success rate. Furthermore, of the 10 appeals, Council staff dealt with five of these, resulting in significant savings to Council in the order of tens of thousands of dollars.

Other achievements included:

- 1,617 statements of compliance for lots issued, up from 1,096 the previous year
- processed 417 customer logged requests, up from 176 the previous year
- processed 175 report and consent applications, up from 80 the previous year
- inspected 450 building regulatory matters, up from 430 the previous year.

## Challenges

Managing the natural and built environment is a significant challenge for Council which will have ongoing influence for future generations. The rapid changes occurring in both urban and rural areas of the municipality are causing conflicts. The challenge for Council and the community is to sustainably manage these diverse areas and meet community needs while addressing the social, cultural, financial and environmental impact of urban growth.

Another key challenge for Council is the timely and cost-effective provision of appropriate levels of infrastructure in the growth area sub-region and to ensure liveable and sustainable communities. As the population grows, the need to provide new infrastructure, services and facilities to meet community needs will increase. Physical linkages to meet community needs will increase including roads, footpaths and bicycle paths to allow people to easily access services and facilities will also need to be created.

## Looking forward

Council is committed to addressing the challenges presented by climate change. A key initiative has been the adoption of the Aspirational Energy Transition Plan. Its actions include installing more efficient lighting and solar power systems, and supporting the development of renewable energy facilities. The plan also includes a target of zero net emissions for its operations and a 36 per cent reduction in community emissions on a per capita basis by 2024. Making these changes will benefit the environment and provide significant financial benefits by saving Council and community on energy costs.

Council is working to ensure green wedges in both the hills and rural (south and east) sub-regions are maintained and protected through the Northern Ranges and Western Port green wedge management plans. Township strategies also play a critical role in helping determine how and where additional growth and improvements can happen within townships over the next 10–15 years. Council will continue to prepare structure plans and development contribution plans for the Shire's growth areas.



## Our environment (cont.)

### Performance indicators

#### Statutory planning

Service indicator	Result	Material variation
<b>Timeliness</b> <i>Time taken to decide planning applications</i> [The median number of days between receipt of the planning application and a decision on the application]	94.00	—
<b>Service standard</b> <i>Planning applications decided within 60 days</i> [Number of planning application decisions made within 60 days]/Number of planning application decisions made] x100	75%	—
<b>Service cost</b> <i>Cost of statutory planning service</i> [Direct cost of statutory planning service/Number of planning applications received]	\$1,296.71	—
<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	\$55.00	—

#### Roads

Service indicator	Result	Material variation
<b>Satisfaction of use</b> <i>Sealed local road requests</i> [Number of sealed local road requests/Kilometres of sealed local roads]	44.23	—
<b>Condition</b> <i>Sealed local roads below the intervention level</i> [Number of kilometres of sealed local roads below the renewal intervention level set by Council/Kilometres of sealed local roads] x100	97.25%	—
<b>Service cost</b> <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction/Square metres of sealed local roads reconstructed]	\$200.82	Cost is higher than normal due to the high costs for relocating Telstra services as part of McGregor Road reconstruction/duplication.
<b>Service cost</b> <i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing/Square metres of sealed local roads resealed]	\$16.36	—
<b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application/Number of VCAT decisions in relation to planning applications] x100	80%	—

## Waste collection

Service indicator	Result	Material variation
<b>Satisfaction</b> <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests/Number of kerbside bin collection households] x100	164.01	—
<b>Service standard</b> <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed/Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	6.34	—
<b>Service cost</b> <i>Cost of kerbside garbage bin collection service</i> [Direct cost of the kerbside garbage bin collection service/ Number of kerbside garbage collection bins]	\$122.06	A contributing factor to this relatively high cost is the distance travelled between collection bins and longer return trips to disposal and processing facilities.
<b>Service cost</b> <i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service/ Number of kerbside recyclables collection bins]	\$22.63	—
<b>Waste diversion</b> <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	46.24%	—



## Our economy

***We will create and support local employment and business opportunities for our community and the wider region.***

We want increased business diversity in Cardinia Shire.		
Action	Result	Status
<b>We will do this by supporting the development of existing and new businesses</b>		
Advocate to government and stakeholders on economic and employment priorities in Casey-Cardinia region.		Completed
<b>We will do this by planning for a staged development of the Officer-Pakenham employment precinct</b>		
Incorporate the Pakenham Employment Precinct Structure Plan and Development Contribution Plan into the Cardinia Planning Scheme.	Expected completion June 2016.	Ongoing
<b>We will do this by facilitating the development of Officer and Pakenham town centres</b>		
Identify and advocate on infrastructure issues to support the business community and facilitate investment.	Discussions held with politicians at regional forums. Advocacy continued.	Completed
Incorporate the Pakenham Structure Plan into the Cardinia Planning Scheme.	To be undertaken following finalisation of the Pakenham Structure Plan.  Expected completion June 2016.	Ongoing
Finalise Pakenham (Town Centre) Structure Plan.	Adopted.	Completed
<b>We will do this by advocating to State and Federal governments and industry to develop more local employment opportunities</b>		
Work with Southern Regional Development Australia, Department of State Development, Business and Innovation, Melbourne South East and Casey-Cardinia investment strategy to advocate for our region.	Exploring grant opportunities for expansion of local business. Implementing Casey Cardinia Jobs portal.	Completed







### We want maintained strong agricultural activities.

Action	Result	Status
<b>We will do this by supporting our farmers and growing agricultural industry in adapting to the changing economy and climate</b>		
Implement Casey Cardinia Attracting Employment and Investment Strategy and implement priorities of the regional food plan.	Multiple projects underway.	Completed
<b>We will do this by identifying innovative ways to value add to the region's primary production and transportation</b>		
Advocate for easier access to markets via regional food plan and enabling infrastructure i.e. airports, Bunyip food belt and Port of Hastings, Thompsons Road extension.	Advocacy continuing.	Completed
<b>We will do this by advocating for the development of roads and infrastructure required for primary production</b>		
Island Road (Koo Wee Rup) road and drainage improvements Stage 2 – continuation of 2013–14 process involving any further public consultation and construction phase.	Construction complete.	Completed

### We want a diverse and resilient business community.

Action	Result	Status
<b>We will do this by encouraging the establishment of tourism and hospitality activities and facilities in appropriate areas of the Shire</b>		
Implement actions from the Tourism Strategy adopted in 2014, including establishment of the Tourism Advisory Committee to lead the industry actions in the strategy. Confirm partnership with the City of Casey.	Leadership program for Tourism Advisory Committee completed in December 2014.	Completed

## Our economy (cont.)

### **Pakenham Structure Plan**

The Pakenham Structure Plan was adopted by Council in April 2015. The structure plan provides an aspirational blueprint for the development of the Pakenham Activity Centre, focusing on how the land could be used, accessibility, public spaces and built form. For the purpose of the plan, Pakenham was divided into nine precincts.

A key proposal of the plan was a redesign of Main Street (between John and Station streets) to a shared space and to allow on-street trading. A road would divert vehicles around this main retail area of the Pakenham activity centre and provide links to the surrounding road network and car parking.

Other proposals included:

- enhanced gateways connecting the Pakenham Activity Centre to the surrounding area
- improved public spaces, and better connections between parks and reserves
- creating pathways to encourage more pedestrian and cyclist access.

Preparation of the Pakenham Structure Plan started in 2012 with the development of its initial discussion and key directions papers. Submissions and community feedback received during these earlier consultation phases helped inform the preparation of the plan.





## Investment attraction

Council has partnered with City of Casey to develop and promote Casey and Cardinia Shire as a region for investment attraction to encourage a diverse range of businesses to move into the area. This partnership continued during the year with a number of key activities:

- Regional Food Plan is being used to support a funding application for a food processing company in Gembrook, and intensive agriculture investment opportunity in Bunyip.
- Draft Economic Development Strategy for the Casey Cardinia region completed which makes note of the Bunyip Food Belt.
- joint Casey Cardinia Business Awards open for entries. Agriculture and Food now a combined category.
- record number of attendees for the Casey Cardinia Business Breakfasts during 2014. The first 2015 event welcomed 50 additional business people, with guest speakers discussing the origin of food, real food production and value adding on farm.
- commendation award received for the Inaugural National Growth Areas Alliance Awards, for the Casey Cardinia Partnership as well as a National Economic Development award for initiatives in economic development.

## Island Road (Koo Wee Rup) special charge scheme

Cardinia Shire's asparagus growers will benefit from the sealing of Island Road in Koo Wee Rup. The project, to seal the 2.5km stretch of road between Lea Road and the Koo Wee Rup township, was funded by the Victorian Government's Transport Solutions regional freight initiative and a special charge scheme between Council and benefiting property owners.

Island and Lea roads service the area's prime asparagus-growing region. These roads are also home to five asparagus packing sheds which together produce most of Australia's asparagus exports, valued at about \$25 million.

Council declared a special charge scheme for this road in July 2014, and it was completed in June 2015.

## Challenges

The critical issues for Cardinia Shire over the next 20 years will be the need to provide more local employment within the region. More than half of residents currently need to travel beyond the municipality to access employment and this is likely to increase as the population continues to grow in Cardinia Shire. A considerable number of jobs will be needed if all of the municipality's resident labour force is to find employment locally.

Cardinia Shire has become one of Australia's most fertile and valuable agriculture areas that plays an increasingly

vital role in providing food for Victoria's population. The location of agricultural areas on the urban fringe results in a challenging tension between Melbourne's land supply needs versus securing fertile land to provide a nationally significant source of food supply.

## Looking forward

The Casey Cardinia Investment Attraction Framework will continue to focus on increasing the number of jobs in the region, so fewer residents need to leave the region for work. This includes a number of locally-based initiatives as well as advocating to Victorian and Australian governments for project funding as appropriate and marketing the region as a great place to invest.

The Pakenham Structure Plan will also provide a blueprint for the development of the Pakenham Activity Centre. The aspirational projects in the draft plan will be delivered by either Council, developers or would require significant levels of Victorian or Australian government funding. The plan identifies a list of strategies and actions needed to implement the overall vision of the plan. Certain projects have been listed as short-term (up to 5 years), medium-term (5–10 years) or long-term (10+ years). The implementation plan will outline the steps required to implement each of the actions including responsibilities, priorities and timing.





## Our governance

***We will consult with the community, as appropriate, in an open and accountable manner to assist in determining the key direction of Council.***

We want open governance.		
Action	Result	Status
<b>We will do this by embracing and demonstrating effective governance and transparency, notwithstanding that on occasions, matters under consideration will be confidential</b>		
Monitor compliance with statutory reporting requirements.	Compliance with timetable is being regularly monitored.	Completed
Maintain and update the register of information to be available to the public.	Register of information is being maintained and updated as required. Waiting for release of new regulation.	Completed
<b>We will do this by governing and making decisions in the best interests of the Cardinia Shire community</b>		
Following adoption of the Councillor Code of Conduct and Protocols, monitor adherence to commitments and take appropriate action if required.	Adherence being monitored and addressed with the Mayor as required.	Completed
We want long-term financial sustainability.		
Action	Result	Status
<b>We will do this by making financial decisions that will address long-term financial consequences</b>		
Develop annual budget and five-year financial plan which will deliver on the actions presented in the Council Plan but maintain long-term financial goals.	Budget adopted.	Completed
<b>We will do this by making financial decisions that are fair and ethical and balance costs and benefits between present and future generations</b>		
Ensure all contracts and procurement guidelines adhere to a full-life cost and are not purely driven by any one factor.	Contract management system live.	Completed
<b>We will do this by managing the municipality's finances and assets in a responsible manner</b>		
Ensure the asset management and financial management are transparent via the budget and planning process and ensure the long-term viability of the Council.	Budget and strategic resource plan adopted.	Completed
We want appropriate funding and support from all levels of government.		
Action	Result	Status
<b>We will do this by advocating on behalf of the community to ensure it receives an equitable share of funding and support from the State and Federal governments for infrastructure, facilities and services</b>		
Prepare an advocacy program for the 2014 state election; meet with appropriate politicians to seek support for improved employment, transport, education, funds for roads, recreational and community facilities and also allied health services.	Advocacy continuing.	Completed

## Council Budget 2015–16

Council has adopted its 2015–16 budget in June, paving the way for a \$30 million investment in new community and recreation facilities, road and footpath construction and other significant capital works across the municipality. The budget included a \$13.9 million investment into renewing and upgrading roads, bridges and footpaths, replacing drainage and improving recreation reserves and sporting facilities. Council will also deliver more than \$500,000 to local community groups and organisations to support local projects, while a further \$150,000 will be used to implement improvements identified in township strategies.

The budget outlined a reduction in the garbage charge by more than \$5 per household (from \$233.50 to \$228.20). Meanwhile, the 5.5 per cent rate increase is 0.4 per cent lower than last year and continues an ongoing downward trend as part of Council's four-year financial plan.

Other highlights of the capital works program include:

- Officer Secondary College stadium and community hub (\$2.2 million)
- Emerald Community Hub (\$1.5 million)
- Continued development of the regional soccer facility at IYU Recreation Reserve, Pakenham (\$1.4 million)
- Lang Lang sporting facilities (\$1.3 million)
- New kindergarten at Arena, Officer (\$1.2 million)
- Emerald netball facility (\$1.1 million)
- Heatherbrae Recreation Reserve, Officer (\$1 million)

Council received nine submissions from the public on the budget. All of the items raised in the submissions were considered and a written response provided to address the matters raised.

## Advocacy program

Council lobbied both sides of politics in the lead up to the Victorian Government election in 2014. As one of 10 interface councils on Melbourne's fringe or 'interface', Council advocated strongly for a better deal for the outer suburbs. The interface councils were successful in gaining a commitment for a dedicated growth fund for the interface municipalities from both sides of government.

Key projects Council advocated for included:

- Emerald Community hub (successful – received funding of \$1.5 million)
- parenting facility in Koo Wee Rup
- improved bus services
- Thompsons Road extension
- airport
- Bunyip Food Belt
- construction of Lang Lang Bypass
- duplication of McGregor Road rail crossing.



## Challenges

Cardinia Shire is a unique blend of urban growth area, rural community and green wedge zones. This results in a unique set of challenges in balancing the varying needs and aspirations of the 30 townships within the Shire. Council seeks to strive for a balance that achieves the outcomes desired by the communities while ensuring economic prosperity, social wellbeing, environmental sustainability and long-term financial sustainability.

As a growth municipality, the commitment by the Victorian Government to cap rates will present Council with a unique challenge in coming years. Cardinia Shire is still developing many of the infrastructure and services required to meet the needs of the growing community and many of these projects are funded by rate revenue. Council will need to carefully weigh the requirements of the community with the impact of rate capping in the next few years.

Although it is desirable to keep debt levels low, borrowing is a valid option for Council to be able to fund infrastructure needs for the fast growing municipality. Putting off these projects would put Council under greater financial pressure with the ongoing costs of maintaining ageing infrastructure and the higher risk of having ageing infrastructure.

## Our governance (cont.)

### Looking forward

Council will continue to find business improvements with real and opportunity savings that increase Council's capacity to deliver its services. It will also continue to advocate and seek grants from a variety of sources to help fund projects.

A debt management strategy will help Council to limit future borrowing, where possible. The strategy includes key criteria to consider for any future borrowing, including whether rates or fees could fund the project, borrowing which could be repaid within the financial year and emergency hardship.



### Performance indicators

#### Governance

Service indicator	Result	Material variation
<b>Transparency</b> <i>Council decisions made at meetings closed to the public</i> [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]	0.35%	There was only one Council decision made at a meeting closed to the public.
<b>Consultation and engagement</b> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how Council has performed on community consultation and engagement]	56.00	—
<b>Attendance</b> <i>Councillor attendance at Council meetings.</i> [The sum of the number of Councillors who attended each ordinary and special Council meeting/(Number of ordinary and special Council meetings)x(Number of Councillors elected at the last Council general election)] x100	84.13%	—
<b>Service cost</b> <i>Cost of governance</i> [Direct cost of governance service/Number of Councillors elected at the last Council general meeting]	\$42,233.44	—
<b>Satisfaction</b> <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]	\$54.00	—



## Development Contribution Plans

Urban development generates demand for a range of costly infrastructure. Development contributions and associated requirements enable Council to recover a significant portion of those costs from the beneficiaries of growth.

Development contributions are divided into four groups:

- Major roads and traffic control infrastructure
- Other development infrastructure such as pre-schools, playgrounds and basic sporting open space
- Community infrastructure such as community centres, libraries and indoor sporting facilities
- Land required to facilitate the delivery of the above.

Although the collected contributions don't meet the full cost of the growth area infrastructure, the contributions are vital to Council's capacity to deliver critical infrastructure to service its new communities as development surges.



**Table 6. Developer Contribution Plans (DCP)**

DCP reference	Project	Delivered by	Approx. DCP value
<b>Pakenham DCP</b>			
—	McGregor Road duplication – Princes Highway to railway	Council	\$4,100,000
<b>Cardinia Road DCP</b>			
DI-TR-1	Princes Highway south side shared path – Olympic Drive to Cardinia Road	Council	\$540,000
DI-TR-3	Princes Highway north side shared path – Purton Road to Michael Street	Council	\$110,000
DI-LA-20	Land for Community Centre site – Arena Estate	Developer	\$985,000
DI-LA-02	Land required for Cardinia Road duplication and future grade separation	Developer	\$250,660
DI-LA-14	Land required for district parkland north of Princes Highway	Developer	\$5,300,000
DI-OS-06	Landscaping and environmental works along Toomuc Creek – railway reserve to Henry Road	Developer	\$750,000
DI-LA-10a	Land required for O'Brien Parade extension	Developer	\$130,000
DI-TR-06	Shared path along Toomuc Creek	Developer	\$173,000
DI-RO-9B	Road bridge construction – Bridge Road over Gum Scrub Creek	Developer	\$820,000
DI-RO-8b	Construction of Bridge Road extension (west of Cardinia Road)	Developer	\$305,000
DI-RO-21B	Roundabouts – Bridge Road (west of Cardinia Road)	Developer	\$410,000

## Development Contribution Plans (cont.)

**Table 6. Developer Contribution Plans (DCP) (cont.)**

DCP reference	Project	Delivered by	Approx. DCP value
<b>Officer DCP</b>			
DI-CF-LA07	Land for community facility – children’s services, Timbertop Estate	Developer	\$800,000
DI-RO-15a	Rix Road north carriageway – Brunt Road to Park Central estate entry	Developer	\$670,000
DI-RO-10a	Brunt Road west carriageway – railway to Rix Road	Developer	\$690,000
DI-TM-03	Princes Highway/Timbertop Boulevard signalised intersection – north leg	Developer	1,653,000
DI-TM-10	Timbertop Boulevard/Pink Hill Rise intersection (excluding signals)	Developer	\$700,000
DI-RO-3a	Timbertop Boulevard north of Pink Hill Rise	Developer	\$500,000
DI-TN-01	Princes Highway north side shared path – across Timbertop Estate highway frontage	Developer	\$10,000
DI-RO-LA-26	Land for Princes Highway/Timbertop Boulevard intersection flaring	Developer	\$187,000
DI-RO-LA-29c	Land for Timbertop Boulevard construction	Developer	\$660,000
DI-RO-LA36	Purchase of land for Bridge Road (Rix Road extension) to a local arterial road (Council road) section 2	Developer	\$616,160 \$115,730 Council revenue
DI-TM-LA31	Purchase of land for signalised intersection at North-South arterial/ Rix Road/Officer South Road.	Developer	\$494,410
DI-RO-25	Construction of Bridge Road (Rix Road extension) road bridge over Gum Scrub Creek	Developer	\$553,520
DI-RO-15a	Construction of Rix Road upgrade to a connector street boulevard standard (section 3) – bikeway only	Developer	\$95,000
DI-RO-18	Construction of Stephens Road upgrade to a connector street boulevard standard (section 3) – portion of Stephens Road and footpath.	Developer	\$125,000
DI-RO-25	Construction of Bridge Road (part) (Rix Road extension)	Developer	\$553,000



## Business improvements

### Best value report 2014–15

Council continues to embrace the principles of Best Value. Council primarily applies these principles through its business and service delivery planning processes by monitoring the change in demand for its services and by identifying the appropriate resources to meet that demand in a fair manner for all the community.

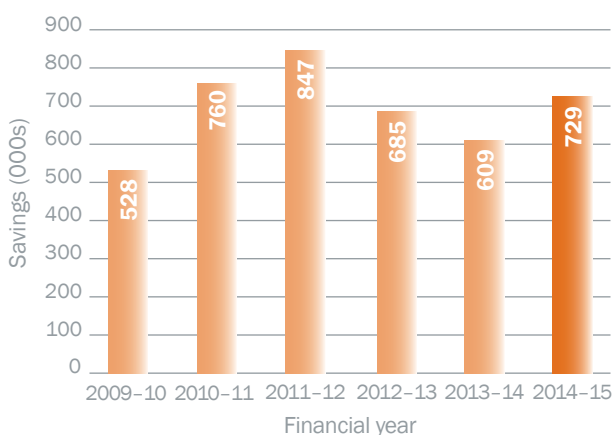
Council also continues to work within existing partnerships while exploring new opportunities to deliver services.

### Our improvement focus

Council continued to build its culture of improvement and innovation during 2014–15, building on the solid foundations of previous years.

In dollar terms, the program delivered an additional \$729,914 worth of efficiencies – comprising both real and opportunity savings that increase Council's capacity to deliver its services. The improvements identified and quantified for the 2014–15 year build on the \$3.43 million delivered in the preceding five years, producing \$4.15 million in savings for the last six years.

**Figure 8. Annual savings from innovation**



In addition to these improvements quantified in dollar terms, numerous activities have improved Council's functionality and provided benefits that are realised in non-financial terms.

### Examples of projects undertaken in 2014–15

- Continued focus to increase the capture of information and documentation digitally which improves our processes by reducing risk of loss, making information easier to find, access and share and also reducing paper usage and storage.
- Application of Polycom product as part of the dust suppression program to preserve the life of unsealed road pavements, reduce dust and reduce maintenance costs.
- Utilising technology 'in the field' to reduce paper work, reduce double-handling and reduce processing time. This technology is used in many business units including operations, engineering, local laws, fire inspections, OHS and insurance.
- Improving the statutory planning process by going digital, leading to quicker time to access information, no physical files to create and move, and improved processes.
- Project management for the installation of the environmental upgrade at Cardinia Cultural Centre and Cardinia Life.
- Development and promotion of the Casey Cardinia Investment Attraction Framework.

Council continues to embed a culture of thinking about how we do things and striving to efficiently deliver better outcomes.

These efforts have also contributed to recognition by external organisations. For more information, see the awards and recognition section on page 32.





## Local government community satisfaction survey

The Department of Planning and Community Development (DPCD) coordinates and auspices a Community Satisfaction Survey throughout Victorian local government areas each year. The survey's main objectives are to assess the performance of councils across a range of measures and to seek insight into ways to provide improved or more effective service delivery.

Council recorded an 'overall performance index score', which reflects the community's satisfaction with council when considering all its activities, of 63. This is an improvement on the previous two years results. This was also the case with the community's satisfaction with Council's overall direction.

Council has been a participant in the development and piloting of a new indicator set collectively known as the local government performance framework being introduced in the 2014–15 year. This indicator set will include an increased number of core satisfaction measures.



**Table 7. Snapshot of Council's performance**

	2013	2014	2015	Trend
Overall performance	61	63	61	-
Community consultation	55	55	56	-
Advocacy	56	55	55	-
Customer Service	73	69	73	↑
Overall Council direction	52	55	53	-

## Victorian Local Government Indicators

**Table 8. Local government indicators**

Indicator	2011-12	2012-13	2013-14	2014-15
<b>Overall performance</b> Community satisfaction rating for overall performance generally of Council.	57	61	63	61
<b>Advocacy</b> Community satisfaction rating for Council's advocacy and community representation on key local issues.	56	56	55	55
<b>Community consultation</b> Community satisfaction rating for Council's engagement in decision making on key local issues.	57	55	55	55
<b>All rates</b> Average rates and charges per assessment.	\$1,648	\$1,751	\$1,740	\$1,740
<b>Residential rates</b> Average residential rates and charges per assessment.	\$1,496	\$1,534	\$1,603	\$1,719
<b>Operating costs</b> Average operating expenditure per assessment.	\$2,685	\$2,879	\$2,681	\$2,620
<b>Capital expenditure</b> Average capital expenditure per assessment.	\$723	\$680	\$828	\$1,559
<b>Infrastructure renewal</b>	56%	70%	57%	50%
<b>Renewal maintenance</b>	72%	82%	74%	69%
<b>Debts</b> Average liabilities per assessment.	\$1,950	\$2,123	\$1,862	\$2,342
<b>Operating result</b> Operating result per assessment  Note: After deducting capital and developer contributions, the result would be \$488 per assessment (\$180 in 2013-14)	\$1,007	\$1,039	\$773	\$1,592



## Open and accountable governance





## Council meetings

Council meets on the third Monday of every month and the Town Planning Committee meets on the first Monday. The meetings are open to the public. Council places the agendas and minutes on Council's website.

## Committees

As at 30 June 2015, the following was the structure and composition of Council's committees.

### Audit Committee

Council members: Crs Blenkhorn and Lempriere

Independent members: Homi Burjorjee (chairperson) and Hugh Parker

### Town Planning Committee

Committee of the whole Council.



## Resources, training and compensation

It is important that Council's elected representatives are empowered to undertake their roles and responsibilities and are provided with the opportunity to acquire new skills and upgrade their existing capabilities.

Council has adopted a Councillor Expenses and Entitlements Policy that covers matters such as the following.

### Councillor allowances

Cardinia Shire Council is ranked as a Group 2 Council in accordance with the Victorian Government's Policy Statement on Local Government Mayoral and Councillor Allowances and Resources, April 2008. The allowances therefore payable to Councillors are a maximum of \$23,539 per annum and for the Mayor a maximum of \$72,834. In addition, an amount equivalent to the Superannuation Guarantee Contribution (currently 9.5%) is also payable.

### Councillor expense entitlements

The policy adopted by Council provides for payment of travel allowances, child care expenses and communication expenses.

Council also provides a computer and internet connection, mobile phone, and fax/copy machine to all Councillors for Council business.

### Councillor professional development

The policy provides support to Councillors for upgrading their skills during their term of office.

An amount of \$3,000 per Councillor is allocated in the budget.

Programs that qualify for the expenditure include:

- seminars and conferences
- undergraduate and post graduate studies
- short courses and study tours.

Programs must relate to the areas of local government activity, leadership, governance in the context of the role of Councillor, or enhance the personal skills of the individual to undertake the role.

## Councillor code of conduct

Council reviewed the Code of Conduct in accordance with the provisions of Section 76C(1)A of the *Local Government Act 1989*.

An updated Code was adopted in August 2013.

Copies of the code are available via Council's website or from Council's civic centre at 20 Siding Avenue, Officer.



## Available information

Council is committed to open governance. The following information is available for viewing at the civic centre, 20 Siding Avenue, Officer during office hours:

- details of current allowances fixed for the Mayor and Councillors
- total annual remuneration for all senior officers in respect of the current financial year and the previous financial year
- details of overseas or interstate travel by Councillors or staff in previous 12 months
- names of Councillors/Council officers who submitted returns of interest and dates returns were submitted
- agendas and minutes of Ordinary and Special Meetings of Council except where such minutes relate to parts of meetings which have been closed in accordance with the provisions of Section 89 (2) of the *Local Government Act 1989*
- list of special committees established which were abolished or ceased to operate
- minutes of meetings of special committees
- register of delegations under sections 87, 88 and 98 of the Act
- submissions received under Section 223
- agreement to establish regional library
- register of leases
- register of authorised officers appointed under Section 224
- list of donations and grants made by Council
- list of organisations of which Council was a member, including membership fees and other amounts and services.





## Current Local Laws

As at 30 June 2015, Council had two principal Local Laws in operation.

### **Local Law No 8 Meeting Procedure Local Law**

This local law regulates proceedings at meetings of Council, Special Committees and Advisory Committees; and regulates the use of the common seal.

### **Local Law No 17 Environment, Amenity and Asset Protection Local Law**

The purposes and general purport of the Local Law are to:

- provide for the peace order and good government of the Cardinia Shire Council;
- promote a physical and social environment in the municipal district free from hazards to health and safety and to prevent and suppress nuisances which may adversely affect persons;

- prohibit, regulate and control activities which may be dangerous or unsafe or detrimental to the quality of life, the environment and the amenity of the municipality;
- prohibit, regulate and control access to and behaviour in municipal places, buildings, recreation centres and reserves and to protect public assets vested in Council;
- define the standards to which persons engaged in building work should adhere, which aims to minimise the impact of building activities in respect of hazards to health and safety, the presence and disposal of builders refuse, rubbish and soil, stormwater and other pollution; and
- provide for the consistent application and enforcement of this Local Law.

Local Law 17 was adopted by Council on 15 June 2015 and repeals and replaces the previous Local Law 9 and Local Law 10.





## National Competition Policy Compliance

Cardinia Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2014 to 30 June 2015.

## Freedom of Information (FOI) report

In accordance with the *Freedom of Information Act 1982* reporting requirements, the following information is supplied for the period 1 July 2014 to 30 June 2015:

- (a) 23 FOI requests made to Cardinia Shire Council
- (b) 23 requests were made for full access to documents for the above period; no requests for part access to documents pursuant were made and no requests were pending as at 30 June 2015
- (c) Manager Governance Doug Evans is the designated officer with authority to make a decision in relation to a request
- (d) three applications for review were made to the Freedom of Information Commissioner
- (e) no application has been made to the Victorian Civil and Administrative Tribunal during the above period
- (f) no notices have been served on the agency under Section 12 (1)
- (g) no disciplinary action has been taken out against any officer in respect of the administration of this Act
- (h) a total charge of \$609.50 was levied on the applicants.

## Risk management

Council's risk management policy allocates responsibility for risk to appropriate managers. The policy ensures Council can appropriately deal with risk, protect its assets, including people and property, and create an environment where all employees assume responsibility for managing risk. The risk register is subject to ongoing updating and review to ensure that it is current and is reflective the corporate risk profile.

### Insurance and risk audits

Council has been subject to an audit by VERO Risk Engineering of the civic centre to assess exposures to the property by fire, allied and natural and natural perils. The recommendations of this audit are subject to regular review by management until they are finalised.

### Business continuity

The Business Continuity Plan has had an administration update during the year. This plan will assist Council in continuing to provide services to the community should Council business be interrupted by events such as emergencies. Council places a high level of importance on minimising the impact on service delivery to the community in the event of a business interruption.

## Occupational Health and Safety (OHS)

The Occupational Health and Safety Management System successfully achieved re-certification during the year following an audit by Lloyds Register Quality Assurance.

A review of our Health and Safety Committee structure was undertaken during the year. A new Committee was approved for the civic centre whilst the existing Operations and Cardinia Cultural Centre Committees remain unchanged. Each committee proactively supports the ongoing review and update of our Occupational Health and Safety Management System.

### Workplace safety

Council has maintained a strong focus in 2014–15 to create a positive safety culture. This has been implemented through structured education and awareness sessions with management and employees. Council continued to provide a proactive early intervention injury management program to its workforce to assist in effectively managing workplace injuries and WorkCover claims.

**Table 9. Governance and management checklist**

Item	Assessment	Yes/No
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: 21 October 2013	YES
Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines  Date of operation of current guidelines: 21 October 2013	YES
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: 16 June 2014	YES
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: 16 June 2014.	YES
Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans  Date of operation of current plans: 17 November 2014	YES
Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy  Date of operation of current strategy: 16 June 2014	YES
Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy  Date of operation of current policy: 3 August 2010	YES
Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy  Date of operation of current policy: 8 April 2014	YES
Municipal emergency management plan (plan under section 20 of the Emergency Management Act 1986 for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the Emergency Management Act 1986  Date of preparation: 11 May 2011.	YES
Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act</i>  Date of approval: 18 August 2013	YES
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 of current plan: 8 April 2013	YES
Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan  Date of operation of current plan: 8 April 2013	YES
Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework  Date of operation of current framework: 3 August 2010	YES

**Table 8. Governance and management checklist (cont.)**

Item	Assessment	Yes/No
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)	Established in accordance with section 139 of the Act Date of establishment: 1 July 1997	YES
Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged Date of engagement of current provider: 1 May 2013	YES
Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation of current framework: 1 July 2014	YES
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: 1 October 2014, 1 January 2015, 1 April 2015	YES
Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with section 138(1) of the Act Date statements presented: 17 November 2014, 16 February 2014	YES
Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Report Date of report: 27 January 2015	YES
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: 1 October 2014, 1 January 2015, 1 April 2015	YES
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)	Considered at a meeting of Council in accordance with section 134 of the Act Date report considered: 20 October 2014	YES
Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the Act Date reviewed: 19 August 2013	YES
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)	Reviewed in accordance with section 98(6) of the Act Date reviewed: 16 September 2013	YES
Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act Date local law made: 21 July 2014	YES



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



**Garry McQuillan**  
**CEO**

Dated: 21 September 2015



**Cr Leticia Wilmot**  
**Mayor**

Dated: 21 September 2015

## Performance Statement



## Description of municipality

Cardinia Shire is located south-east of Melbourne and is one of 10 'interface councils' around the perimeter of metropolitan Melbourne, providing a transition between urban and rural areas. The primary urban centre is Pakenham, which is 55km from Melbourne's central business district (CBD). Cardinia Shire is among the fastest and largest growing Local Government Area's (LGA) in Victoria and across Australia, with an average of three to four families moving into the area every day. It has a population of 87,000 and this is expected to increase by approximately 41,000 over the next 10 years.

Cardinia Shire covers an area of about 1,280km<sup>2</sup>, with a unique mix of urban growth area, rural landscape and dense bushland. The municipality is made up of 30 townships, of which 27 are considered rural. The northern part of the Shire is set in the foothills of the Dandenong Ranges, and includes Bunyip State Park and Cardinia Reservoir. Koo Wee Rup swamp and Westernport Bay are significant features of the southern part of Cardinia Shire.

## Sustainable Capacity Indicators

	Indicator	Result	Material variation
<b>Population</b>	<i>Expenses per head of municipal population</i> [Total expenses/Municipal population]	\$1,155.11	—
	<i>Infrastructure per head of municipal population</i> [Value of infrastructure/Municipal population]	\$6,916.71	—
	<i>Population density per length of road</i> [Municipal population/kilometres of local roads]	58.36	—
<b>Own-source revenue</b>	<i>Own-source revenue per head of municipal population</i> [Own-source revenue/Municipal population]	\$924.83	—
<b>Recurrent grants</b>	<i>Recurrent grants per head of municipal population</i> [Recurrent grants/Municipal population]	\$276.40	—
<b>Disadvantage</b>	<i>Relative socio-economic disadvantage</i> [Index of relative socio-economic disadvantage by docile]	8.00	—

## Definitions

"adjusted underlying revenue" means total income other than—

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

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

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

"municipal population" means the resident population based on data published by the Australian Bureau of Statistics on its website

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

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

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



## Performance Statement (cont.)

### Service Performance Indicators

Service	Indicator	Result	Material variation
<b>Aquatic facilities</b>	<b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities/ Municipal population]	9.78	—
<b>Animal management</b>	<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	15.00	—
<b>Food safety</b>	<b>Health and safety</b> <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%	—
<b>Governance</b>	<b>Satisfaction</b> <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]	54.00	—
<b>Libraries</b>	<b>Participation</b> <i>Active library members</i> [Number of active library members/Municipal population] x100	19.32%	—
<b>Maternal and Child Health (MCH)</b>	<b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year)/Number of children enrolled in the MCH service] x100	76.76%	—
	<b>Participation</b> <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</i>	72.78%	—
<b>Roads</b>	<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how Council has performed on the condition of sealed local roads]	55.00	—
<b>Statutory planning</b>	<b>Decision making</b> <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application/ Number of VCAT decisions in relation to planning applications] x100	80%	—
<b>Waste collection</b>	<b>Waste diversion</b> <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	46.24%	—

## Definitions

“Aboriginal child” means a child who is an Aboriginal person

“Aboriginal person” has the same meaning as in the Aboriginal Heritage Act 2006

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

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

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

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

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

“food premises” has the same meaning as in the Food Act 1984

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

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

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

“municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website

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

## Performance Statement (cont.)

### Financial Performance Indicators

Dimension	Indicator	Result	Forecasts				Material variation
		2015	2016	2017	2018	2019	
Efficiency	<b>Revenue level</b> <i>Average residential rate per residential property assessment</i> [Residential rate revenue/Number of residential property assessments]	\$1,684.24	\$1,782.62	\$1,805.20	\$1,825.67	\$1,845.16	—
	<b>Expenditure level</b> <i>Expenses per property assessment</i> [Total expenses/ Number of property assessments]	\$2,644.84	\$2,332.97	\$2,287.85	\$2,320.83	\$2,273.64	—
	<b>Workforce turnover</b> <i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations/ Average number of permanent staff for the financial year] x100	21.32%	0.00%	0.00%	0.00%	0.00%	The organisation has completed an internal review which created variances due to the movement of staff in 2014–15. This is considered a one-off adjustment and is not factored into future years.



## Financial Performance Indicators (cont.)

Dimension	Indicator	Result	Forecasts				Material variation
		2015	2016	2017	2018	2019	
Liquidity	<b>Working capital</b> Current assets compared to current liabilities [Current assets/Current liabilities] x100	198.29%	149.04%	144.72%	131.89%	128.47%	Current assets are higher than expected at year-end due to advance payment of VGC grant and increase in DCP funds being held. This is considered a one-off adjustment and is not factored into future years.
	<b>Unrestricted cash</b> Unrestricted cash compared to current liabilities [Unrestricted cash/Current liabilities] x100	83.06%	43.44%	41.87%	28.41%	23.49%	Due to the delay in the delivery of some capital works projects (to be delivered in 2015–16) the year-end cash position for 2014–15 is inflated.
Obligations	<b>Asset renewal</b> Asset renewal compared to depreciation [Asset renewal expense/Asset depreciation] x100	44.87%	64.43%	63.19%	56.76%	60.16%	The assets due for renewal on an annual basis are increasing due to the rate of development within the shire over the last 10 years.
	<b>Loans and borrowings</b> Loans and borrowings compared to rates [Interest bearing loans and borrowings/Rate revenue] x100	90.69%	88.85%	83.14%	76.24%	69.47%	Council purchased its new office using debt funding of \$20m dollars. Council has adopted a debt management strategy as part of its budget process to reduce debt to within the VAGO guidelines over the next four years.

## Performance Statement (cont.)

## Financial Performance Indicators (cont.)

Dimension	Indicator	Result	Forecasts				Material variation
		2015	2016	2017	2018	2019	
	<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings/Rate revenue] x100	17.05%	12.91%	12.94%	12.86%	12.50%	—
	<b>Indebtedness</b> <i>Non-current liabilities compared to own-source revenue</i> [Non-current liabilities/Own-source revenue] x100	71.25%	74.22%	68.84%	62.75%	57.44%	—
<b>Operating position</b>	<b>Adjusted underlying result</b> <i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/Adjusted underlying revenue] x100	4.29%	4.29%	3.72%	3.54%	4.18%	—
<b>Stability</b>	<b>Rates concentration</b> <i>Rates compared to adjusted underlying revenue</i> [Rate revenue/Adjusted underlying revenue] x100	65.14%	75.90%	77.20%	77.43%	77.84%	—
	<b>Rates effort</b> <i>Rates compared to property values</i> [Rate revenue/Capital improved value of rateable properties in the municipality] x100	0.42%	0.40%	0.40%	0.37%	0.37%	—

## Definitions

“adjusted underlying revenue” means total income other than—

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

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

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

“current assets” has the same meaning as in the AAS

“current liabilities” has the same meaning as in the AAS

“non-current assets” means all assets other than current assets

“non-current liabilities” means all liabilities other than current liabilities

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

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

“municipal population” means the resident population based on data published by the Australian Bureau of Statistics on its website

“rate revenue” means revenue from general rates, municipal charges, service rates and service charges

“recurrent grant” means a grant other than a non-recurrent grant

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

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

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



## Other information

For the year ended 30 June 2015.

### *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, services 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's information systems or from third parties.

The Performance Statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by Council's strategic resource plan. The Local Government (Planning and Reporting) Regulations 2015 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 16 June 2014 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 Financial Statements on page 90. The strategic resource plan can be obtained by contacting Council.



## Certification of the performance statement

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



Jo Harris

**Chief Financial Officer**

**Dated:** 21 September 2015

In our opinion, the accompanying performance statement of the Cardinia Shire Council for the year ended 30 June 2015 presents fairly the results of council's performance in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

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

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

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



Cr George Blenkhorn

**Councillor**

**Dated:** 21 September 2015



Cr Kate Lempriere

**Councillor**

**Dated:** 21 September 2015



Garry McQuillan

**Chief Executive Officer**

**Dated:** 21 September 2015



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## INDEPENDENT AUDITOR'S REPORT

**To the Councillors, Cardinia Shire Council**

### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2015 of Cardinia Shire Council which comprises the statement, the related notes and the certification of the performance statements has been audited.

### *The Councillors' Responsibility for the Performance Statement*

The Councillors of Cardinia 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.

*Auditing in the Public Interest*



## Independent Auditor's Report (continued)

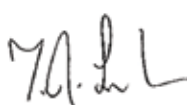
### *Independence*

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

### *Auditor's Opinion*

In my opinion, the performance statement of Cardinia Shire Council in respect of the 30 June 2015 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE  
23 September 2015

  
Dr Peter Frost  
Acting Auditor-General

# Financial Statements



# Understanding the financial statements

The financial statements are key reports that give information on how Council performed financially for the 2014–15 financial year, as well as giving an overall position of Council's finances at 30 June 2015.

The financial statements are prepared by council staff to meet the requirements of the Local Government Act 1989, the Local Government (Planning and Reporting) Regulations 2014, Australian Accounting Standards and Interpretations as well as the Local Government Model Financial Report, which are designed to standardise financial reporting for local government bodies throughout Victoria.

The Victorian Auditor-General's office audits the statements before approval in principle by Council's Audit Committee and Council itself. Council then forwards the financial statements to the Auditor-General for final approval.

For this financial year, Council has received a clear audit of its financial statements.

Five key financial reports and explanatory notes supporting the reports make-up the financial statements:

1. Comprehensive income statement
2. Balance sheet
3. Statement of changes in equity
4. Statement of cash flows
5. Statement of capital works

Each report has a purpose and provides the reader with information in relation to an aspect of Council's financial operations. When the statements are read in conjunction with each other, it assists in the overall understanding of Council's financial position.

## Comprehensive income statement

This includes information on:

- Sources of Council revenue.
- Expenses incurred in the delivery of services to the community and in running Council. These expenses do not include costs associated with the construction or purchase of assets. These are added to assets in the balance sheet. However, there is an operating expense for 'depreciation' that is the book value of assets used up during the year.
- Surplus/(deficit) for the year is the equivalent to Council's profit (loss) for the year. A profit means that the income was greater than the expenditure however this does not necessarily equal a cash profit. The majority of Council's profit comes from developer-contributed assets, which must be recognised as revenue, even though they are in the form of infrastructure assets, not cash.

## Balance sheet

This is a one-page snapshot of Council's financial position as at 30 June.

- Shows what Council owns as assets and what it owes as liabilities.
- The bottom line is total equity. This is the net worth of Council that has been built up over many years and equates to net assets (total assets less total liabilities).
- Assets and liabilities are separated into current and non-current. Generally speaking, current assets are those assets able to be converted to cash within 12 months. Current liabilities are those liabilities that are payable within 12 months. Non-current assets are those assets that are not expected to be converted to cash within 12 months. Non-current liabilities are those liabilities not required to be paid within the next 12 months.
- Accumulated surplus – the value of all net results from ordinary activities accumulated over time.
- Reserves – the sum of the opening recorded value of assets and equity, and any increase or decrease in their current values.

## Statement of changes in equity

This statement shows the changes in the value of total Councils' equity and how changes arose.

Main reasons for the changes are:

- 'Profit or loss' from operations, described in the statement as surplus/(deficit) for the year
- Any increase or decrease in Council asset values.
- Revaluation of Council assets – Council's non-current asset are reviewed regularly to ensure they are carried at fair value.

## Statement of cash flows

This includes information on:

- Cash payments and cash receipts for the year. The values in the cash flow from operating activities may differ from those shown in the comprehensive income statement because the statement is prepared on an accrual accounting basis.
- Bottom line of the statement of cash flows is the cash and cash equivalents at the end of the financial year, which is the physical cash held by Council at the end of the financial year. It must be considered that this cash is not surplus cash held at the end of the year. This cash is committed to current capital projects, as well as meeting Council's obligations in terms of its liabilities and provisions.



### ***Statement of capital works***

The statement of capital works summarises all the capital expenditure in relation to non-current assets for the year.

- Categorises capital works expenditure into renewal of assets, upgrading of assets, or creating new assets. Each of these categories has a different impact on Council's future services and costs.
- This includes expenditure on property such as land and buildings, plant and equipment and infrastructure such as roads, footpaths, drainage and recreational, leisure and community facilities.

### ***Notes to the accounts***

This is an important and informative section of the financial statements. To enable the reader to understand the basis on which the values shown in the statements are made, it is necessary to provide details of Council's accounting policies. These are described in Note 1.

- Gives details behind the figures contained in the statements. The note numbers are shown beside the relevant items in the comprehensive income statement, balance sheet, statement of changes in equity and statement of cash flows.
- Where Council wishes to disclose other information that cannot be incorporated into the statement, then this is also shown in the notes.
- Other notes include:
  - cost of various functions of Council.
  - breakdown of expenses, revenues, reserves and other assets.
  - contingent liabilities and contingent assets.
  - transactions with persons related to Council.

### ***Certification by Chief Finance Officer, Councillors, and Chief Executive Officer***

The Certification of the Financial Report by the Chief Finance Officer is a statement made by the person responsible for the financial management of Council that, in their opinion, the financial statements have met all the statutory and professional reporting requirements and they are fair and not misleading.

The financial report is also certified by two Councillors and the Chief Executive Officer that, in their opinion, the financial statements are fair and are not misleading or inaccurate.

### ***Auditor-General's report***

The independent audit report is an external and independent opinion of the financial statements.

It provides the reader with an independent opinion on the financial statements.

The opinion covers both the statutory and professional requirements and also the fairness aspects of the financial statements.

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# Comprehensive Income Statement

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Income</b>			
Rates and charges	3	68,405	62,731
Statutory fees and fines	4	3,167	3,045
User fees	5	4,136	3,427
Grants – operating	6	21,801	7,981
Grants – capital	6	3,720	4,496
Contributions – monetary	7	11,920	10,585
Contributions – non monetary	7	39,351	20,639
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	8	(861)	201
Net gain / (loss) on asset revaluation	9	(6,249)	-
Share of net profits/(losses) of associates and joint ventures	17	37	374
Other income	10	5,584	6,403
<b>Total Income</b>		<b>151,011</b>	<b>119,882</b>
<b>Expenses</b>			
Employee costs	11(a)	(31,352)	(30,111)
Materials and services	12	(40,173)	(42,426)
Bad and doubtful debts	13	(827)	(320)
Depreciation and amortisation	14	(15,571)	(14,493)
Borrowing costs	15	(4,202)	(3,340)
Other expenses	16	(2,130)	(2,305)
<b>Total expenses</b>		<b>(94,255)</b>	<b>(92,995)</b>
<b>Surplus/(deficit) for the year</b>		<b>56,756</b>	<b>26,887</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment(decrement)	30(a)	50,633	(22,502)
<b>Total comprehensive result</b>		<b>107,389</b>	<b>4,385</b>

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

# Balance Sheet

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	16,644	5,441
Trade and other receivables	19	16,763	21,648
Other financial assets	20	19,767	19,088
Inventories	21	16	26
Non-current assets classified as held for sale – Land	22	8,726	11,029
Other assets	23	560	705
<b>Total current assets</b>		<b>62,476</b>	<b>57,937</b>
<b>Non-current assets</b>			
Trade and other receivables	13	761	-
Investments in associates	14	1,432	1,395
Property, infrastructure, plant and equipment	15	904,743	780,377
Intangible assets	16	382	190
<b>Total non-current assets</b>		<b>907,318</b>	<b>781,962</b>
<b>Total assets</b>		<b>969,794</b>	<b>839,899</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	26	14,182	11,961
Trust funds and deposits	27	5,405	3,271
Provisions	28	5,624	4,704
Interest-bearing loans and borrowings	29	6,296	9,427
<b>Total current liabilities</b>		<b>31,507</b>	<b>29,363</b>
<b>Non-current liabilities</b>			
Provisions	28	1,593	2,531
Interest-bearing loans and borrowings	29	55,742	36,068
<b>Total non-current liabilities</b>		<b>57,335</b>	<b>38,599</b>
<b>Total liabilities</b>		<b>88,842</b>	<b>67,962</b>
<b>Net assets</b>		<b>880,952</b>	<b>771,937</b>
<b>Equity</b>			
Accumulated surplus		566,351	507,767
Reserves	30	314,601	264,170
<b>Total Equity</b>		<b>880,952</b>	<b>771,937</b>

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



# Statement of Changes in Equity

For the Year Ended 30 June 2015

## 2015

	Note	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		771,937	507,767	235,564	28,606
Other adjustments to opening balances		1,626	1,626		
Surplus/(deficit) for the year		56,756	56,756	-	-
Net asset revaluation increment/(decrement)	30(a)	50,633	-	50,633	-
Transfers to other reserves	30(b)	-	(11,642)	-	11,642
Transfers from other reserves	30(b)	-	11,844	-	(11,844)
<b>Balance at end of the financial year</b>		<b>880,951</b>	<b>566,351</b>	<b>286,197</b>	<b>28,404</b>

## 2014

	Note	Total	Accumulated Surplus	Revaluation Reserve	Other Reserves
		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		765,845	483,011	258,066	24,768
Other adjustments to opening balances		1,707	1,707		
Surplus/(deficit) for the year		26,887	26,887	-	-
Net asset revaluation increment/(decrement)	30(a)	(22,502)	-	(22,502)	-
Transfers to other reserves	30(b)	-	(9,103)	-	9,103
Transfers from other reserves	30(b)	-	5,266	-	(5,266)
<b>Balance at end of the financial year</b>		<b>771,937</b>	<b>507,767</b>	<b>235,564</b>	<b>28,606</b>

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

# Statement of Cash Flows

For the Year Ended 30 June 2015

		2015	2014
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Rates and charges		67,555	62,654
Statutory fees and fines		3,537	3,336
User fees		9,207	5,693
Grants – operating		21,677	–
Grants – capital		4,170	12,082
Contributions – monetary		10,697	7,822
Interest received		1,438	1,181
Other receipts		4,723	3,148
Net GST refund/payment		7,971	5,602
Employee costs		(31,298)	(32,225)
Materials and services		(47,147)	(50,689)
<b>Net cash provided by/(used in) operating activities</b>	31	<b>52,530</b>	<b>18,604</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	24	(59,697)	(30,487)
Proceeds from sale of property, infrastructure, plant and equipment		6,708	2,877
Payments for investments		(4,030)	(5,575)
Proceeds from sale of investments		3,352	2,747
<b>Net cash provided by/(used in) investing activities</b>		<b>(53,667)</b>	<b>(30,437)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(4,203)	(3,340)
Proceeds from borrowings		24,000	4,000
Repayment of borrowings		(7,457)	(5,640)
<b>Net cash provided by/(used in) financing activities</b>		<b>12,340</b>	<b>(4,980)</b>
Net increase (decrease) in cash and cash equivalents		11,204	(16,813)
Cash and cash equivalents at the beginning of the financial year		5,441	22,254
<b>Cash and cash equivalents at the end of the financial year</b>	32	<b>16,644</b>	<b>5,441</b>
Financing arrangements	33		
Restrictions on cash assets	18		

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

# Statement of Capital Works

For the Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
<b>Property</b>			
Land		6,205	3,269
<b>Total land</b>		<b>6,205</b>	<b>3,269</b>
Buildings		15,414	11,719
Building improvements		15,049	
<b>Total buildings</b>		<b>30,463</b>	<b>11,719</b>
<b>Total property</b>		<b>36,668</b>	<b>14,988</b>
<b>Plant and equipment</b>			
Plant, machinery and equipment		1,892	1,584
Fixtures, fittings and furniture		1,111	90
Computers and telecommunications		1,013	244
<b>Total plant and equipment</b>		<b>4,016</b>	<b>1,918</b>
<b>Infrastructure</b>			
Roads		5,642	3,813
Bridges		193	406
Footpaths and cycleways		2,452	1,525
Drainage		1,318	1,480
Recreational, leisure and community facilities		4,105	2,564
Parks, open space and streetscapes		737	121
Off street car parks		452	632
<b>Total infrastructure</b>		<b>14,899</b>	<b>10,542</b>
<b>Total capital works expenditure</b>		<b>55,583</b>	<b>27,448</b>
<b>Represented by:</b>			
New asset expenditure		45,122	16,393
Asset renewal expenditure		6,987	6,759
Asset upgrade expenditure		3,059	4,110
Other		415	186
<b>Total capital works expenditure</b>		<b>55,583</b>	<b>27,448</b>

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

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Introduction

The Cardinia 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 20 Siding Avenue, Officer.

## 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, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

## Note 1 Significant accounting policies

### (a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 1 (l) )
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 1 (m) )
- the determination of employee provisions (refer to note 1 (s) )

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) Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full

### (d) 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.

### (e) 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.



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 1 Significant accounting policies (cont.)

### (e) Revenue recognition (cont.)

#### *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.

#### *Rental*

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

#### *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.

### (f) 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 Ended 30 June 2015

## Note 1 Significant accounting policies (cont.)

### (f) Fair value measurement (cont.)

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

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

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

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

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

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

### (g) Cash and cash equivalents

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

### (h) 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.

### (i) Other financial assets

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

### (j) 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.

### (k) 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 Ended 30 June 2015

## Note 1 Significant accounting policies (cont.)

### (l) 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 m have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

#### *Revaluation*

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use 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 24, Property, infrastructure, plant and equipment, and infrastructure.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 4 years. The valuation is performed either by experienced council officers or independent experts.

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

#### *Land under roads*

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

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

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

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

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

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

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

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 1 Significant accounting policies (cont.)

### (m) Depreciation and amortisation of property, infrastructure, plant and equipment and intangibles (cont.)

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit
	years	\$'000
Property		
land	-	10
land improvements	-	10
Buildings		
heritage buildings	10 - 200	5
buildings	10 - 200	5
building improvements	10 - 200	5
Plant and Equipment		
plant, machinery and equipment	5 - 15	5
fixtures, fittings and furniture	8 - 15	5
computers and telecommunications	3 - 15	5
Infrastructure		
road pavements and seals	10 - 70	10
road substructure	10 - 70	10
road formation and earthworks	0	10
road kerb, channel and minor culverts	10 - 70	10
bridges deck	20 - 100	10
bridges substructure	20 - 100	10
footpaths and cycleways	10 - 50	10
drainage	100	10
recreational, leisure and community facilities	10 - 100	5
parks, open space and streetscapes	10 - 100	5
off street car parks	10 - 70	10
Intangible assets		
intangible assets	5	5

### (n) 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.

### (o) Investment property

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

### (p) 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.



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 1 Significant accounting policies (cont.)

### (q) 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 27).

### (r) Borrowings

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

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

#### *Borrowing costs*

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

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

### (s) 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.

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 1 Significant accounting policies (cont.)

### (t) 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 the term of the lease.

#### *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.

### (u) Goods and Services Tax (GST)

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

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

### (v) 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 the right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet are disclosed at Note 36 Contingent Liabilities and Contingent Assets.

### (w) Contingent assets and contingent liabilities and commitments

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.

### (x) Pending accounting standards

Certain new AASB's have been issued that are not mandatory for the 30 June 2015 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.

### (y) Rounding

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

# Notes to the Financial Report

For the Year Ended 30 June 2015

## 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 the lower of 10% percent or \$500K 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 16 June 2014. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

### a) Income and Expenditure

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
<b>Income</b>				
Rates and charges	67,274	68,405	1,131	1
Statutory fees and fines	2,711	3,167	456	2
User fees	3,964	4,136	172	
Grants – operating	12,034	21,801	9,767	3
Grants – capital	3,389	3,720	330	
Contributions – monetary	2,570	11,920	9,350	4
Contributions – non monetary	10,000	39,351	29,351	5
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	858	(861)	(1,719)	6
Net gain / (loss) on asset revaluation	-	(6,249)	(6,249)	7
Share of net profits/(losses) of associates and joint ventures	-	37	37	
Other income	2,913	5,584	2,671	8
<b>Total income</b>	<b>105,715</b>	<b>151,011</b>	<b>45,296</b>	
<b>Expenses</b>				
Employee costs	30,568	31,352	(784)	9
Materials and services	37,305	40,173	(2,868)	10
Bad and doubtful debts	48	827	(779)	11
Depreciation and amortisation	16,033	15,571	462	
Borrowing costs	4,591	4,202	389	
Other expenses	2,583	2,130	453	12
<b>Total expenses</b>	<b>91,128</b>	<b>94,255</b>	<b>(3,127)</b>	
<b>Surplus/(deficit) for the year</b>	<b>14,587</b>	<b>56,756</b>	<b>42,169</b>	

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 2 Budget comparison (cont.)

### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Rates, including supplementary rates, are better than budget due to an increase in the number of rateable properties. These have been partly offset by garbage charge and green waste bin revenue, which are both under budget due to lower than expected new services.
2	Statutory fees and fines	Development fees (design checking and supervision) are better than budget due to an increase in development activity, and Health and Animal fees are all better than budget due to a higher number of registrations, but have been partly offset by Local Laws and Animal fines which are both under budget due to better compliance.
3	Grants – operating	The favourable variance is primarily due to the receipt of unbudgeted grants, the major ones being \$4.863m for flood rectification works for the 2011 and 2012 floods across the Shire, and a \$4.513m advance payment of part of the 2015/16 Victoria Grants Commission (VGC) grant.
4	Contributions – monetary	This includes operating and capital cash contributions, as well as development levies. Development levies include developer levies, community infrastructure levies, and public open space levies, and make up \$9.164m of the favourable variance, which is due to an increase in development activity.
5	Contributions – non monetary	Non-cash contributions include roads, footpaths, drains, bridges, and land under roads contributed by developers. The value of developer contributed assets for the year is significantly better than budget, due to the budget being a conservative estimate of contributions to be received.
6	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	Unfavourable variance is due to lower than expected net income from the sale of plant and machinery and the unbudgeted net cost of disposal of infrastructure assets, partly offset by net income from sale of land at South East Business Park.
7	Net gain / (loss) on asset revaluation	During the year there was a decline in the value for some asset categories as the cost to construct was higher than the replacement cost
8	Other income	The favourable variance primarily relates to cost recovery income, which are costs recovered from external parties for expenditure incurred, which is significantly better than budget due to the inclusion of several major items, the most significant being drainage works done on behalf of Melbourne Water. Interest on investments are better than budget due to higher cash and cash equivalents and other financial assets balances than budgeted.
9	Employee costs	Unfavourable variance is primarily due to staffing changes during the year, partly offset by a reduction in employee leave provisions.
10	Materials and services	A total of \$4.136m of Capital Works, Community Capital Works, and Priority Works operating expenditure, which is budgeted within the Capital Works Program, has been recognised. This has been partly offset by contracts, which are under budget by a total of \$1.291m, with the major variances being in the waste and parks & gardens contracts.
11	Bad and doubtful debts	A significant increase in the doubtful debts provision relates to rates, which was not budgeted.
12	Other expenses	The under expenditure is primarily a result of garbage collection other expenses being under budget partly due to lower than expected garbage and compost bin rebates being issued, and printers lease costs being under budget due to the distribution of printing costs across business units. These have been partly offset by Priority Works projects expenditure, which is budgeted within the Capital Works Program.



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 2 Budget comparison (cont.)

### b) Capital Works

	Budget 2015 \$'000	Actual 2015 \$'000	Variance 2015 \$'000	Ref
<b>Property</b>				
Land	(350)	6,205	6,555	1
<b>Total Land</b>	<b>(350)</b>	<b>6,205</b>	<b>6,555</b>	
Buildings	980	15,414	14,434	
Building improvements	-	15,049	15,049	
<b>Total Buildings</b>	<b>980</b>	<b>30,463</b>	<b>29,483</b>	2
<b>Total Property</b>	<b>630</b>	<b>36,668</b>	<b>36,038</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	2,008	1,892	(116)	
Fixtures, fittings and furniture	-	1,111	1,111	3
Computers and telecommunications	450	1,013	563	4
<b>Total Plant and Equipment</b>	<b>2,458</b>	<b>4,016</b>	<b>1,558</b>	
<b>Infrastructure</b>				
Roads	6,833	5,642	(1,191)	5
Bridges	600	193	(407)	6
Footpaths and cycleways	1,496	2,452	956	7
Drainage	280	1,318	1,038	8
Recreational, leisure and community facilities	5,480	4,105	(1,375)	9
Parks, open space and streetscapes	1,860	737	(1,123)	10
Off street car parks	190	452	262	11
Other infrastructure	755	-	(755)	12
<b>Total Infrastructure</b>	<b>17,494</b>	<b>14,899</b>	<b>(2,595)</b>	
<b>Total Capital Works Expenditure</b>	<b>20,582</b>	<b>55,583</b>	<b>35,001</b>	
<b>Represented by:</b>				
New asset expenditure	6,130	45,122	38,992	13
Asset renewal expenditure	9,814	6,987	(2,827)	14
Asset upgrade expenditure	4,637	3,059	(1,578)	15
Other	-	415	415	
<b>Total Capital Works Expenditure</b>	<b>20,582</b>	<b>55,583</b>	<b>35,001</b>	

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 2 Budget comparison (cont.)

### b) Capital Works (cont.)

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Actual expenditure includes the strategic purchase of land for future parklands funded by the Developer Contribution Plan (DCP) levies. Budget amount is for land acquisitions, offset by revenue from land sales.
2	Buildings	Significant variance is due to purchase of the new Civic Centre in Officer. Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists. Also contributing to the variance is the Cockatoo Memorial, which was funded by grants and unspent funds from previous years.
3	Fixtures, fittings and furniture	Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists.
4	Computers and telecommunications	Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists.
5	Roads	This variance is mainly due to underspending in this category in pavement renewals, Island Road special charge scheme, and Lang Lang bypass, and also to reclassification of items to other categories. The major item of expenditure is McGregor Road duplication, which has been funded by unspent funds from previous years.
6	Bridges	The majority of the bridge replacement/upgrade program unspent funds will be carried over to complete a planned project, for which matching external funding has also been received, next financial year.
7	Footpaths and cycleways	Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists. Additionally, expenditure for McGregor Road footpaths and other projects has been recognised here but budgeted in other categories.
8	Drainage	Expenditure on drainage for projects such as Recreation Reserve Resurfacing and IYU Recreation Reserve has been expended here but budgeted elsewhere.
9	Recreational, leisure and community facilities	Major budgeted works is IYU Recreation Reserve, which is slightly over expended but offset by unspent funds from previous years. Also included is continuing development at Holm Park Recreation Reserve. Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists.
10	Parks, open space and streetscapes	Main items included here are landscaping works at Toomah Community Centre, as well as the Open Space renewal program and Township Strategy projects. Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists.
11	Off street car parks	Expenditure in this category mainly relates to car park works at IYU Recreation Reserve, and has been budgeted elsewhere.
12	Other infrastructure	The budget includes amounts for Community Capital Works grants, which are expended from operating accounts, and Township Strategy funds, which has been expended elsewhere.

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 2 Budget comparison (cont.)

### b) Capital Works (cont.)

#### (i) Explanation of material variations (cont.)

Variance Ref	Item	Explanation
13	New asset expenditure	Assets associated with the new civic centre have been allocated to appropriate asset categories, as per accounting standards. These items were not budgeted in these categories, as a result a variance between actual and budget exists.
14	Asset renewal expenditure	Asset renewal projects are under budget, the major variance being in road pavement renewals.
15	Asset upgrade expenditure	Asset upgrade projects are over budget, the major variance being the McGregor Road duplication project which has been funded by unspent funds from previous years.

# Notes to the Financial Report

For the Year Ended 30 June 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 CIV of a property is the market value as determined by the Municipal Valuer as at 1 January 2014.

The valuation base used to calculate general rates for 2014/15 was \$15,786 million (2013/14 \$15,125 million). The 2014/15 rate in the Capital Improved Value dollar was 0.003419 (0.0033 2013/14, ).

	2015 \$'000	2014 \$'000
General Rates	56,595	53,018
Waste management charge	9,855	9,139
Supplementary rates and rate adjustments	1,931	574
Cultural and recreational	24	-
<b>Total rates and charges</b>	<b>68,405</b>	<b>62,731</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014

## Note 4 Statutory fees and fines

Infringements and costs	811	1,133
Court recoveries	12	-
Town planning fees	1,386	1,044
Land information certificates	84	69
Permits	875	799
<b>Total statutory fees and fines</b>	<b>3,167</b>	<b>3,045</b>

## Note 5 User fees

Aged and health services	61	37
Leisure centre and recreation	405	327
Child care/children's programs	1,656	1,425
Parking	78	55
Registration and other permits	368	314
Building / rental services	600	572
Sec 86 Committee	895	647
Other fees and charges	73	50
<b>Total user fees</b>	<b>4,136</b>	<b>3,427</b>



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 6 Grants

Grants were received in respect of the following:

### Summary of grants

Commonwealth funded grants

State funded grants

### Total\*

### Operating Grants

*Recurrent – Commonwealth Government*

Victoria Grants Commission

Family and children

Community Health

Environment and Heritage

Other

*Recurrent – State Government*

School crossing supervisors

Maternal and child health

Recreation

Community safety

Best Start Program

Community Health

Disability

Emergency Management

Environment and Heritage

Family and children

Local infrastructure

Other

### Total recurrent operating grants

### Total operating grants

### Capital Grants

*Recurrent – Commonwealth Government*

Victoria Grants Commission

Roads to recovery

### Total recurrent capital grants

*Non-recurrent – Commonwealth Government*

Local infrastructure

*Non-recurrent – State Government*

Local infrastructure

Recreation

### Total non-recurrent capital grants

### Total capital grants

### Conditions on grants

Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:

Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:

Net increase/(decrease) in restricted assets resulting from grant revenues for the year:

	2015	2014
	\$'000	\$'000
	16,333	6,499
	9,188	5,978
	<b>25,521</b>	<b>12,477</b>
	13,572	4,379
	141	124
	-	116
	6	-
	20	26
	180	170
	941	887
	122	127
	120	45
	129	108
	906	902
	133	128
	60	52
	332	261
	188	137
	4,863	505
	86	15
	<b>21,801</b>	<b>7,981</b>
	<b>21,801</b>	<b>7,981</b>
	1,077	352
	1,171	1,292
	<b>2,248</b>	<b>1,644</b>
	346	211
	948	1,595
	179	1,046
	<b>1,472</b>	<b>2,852</b>
	<b>3,720</b>	<b>4,496</b>
	1,703	2,027
	1,236	4,242
	<b>467</b>	<b>(2,215)</b>

\* See Note 2 for explanation regarding the grant movement

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 7 Contributions

### (a) Monetary

Other Contributions	662	1,068
Community Facility Fund	985	919
Public Open Space	1,124	603
Developer – Levies	8,654	7,596
Non-Capital Contributions	495	399
<b>Total monetary contributions</b>	<b>11,920</b>	<b>10,585</b>

### (b) Non-monetary

Developer Contributed Assets		
Land Under Roads	2,645	1,673
Roads & Footpaths	16,227	5,645
Drains	11,360	2,886
Land	-	5,500
Bridges	37	-
Building & Community	5,488	-
Community Capital Works	207	326
Development levy income credited via works-in-progress	3,387	4,609
<b>Total non-monetary contributions</b>	<b>39,351</b>	<b>20,639</b>

### Total contributions

	<b>51,271</b>	<b>31,224</b>
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## Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Gross Proceeds of sale	15,255	5,609
Less Costs incurred by Developers	(11,460)	(3,320)
Net Proceeds received by Council	3,795	2,289
Write down value of assets disposed	(4,656)	(2,089)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(861)</b>	<b>201</b>

## Note 9 Net gain / (loss) on asset revaluation

Land	2,800	-
Roads	(8,888)	-
Off street car parks	(161)	-
	<b>(6,249)</b>	<b>-</b>

## Note 10 Other income

Interest on Investments	1,212	970
Interest on Rates	218	202
Debt Collection Costs Recovered from Ratepayers	317	588
Insurance Claims	9	51
Cardinia Cultural Centre Cost Recoveries	195	154
Animals	160	89
Waste Management	489	550
Other Cost Recoveries	2,414	1,230
Re-instatement of impaired assets*	-	2,371
Other Income	570	198
<b>Total other income</b>	<b>5,584</b>	<b>6,403</b>

\*Assets re-instatement from the floods in February 2011 and June 2012.

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 11 (a) Employee costs

	2015 \$'000	2014 \$'000
Wages and salaries	25,975	23,893
WorkCover	511	618
Casual Staff	383	344
Superannuation	2,422	2,246
Long service leave	785	1,478
Annual leave	189	481
Sick leave	720	774
Fringe benefits tax	342	253
Other	25	24
<b>Total employee costs</b>	<b>31,352</b>	<b>30,111</b>

## Note 11 (b) Superannuation

Council made contributions to the following funds:

### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	169	191
	<u>169</u>	<u>191</u>

### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	2,253	2,021
Employer contributions – other funds	–	34
	<u>2,253</u>	<u>2,055</u>
Employer contributions payable at reporting date.	18	45

Cardinia Shire Council makes all of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (The Fund). This Fund has two categories of membership, accumulation and defined 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 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 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

### Defined Benefit

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

There is no potential 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 Cardinia Shire Council in the Fund cannot be measured as a percentage compared with the other participating employers. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 12 Materials and services

	2015	2014
	\$'000	\$'000
Materials and services	11,911	12,462
Contract payments	20,046	21,902
General maintenance	3,094	3,109
Utilities	2,189	2,177
Consultants	1,407	1,291
Legal	628	430
Insurance	720	727
Cost recoveries	178	328
<b>Total materials and services</b>	<b>40,173</b>	<b>42,426</b>

## Note 13 Bad and doubtful debts

Local laws	170	258
Rates debtors	571	-
Other	86	62
<b>Total bad and doubtful debts</b>	<b>827</b>	<b>320</b>

## Note 14 Depreciation and amortisation

Property	2,894	3,481
Plant and equipment	1,552	1,609
Infrastructure	11,059	9,298
Intangible assets	66	105
<b>Total depreciation and amortisation</b>	<b>15,571</b>	<b>14,493</b>

Refer to note 24 for a more detailed breakdown of depreciation and amortisation charges

## Note 15 Borrowing costs

Interest – Borrowings	4,011	3,163
Bank charges	191	177
<b>Total borrowing costs</b>	<b>4,202</b>	<b>3,340</b>

## Note 16 Other expenses

Auditors' remuneration – VAGO – audit of the financial statements, performance statement and grant acquittals	78	75
Auditors' remuneration – Internal	106	126
Councillors' allowances	280	275
Operating lease rentals	718	788
Other expenses	948	1,041
<b>Total other expenses</b>	<b>2,130</b>	<b>2,305</b>



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 17 Investment in associates

### a) Investments in associates

Investments in associates accounted for by the equity method is:

Casey Cardinia Library Corporation

### Fair value of Council's investment in Casey Cardinia Library Corporation

### Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus(deficit) at start of year

Reported surplus(deficit) for year

Distributions for the year

### Council's share of accumulated surplus(deficit) at end of year

	2015	2014
	\$'000	\$'000
	1,432	1,395
	<b>1,432</b>	<b>1,395</b>
	1,395	1,021
	26	(12)
	11	386
	<b>1,432</b>	<b>1,395</b>

### Background

Library service run by City of Casey and Cardinia Shire Council. Cardinia Shire has equity in the library. The equity for 2014/15 (based on the audited library statements) is 25.6% (2013/14 25.4%)

## Note 18 Cash and cash equivalents

Cash on hand

Cash at bank

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

– Trust funds and deposits (Note 27)

### Total restricted funds

### Total unrestricted cash and cash equivalents

	2	3
	16,642	5,438
	<b>16,644</b>	<b>5,441</b>
	5,405	3,271
	<b>5,405</b>	<b>3,271</b>
	<b>11,239</b>	<b>2,170</b>

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 19 Trade and other receivables

### Current

Rates debtors	6,896	5,834
Infringement debtors	138	186
Cardinia road developoer contribution plan debtors	3,269	4,696
Officer developer contribution plan debtors	813	2,583
Vicroads developoer contribution plan debtors	2,979	2,728
Net GST receivable	1,077	1,533
Special rate scheme	-	870
Bonds	-	21
Other debtors	2,224	3,257
Provision for doubtful debts – other debtors	(633)	(60)

### Total current trade and other receivables

	<b>16,763</b>	<b>21,648</b>
--	---------------	---------------

### Non-current

Special rate scheme	753	-
Bonds	8	-

### Total non-current trade and other receivables

	<b>761</b>	<b>-</b>
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### Total trade and other receivables

	<b>17,524</b>	<b>21,648</b>
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### 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)	2,272	6,163
Past due by up to 30 days	1,865	44
Past due between 31 and 180 days	124	2,164
Past due between 181 and 365 days	511	356
Past due by more than 1 year	4,757	3,139

### Total trade and other receivables

	<b>9,529</b>	<b>11,866</b>
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### b) Movement in provisions for doubtful debts

Balance at the beginning of the year	(60)	(62)
New Provisions recognised during the year	(615)	(37)
Amounts already provided for and written off as uncollectible	7	38
Amounts provided for but recovered during the year	35	1

### Balance at end of year

	<b>(633)</b>	<b>(60)</b>
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# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 20 Other financial assets

Call deposits

**Total other financial assets**

## Note 21 Inventories

Inventories held for distribution

**Total inventories**

## Note 22 Non current assets classified as held for sale – Land

Cost of acquisition

**Total non current assets classified as held for resale**

## Note 23 Other assets

Prepayments

Accrued income

**Total other assets**

	2015	2014
	\$'000	\$'000
Call deposits	19,767	19,088
<b>Total other financial assets</b>	<b>19,767</b>	<b>19,088</b>
Inventories held for distribution	16	26
<b>Total inventories</b>	<b>16</b>	<b>26</b>
Cost of acquisition	8,726	11,029
<b>Total non current assets classified as held for resale</b>	<b>8,726</b>	<b>11,029</b>
Prepayments	421	418
Accrued income	139	287
<b>Total other assets</b>	<b>560</b>	<b>705</b>

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 24 Property, infrastructure plant and equipment

Land and Buildings	Note	Buildings & structures									
		Land – specialised	Land – non specialised	Total Land	Heritage Buildings	Buildings – specialised	Buildings – specialised	– non specialised	Building Improvements	Total Buildings	Work In Progress
At fair value 1 July 2014		111,485	150,276	261,761	1,493	103,487	28,414	199	133,592	14,051	409,404
Accumulated depreciation at 1 July 2014		-	-	-	(1,289)	(43,635)	(17,685)	(136)	(62,744)	-	(62,744)
		111,485	150,276	261,761	204	59,852	10,729	64	70,848	14,051	346,660
<b>Movements in fair value</b>											
Acquisition of assets at fair value		14,101	2,416	16,517	-	-	-	-	-	30,483	47,000
Prior year adjustments to fair value		283	10	293	-	-	-	(129)	(129)	-	164
Revaluation increments/decrements		(5,337)	30,891	25,554	(1,312)	(40,786)	(14,685)	847	(55,936)	-	(30,382)
Fair value of assets disposed		(1,140)	-	(1,140)	-	-	-	-	-	-	(1,140)
Transfers		(49)	-	(49)	-	5,398	9,219	16,227	30,844	(40,841)	(10,046)
		7,858	33,317	41,175	(1,312)	(35,388)	(5,466)	16,944	(25,222)	(10,358)	5,595
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation		-	-	-	(26)	(2,078)	(600)	(190)	(2,894)	-	(2,894)
Prior year adjustments to fair value		-	-	-	-	-	-	129	129	-	129
Revaluation increments/decrements		-	-	-	1,315	45,184	18,285	202	64,985	-	64,985
Transfers		-	-	-	-	529	-	(4)	524	-	524
		-	-	-	1,289	43,635	17,685	136	62,744	-	62,744
At fair value 30 June 2015		119,343	183,592	302,935	181	68,099	22,948	17,143	108,371	3,693	414,999
Accumulated depreciation at 30 June 2015		-	-	-	-	-	-	-	-	-	-
		119,343	183,592	302,935	181	68,099	22,948	17,143	108,371	3,693	414,999



**Note 24 Property, infrastructure plant and equipment (cont.)**

<b>Plant and Equipment</b>	<b>Note</b>	<b>Plant machinery and equipment</b>	<b>Fixtures and fittings and furniture</b>	<b>Computers and telecomms</b>	<b>Work In Progress</b>	<b>Total plant and equipment</b>
At fair value 1 July 2014		11,545	2,100	834	202	<b>14,681</b>
Accumulated depreciation at 1 July 2014		(4,451)	(1,505)	(643)		<b>(6,599)</b>
		7,094	595	191	202	<b>8,082</b>
<b>Movements in fair value</b>						
Acquisition of assets at fair value		1,892	-	-		<b>1,892</b>
Fair value of assets disposed		(1,802)	-	-		<b>(1,802)</b>
Transfers			1,111	1,215	(202)	<b>2,124</b>
		90	1,111	1,215	(202)	<b>2,214</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation		(1,361)	(111)	(80)		<b>(1,552)</b>
Accumulated depreciation of disposals		1,139	-	-		<b>1,139</b>
		(222)	(111)	(80)		<b>(413)</b>
At cost value 30 June 2015		11,635	3,211	2,049	-	<b>16,895</b>
Accumulated depreciation at 30 June 2015		(4,673)	(1,616)	(723)	-	<b>(7,012)</b>
		6,962	1,595	1,326	-	<b>9,883</b>

**Notes to the Financial Report**

For the Year Ended 30 June 2015

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 24 Property, infrastructure plant and equipment (cont.)

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and Community	Parks open spaces and streetscapes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
At fair value 1 July 2014		284,197	64,693	55,113	125,091	20,712	3,568	8,306	399	12,988	575,067
Accumulated depreciation at 1 July 2014		(85,472)	(22,490)	(10,430)	(17,824)	(9,188)	(1,762)	(2,161)	(105)	-	(149,432)
		198,725	42,203	44,683	107,267	11,524	1,806	6,145	294	12,988	425,635
<b>Movements in fair value</b>											
Acquisition of assets at fair value		12,127	37	2,745	14,001	71	55	172	-	27,797	57,005
Prior year adjustments to fair value		107	249	(60)	1,735	(725)	-	-	79	-	1,385
Revaluation increments/decrements		(7,051)	(425)	3,738	14,172	-	-	35	-	-	10,469
Fair value of assets disposed		(754)	(241)	(254)	(146)	-	-	(38)	-	-	(1,433)
Transfers		11,137	1,871	4,211	4,172	6,426	1,249	1,139	-	(27,945)	2,260
		15,566	1,491	10,380	33,934	5,772	1,304	1,308	79	(147)	69,687
<b>Movements in accumulated depreciation</b>											
Depreciation and amortisation		(6,784)	(793)	(1,131)	(1,439)	(570)	(153)	(175)	(14)	-	(11,059)
Prior year adjustments to fair value		(13)	(76)	-	(449)	202	-	-	(44)	-	(380)
Revaluation increments/decrements		(234)	(505)	(941)	(2,329)	-	-	(196)	-	-	(4,205)
Accumulated depreciation of disposals		340	184	143	34	-	-	6	-	-	707
Transfers		-	-	-	(2)	(522)	-	-	-	-	(524)
		(6,691)	(1,190)	(1,929)	(4,185)	(890)	(153)	(364)	(58)	-	(15,461)
At fair value 30 June 2015		299,763	66,184	65,493	159,025	26,484	4,872	9,614	478	12,841	644,754
Accumulated depreciation at 30 June 2015		(92,163)	(23,680)	(12,359)	(22,009)	(10,078)	(1,915)	(2,525)	(163)	-	(164,893)
		207,600	42,504	53,134	137,016	16,406	2,957	7,089	315	12,841	479,861

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 24 Property, infrastructure, plant and equipment (cont.)

### Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Bianca Schewtschenko-Bywater AAPI, Certified Practising Valuer 77946 from Westlink Consulting. 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 the Council's land and buildings and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 2	Level 3
Land – Non-specialised	183,592	–
Land – Specialised	–	119,343
Heritage Buildings	126	55
Buildings – specialised	–	68,099
Buildings – non specialised	22,948	–
Building Improvements	16,001	1,142
	<b>222,667</b>	<b>188,639</b>

### Valuation of infrastructure

Valuation of infrastructure assets has been performed by the Council's asset management officer who has over fifteen years experience in local government asset management, including undertaking condition assessments, managing asset systems, and undertaking valuations/revaluations of non-current assets. The valuation was performed based on the depreciated reproduction cost of the assets.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2015 are as follows:

	Level 3
Roads	207,600
Bridges	42,504
Footpaths and cycleways	53,134
Drainage	137,016
Recreational, leisure and Community	16,406
Parks open spaces and streetscapes	2,957
Off street car parks	7,089
Other Infrastructure	315
	<b>467,020</b>

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 24 Property, infrastructure, plant and equipment (cont.)

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.34 and \$6750.00 per square metre.

**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 1.67 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

### Reconciliation of specialised land

Land under roads  
Parks and reserves

### Total specialised land

2015	2014
19,076	15,363
100,267	96,122
<b>119,343</b>	<b>111,485</b>

## Note 25 Intangible assets

Software

### Total intangible assets

2015	2014
\$'000	\$'000
382	190
<b>382</b>	<b>190</b>

### Gross carrying amount

Balance at 1 July 2013  
Other

Balance at 1 July 2014  
Other

### Balance at 30 June 2015

### Accumulated amortisation and impairment

Balance at 1 July 2013  
Amortisation expense

Balance at 1 July 2014  
Amortisation expense

### Balance at 30 June 2015

Work in progress at 30 June 2015

Net book value at 30 June 2014

### Net book value at 30 June 2015

### Software

1,444  
134

1,578  
115

### 1,693

1,281  
107

1,388  
66

### 1,454

143

190

### 382



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 26 Trade and other payables

Trade payables  
Accrued expenses  
Income in Advance

### Total trade and other payables

2015	2014
\$'000	\$'000
9,795	9,681
2,435	1,376
1,952	904
<b>14,182</b>	<b>11,961</b>

## Note 27 Trust funds and deposits

Refundable deposits  
Fire services levy  
Retention  
Trust Funds

### Total trust funds and deposits

2015	2014
\$'000	\$'000
5,044	2,889
62	34
139	265
160	83
<b>5,405</b>	<b>3,271</b>

#### *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

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.

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

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 28 Provisions

	Annual leave	Long Service Leave	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2015</b>				
Balance at beginning of the financial year	2,468	4,657	110	7,235
Additional provisions	(27)	76	(18)	32
Amounts used	-	(47)	(3)	(50)
<b>Balance at the end of the financial year</b>	<b>2,441</b>	<b>4,686</b>	<b>89</b>	<b>7,217</b>
<b>2014</b>				
Balance at beginning of the financial year	2,113	3,760	114	5,987
Additional provisions	355	897	-	1,252
Amounts used	-	(4)	(4)	
<b>Balance at the end of the financial year</b>	<b>2,468</b>	<b>4,657</b>	<b>110</b>	<b>7,235</b>

### (a) Employee provisions

#### Current provisions expected to be wholly settled within 12 months

	2015	2014
	\$'000	\$'000
Annual leave	2,021	1,279
Long service leave	3,513	3,315
Sick leave bonus/gratuity	89	110
	<b>5,624</b>	<b>4,704</b>

#### Non-current

Annual leave	420	1,342
Long service leave	1,173	1,189
	<b>1,593</b>	<b>2,531</b>

#### Total non-current provisions

Aggregate carrying amount of employee provisions:

Current	5,624	4,704
Non-current	1,593	2,531
	<b>7,217</b>	<b>7,235</b>

#### Total aggregate carrying amount of employee provisions

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	4.44%	4.44%
Weighted average discount rates	3.03%	3.57%
Weighted average settlement period	11 years	11 years

## For the Year Ended 30 June 2015

General description of the leasing arrangement as lessee of finance lease is as follows:

- (i) the basis on which contingent rent payable is calculated is by multiplying the monthly installment by the number of years;
- (ii) the term is 36 monthly installments and an option to buy back at the end of the term for \$400; and

- c) Aggregate carrying amount of interest-bearing loans and borrowings:

Current

Non-current

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 30 Reserves

### (a) Asset revaluation reserves

#### 2015

##### Property

Land for resale	2,800	(2,800)	-	-
Land	158,662	25,555	-	184,217
Buildings	5,121	9,049	-	14,170
	<u>166,583</u>	<u>31,804</u>	<u>-</u>	<u>198,387</u>

##### Infrastructure

Bridges	17,905	(147)	-	17,758
Footpaths and cycleways	6,509	6,532	-	13,041
Drainage	44,567	12,444	-	57,011
	<u>68,981</u>	<u>18,829</u>	<u>-</u>	<u>87,810</u>

#### Total asset revaluation reserves

<b>235,564</b>	<b>50,633</b>	<b>-</b>	<b>286,197</b>
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#### 2014

##### Property

Land for resale	2,800	-	-	2,800
Land	162,781	(4,119)	-	158,662
Buildings	5,121	-	-	5,121
	<u>170,702</u>	<u>(4,119)</u>	<u>-</u>	<u>166,583</u>

##### Infrastructure

Roads & Footpaths and cycleways	33,340	(26,831)	-	6,509
Bridges	17,572	333	-	17,905
Drainage	36,452	8,115	-	44,567
	<u>87,364</u>	<u>(18,383)</u>	<u>-</u>	<u>68,981</u>

#### Total asset revaluation reserves

<b>258,066</b>	<b>(22,502)</b>	<b>-</b>	<b>235,564</b>
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The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 30 Reserves (cont.)

Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
\$'000	\$'000	\$'000	\$'000

### (b) Other reserves

#### 2015

	Ref				
Developer levy	1	26,143	(10,439)	9,166	24,870
Community Facilities levy	2	486	(894)	985	577
Public Open Space levy	3	1,413	(384)	1,124	2,153
Native vegetation	4	564	(77)	286	773
Decorative Light Poles	5	-	(50)	81	31
<b>Total Other reserves</b>		<b>28,606</b>	<b>(11,844)</b>	<b>11,642</b>	<b>28,404</b>

#### 2014

Developer levy		22,440	(3,636)	7,338	26,143
Community Facilities levy		1,130	(1,563)	919	486
Public Open Space levy		809	-	604	1,413
Native vegetation		389	(67)	242	564
<b>Total Other reserves</b>		<b>24,768</b>	<b>(5,266)</b>	<b>9,103</b>	<b>28,606</b>

Ref	Item	Description
1	Developer levy	This reserve is the balance of the cash levies paid to council in and is to be used to cover the cost of any of the Developer Contribution Plans (DCP) infrastructure assets that are to be purchased or constructed by Council.
2	Community Facilities levy	This reserve is the balance of the cash levies paid to council and is to be used to cover the cost of the remaining community facilities to be provided under the DCP area.
3	Public Open Space levy	It is a requirement under the Planning Scheme and Precinct Structure Plans (PSP's) that a minimum percentage of the developed land be provided for public open space. If the minimum amount is unable to be provided, a cash contribution is required.  For Officer DCP area, the contributions are to be used to compensate developers who provide more than the minimum 5.5%.
4	Native vegetation	For Cardinia Rd DCP area, the contributions are to be used to offset the provision of land for open space on a parcel of land being subdivided where the amount of open space to be provided exceeds the 8% public open space contribution Developers have a statutory responsibility under the planning scheme to provide revegetation to offset the vegetation removed as part of the development. Those who are unable to provide the revegetation required under the planning scheme are required to pay a cash contribution to council. These contributions are then used to do revegetation in other areas on council land.
5	Decorative Light Poles	Existing subdivisions where decorative light poles are already installed, are to be offered the option to install the same decorative light poles in future stages. Income raised from the pole fee is to be maintained in a Reserve fund and used to offset future costs of replacing decorative poles and retrofitting energy efficient lamps on existing decorative poles.

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 31 Reconciliation of cash flows from operating activities to surplus/(deficit)

	2015 \$'000	2014 \$'000
Surplus/(deficit) for the year	56,756	26,887
Depreciation/amortisation	15,571	14,493
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(3,795)	(2,289)
Written Down Value of Assets Sold	4,656	2,088
Net asset revaluation (increment)/decrement	6,250	-
Share of net (gain)/loss of associates	(37)	(373)
Interest Costs – Financing, not Operating Activity	4,203	3,340
Contributions – Non-monetary assets	(39,351)	(20,639)
Re-instatement of impaired assets	-	(2,371)
Grossing up of GST	4,817	2,510
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	646	(1,784)
Decrease in prepayments	(3)	26
Increase/(decrease) in accrued income	148	11
Increase/(decrease) in trade and other payables	(476)	(5,108)
(Decrease)/increase in other liabilities	2,106	392
(Increase)/decrease in inventories	10	(6)
Increase/(Decrease) in provisions	(19)	1,250
Increase/(decrease) in income in advance	1,048	177
<b>Net cash provided by/(used in) operating activities</b>	<b>52,530</b>	<b>18,604</b>

## Note 32 Reconciliation of cash and cash equivalents

Cash and cash equivalents (see note 18)	16,644	5,441
Less bank overdraft	-	-
	<b>16,644</b>	<b>5,441</b>

## Note 33 Financing arrangements

Bank facilities (Overdraft, Loans & Credit cards)	114,531	115,977
Used facilities	(62,031)	(45,477)
<b>Unused facilities</b>	<b>52,500</b>	<b>70,500</b>

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 34 Commitments

The Council has entered into the following commitments

### 2015

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Recycling	1,445	1,551	1,654	1,738	6,388
Garbage collection	8,711	9,516	8,903	9,559	36,689
Open space management	3,117	3,288	7,129	1,528	15,062
Consultancies	196	-	-	-	196
Home care services	439	-	-	-	439
Cleaning contracts for council buildings	630	671	352	-	1,653
Meals for delivery	875	961	1,041	-	2,877
Casey Cardinia Library funding	1,790	1,862	1,936	2,000	7,588
Facilities management	486	-	-	-	486
Maintenance	1,589	1,323	711	322	3,945
Health	437	496	538	-	1,471
Utility	1,222	1,347	1,484	-	4,053
Other	361	189	109	110	769
	<b>21,298</b>	<b>21,204</b>	<b>23,857</b>	<b>15,257</b>	<b>81,616</b>
<b>Capital</b>					
Buildings	668	-	-	-	668
Roads	312	-	-	-	312
Total	<b>980</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>980</b>

### 2014

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Recycling	979	1,118	2,948	493	5,538
Garbage collection	6,637	4,626	6,180	808	18,251
Open space management	3,025	3,244	1,154	-	7,423
Home care services	435	-	-	-	435
Cleaning contracts for council buildings	609	639	671	352	2,271
Meals for delivery	800	875	961	-	2,635
Casey Cardinia Library funding	1,709	1,760	3,680	-	7,149
Facilities management	474	485	-	-	959
Maintenance	982	1,022	1,385	2,846	6,235
Health	412	437	2,075	-	2,925
Utility	1,001	1,222	102	-	2,325
Other	764	273	102	-	1,139
	<b>17,827</b>	<b>15,701</b>	<b>19,258</b>	<b>4,499</b>	<b>57,285</b>
<b>Capital</b>					
Construction Works	3,871	250	600	489	5,210
Buildings	23,227	-	-	-	23,227
IT Infrastructure	403	-	-	-	403
Total	<b>27,501</b>	<b>250</b>	<b>600</b>	<b>489</b>	<b>28,840</b>

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 35 Operating leases

### (a) Operating lease commitments

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

	2015 \$'000	2014 \$'000
Not later than one year	387	427
Later than one year and not later than five years	49	330
	<b>436</b>	<b>757</b>

### (b) Operating lease receivables

The Council has entered into commercial property leases on its investment property, consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

Not later than one year	323	254
Later than one year and not later than five years	615	478
Later than five years	151	82
	<b>1,089</b>	<b>814</b>

## Note 36 Contingent liabilities

- (a) 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. 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

### Funding arrangements

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

The Fund's latest actuarial investigation was held as at 30 June 2014 and it was determined that the vested benefit index (VBI) of the defined benefit category of which Cardinia Shire Council is a contributing employer was 103.4%. To determine the VBI, The Fund Actuary used the following long-term assumptions:

Net Investment returns	7.5% pa.
Salary information	4.25% pa.
Price inflation (CPI)	3.75% pa

Vision super has advised that the VBI at 30 June 2015 was 105.8%

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

## Employer Contributions

### Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, Cardinia Shire Council makes employer contributions to the Fund's Defined Benefit category at the rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of member's salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

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



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 36 Contingent liabilities (cont.)

### Funding Calls

If the defined benefit category is in an unsatisfactory financial position at the 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 shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%

In the event that the Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Cardinia Shire 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.

Vision super has advised that the VBI at 30 June 2015 was 105.8%

### Latest actuarial investigation surplus amounts

The Fund's latest actuarial investigation as at 30 June 2014 identified the following in the defined benefit category of which Cardinia Shire Council is a contributing employer:

A VBI surplus of \$77.1 million; and

A total service liability surplus of \$236 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 2014.

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.

Cardinia Shire Council was notified of the results of the actuarial investigation during January 2015.

#### (b) Superannuation contributions

Contributions by Cardinia Shire Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2015 are detailed below:

Scheme	Type of scheme	Rate	2015 \$'000	2014 \$'000
Vision Super	Defined benefits	9.50%	169	191
Vision Super	Accumulation	9.50%	2,253	2,021
Other Super funds	Defined benefits	9.50%	-	34

There were \$17,507 contributions outstanding at 30 June 2015.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2016 is \$169,000

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 37 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. 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 may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal 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.

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 Ended 30 June 2015

## Note 37 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 readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and

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 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 29.

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% and -2% in market interest rates (AUD) from year-end rates of 2.3% – 3.51%.

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

# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 38 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:

<b>Councillors</b>	Mayor Leticia Wilmot Deputy Mayor Graeme Moore Councillor Brett Owen Councillor George Blenkhorn Councillor Collin Ross Councillor Tania Baxter Councillor Kate Lempriere Councillor Jodie Owen Councillor David Young
<b>Chief Executive Officer</b>	Garry McQuillan

### (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:

	2015	2014
	No.	No.
\$20,000 – \$29,999	2	3
\$30,000 – \$39,999	5	4
\$40,000 – \$49,999	–	–
\$50,000 – \$59,999	1	2
\$60,000 – \$69,999	1	–
\$340,000 – \$349,999	1	1
	10	10
	<b>\$'000</b>	<b>\$'000</b>
	681	681

Total Remuneration for the reporting year for Responsible Persons included above amounted to:



# Notes to the Financial Report

For the Year Ended 30 June 2015

## Note 38 Related party transactions (cont.)

### (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:

	2015	2014
Income Range:	No.	No.
< \$136,000	2	1
\$136,000 – \$139,999	5	4
\$140,000 – \$149,999	9	8
\$150,000 – \$159,999	2	6
\$160,000 – \$169,999	2	2
\$170,000 – \$179,999	–	1
\$180,000 – \$189,999	–	–
\$190,000 – \$199,999	–	–
\$200,000 – \$209,999	–	–
\$210,000 – \$219,999	–	–
\$220,000 – \$229,999	1	3
\$230,000 – \$239,999	1	–
\$240,000 – \$249,999	1	1
\$250,000 – \$259,999	–	–
\$260,000 – \$269,999	–	–
\$270,000 – \$279,999	1 *	–
	<b>24</b>	<b>26</b>
Total Remuneration for the reporting year for Senior Officers included above, amounted to	3,793	3,937

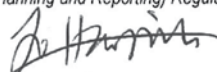
\* Includes payout of employee entitlements

### Note 39 Events occurring after balance date

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

### Certification of the Financial Statements

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

  
Jo Harris - CPA  
Chief Finance Officer

Date : 21<sup>st</sup> September 2015  
20 Siding Avenue, Officer

In our opinion the accompanying financial statements present fairly the financial transactions of Cardinia Shire Council for the year ended 30 June 2015 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.

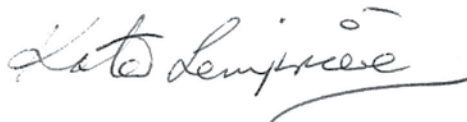
We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

George Blenkhorn  
Councillor




Date : 21<sup>st</sup> September 2015  
20 Siding Avenue, Officer

Kate Lempriere  
Councillor



Date : 21<sup>st</sup> September 2015  
20 Siding Avenue, Officer

Garry McQuillan  
Chief Executive Officer



Date : 21<sup>st</sup> September 2015  
20 Siding Avenue, Officer



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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Cardinia Shire Council

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2015 of Cardinia 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 has been audited.

#### *The Councillors' Responsibility for the Financial Report*

The Councillors of Cardinia 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.

*Auditing in the Public Interest*

## Independent Auditor's Report (continued)

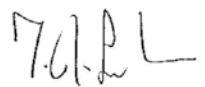
### *Independence*

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

### *Opinion*

In my opinion the financial report presents fairly, in all material respects, the financial position of Cardinia Shire Council as at 30 June 2015 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  
23 September 2015

  
Dr Peter Frost  
Acting Auditor-General





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**National Relay Service (NRS):**

Customers who are deaf or have a hearing or speech impairment can contact Council through the National Relay Service:

TTY users, phone 133 677 then ask for 1300 787 624.  
Speak and Listen (speech-to-speech relay) users, phone 1300 555 727 then ask for 1300 787 624.

If you need an interpreter, phone the Translator Interpretation Service on 131 450.

