

MELTON CITY COUNCIL

Annual Report

2013
2014

A Proud Community Growing Together



A copy of this Annual Report is available from our website.

Table of Contents

About this Report	3
Mayor's Message	4
Chief Executive Officer's Report	5
Introduction	6
City of Melton	6
Snapshot	6
Our Location	6
Our History	6
Our Community	7
Melton City Council	8
Our Vision	8
Our Values	8
Our Mission	8
Councillors and Wards	9
Executive Team	10
Organisational Structure	11
Human Resources	12
Function	16
Council	16
Council's Role	16
Councillor's Code of Conduct	16
Delegations of Authority	16
Council Meetings	17
Councillor Allowances	17
Community Committees Representation	18
Corporate Governance	19
Corporate Planning and Reporting Framework	19
Best Value	20
Privacy Policy	20
Information available for inspection	20
Freedom of Information	21
Protected Disclosure	21
Audit Committee	22
Memberships	23
National Competition Policy Compliance: 2013/2014	24
Community Engagement	25
Performance	26
Overview	26
Highlights 2013/2014	26
Report of Operations	36
Financial Overview	37
Domestic Animal Management Plan	39
Report against Council Plan	41
Victorian Local Government Indicators	50
Community Grants Program 2013/2014	51
Audited Statements	52
Performance Statement	53
Standard Statements	64
Financial Report	75



About this Report

This Annual Report documents Melton City Council's performance over the 2013/2014 financial year. It meets our obligations under Section 131 of the Local Government Act 1989 (Vic) and provides information on performance against the 2013/2014 Annual Plan and Budget.



Mayor's Message



Cr Bob Turner
Mayor of Melton City Council

I would like to present to you the Melton City Council Annual Report 2013/2014.

This is the first annual report after the newly elected Council decided on the Council Plan for 2013-2017 last year and in it we look back at the past financial year and report on our achievements and performance against this Council Plan 2013-2017.

The Annual Report 2013/2014 gives an overview of who we are, what we do, and how we performed on our promises.

In the Introduction you'll find information about the municipality and about Melton City Council. It's about our location, our history, our community, our vision, values and mission and about the Councillors and Council staff.

In the chapters about the Function, you can find out more about Council and its role and facts and figures

about corporate governance, the audit committee, memberships and community engagement.

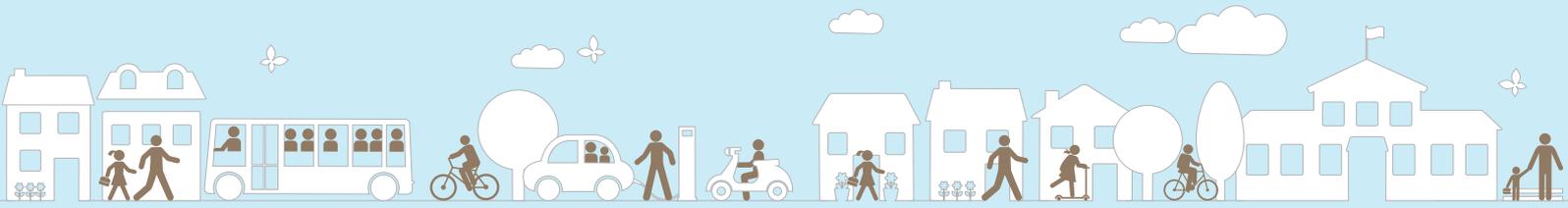
The Council Plan 2013-2017 lists the priorities and key projects that address the growth challenges and opportunities this Council faces in delivering services and infrastructure to our dynamic community and in this Annual Report's Performance section you'll find an overview of highlights, a report of operations, a financial overview and a detailed performance report against the Council Action Plan and an overview of Victorian Local Government Indicators.

The last section of this Annual Report lists all the financial details in the Performance Statement, Standard Statements and Financial Report.

It has been an honour to serve as Mayor of the City of Melton for most of the past financial year and I look back at a range of achievements, including developing policies such as the Municipal Public Health and Wellbeing Plan, creating new employment initiatives like the Economic and Tourism Plan 2014-2030 and the WRAP program, starting construction of the Western BACE and two new children's and community hubs, winning many awards for the Melton Library and Learning Hub, and celebrating the achievements of our community in the Keep Australia Beautiful Awards and many local initiatives and events.

I would like to thank my fellow Councillors, the CEO, all Council staff and community members for working together and taking the first steps in achieving our goals in creating a proud community growing together.

Chief Executive Officer's Report



Kelvin Tori
Chief Executive Officer

The past year has seen some major policy documents being finalised, including the Municipal Public Health and Wellbeing Plan 2013-2017, Municipal Early Years Plan 2014-2017, the Economic Development and Tourism Plan 2014-2030 and Disability Action Plan 2013-2017. These strategic documents along with the Council Plan 2013-2017 will guide Council's direction in coming years.

It was also the first operational year for the Melton Library and Learning Hub, which continues to be the living room of our community, with members, visitors and loans more than doubling. It is a source of great pride to the Melton community, winning many awards for its sustainable and creative design.

Council started construction on a number of major capital works projects this last financial year, including the Western BACE, the Botanica Springs (Clarks Road) and Bridge Road Children and Community Hubs and in the coming months we will see these and other major capital works being completed.

Council staff have been developing our advocacy strategy in 2013/2014 and we have seen some tremendous outcomes of our advocacy work come to fruition in the past few months.

The State Government announced a railway station to be built in Caroline Springs / Ravenhall and delivered the Ferris Road signalling. Council advocated long and hard for both projects, and the traffic lights have created great improvements in the safety and timeliness of the traffic coming off the Western Freeway into Ferris Road.

Djerriwarrh Health Service has had \$14 million funding announced by the State Government for the Melton Community Based Ambulatory Care Centre, our

number one advocacy priority. This is a very exciting project which will expand and enhance the range of services available to our community.

Other outstanding outcomes from our advocacy efforts are \$1.6 million in funding to go towards the delivery of the Burnside Children's and Community Centre, continued funding for the Arnolds Creek primary school and funding for new premises for Combined Churches Caring.

Council's organisation continues to grow and do more with less, working more efficiently due to better use of technology and a heightened strategic agenda. We have made some great steps forward in our emergency preparedness, including providing training opportunities. Our biggest challenge continues to be the municipality's fast growth. We have adopted a number of Precinct Structure Plans recently, currently are preparing five PSPs and there are six more to come. This will remain a significant challenge going forward and Council will need to devote more resources in this area.

I would like to thank all Council staff for their excellent work and their wonderful contribution to the community. Also, I would like to thank all Councillors for the positive manner in which they interact and work with staff on behalf of the community they represent.

Introduction

City of Melton



Snapshot

- location 19 km west of Melbourne CBD
- estimated annual growth rate 4.3%
- population 127,937 (as at 30 June 2014)
- ratepayers 48,414 (as at 30 June 2014)
- area 528km²
- annual budget \$187.316 million (income) including non cash revenue of \$54.931 million
- staff 584 (as at 30 June 2014)

Our Location

The City of Melton is within a comfortable commuting distance from Melbourne and links to Melbourne's key freeways, airports and the Port of Melbourne.

The municipality embraces a series of townships and communities, the larger activity centres being in Caroline Springs and Melton Township. Caroline Springs is just 19 kilometres west of Melbourne's CBD and Melton Township is 35 kilometres west of the CBD and 15 minutes west of the Western Ring Road.

Other communities are Atherstone, Brookfield, Burnside, Burnside Heights, Diggers Rest, Exford, Eynesbury, Hillside, Kurunjang, Melton, Melton South, Melton West, Mount Cottrell, Parwan, Plumpton, Ravenhall, Rockbank, Taylors Hill, Toolern Vale, Truganina and Waterford.



Our History

Our heritage can be traced back to the time when travellers rested beside the Toolern Creek on their way to the goldfields. A visit to the ancient 'canoe tree' on the Melton Valley Golf Course confirms the presence of the Wurundjeri people as the original custodians of the area.

The Wurundjeri are the earliest known inhabitants of the Western Plains of Melbourne. Aboriginal occupation of the area dates back 40,000 years. Flint tool making and cooking sites have been found along creek beds, as well as a number of scarred trees.

In 1863, the last known corroboree in the area took place near the present site of Hannah Watts Park, Melton. 'Bullum Bullum' is one of the few remaining aboriginal sacred sites in the region. The site can be found in Burnside.

The landscape around the City bears the signs of its volcanic origins. Low hills that have long-extinct volcanic origins can be seen as well as the profusion of rocks that are scattered across the sparsely-treed plains. The characteristic rounded or oval shaped volcanic stones, enabled the wallers of the past to build composite walls with materials at hand.

The first European settlers arrived in 1830. By 1862, Melton was created as a District, which would develop a rich pastoral and farming heritage. This era is still evident with numerous pastoral homesteads and some of the oldest and most interesting examples of the different styles of dry stone wall fences and structures in Victoria.

On 18 March 1910, the famous American escapologist Harry Houdini made the first powered, controlled, sustained flight of an aircraft in Australia at Diggers Rest. This event was the start of the aviation industry in Australia.

In 1974, Melton was declared as Melbourne's first 'satellite city'. Many new residents came to the municipality, eager to be part of this exciting new development. A major increase in population occurred through the 1980s with people settling in new suburbs.

Another major growth era started in 2000, with the creation of the Eastern Growth Corridor. Between 2001 and 2013, the estimated residential population of the municipality more than doubled.

In acknowledgement of our growth, Melton Shire Council was granted city status by the State Government in September 2012 and is now known as Melton City Council.



Our Community

The City of Melton continues to be one of the fastest growing municipalities in Australia, offering the best in urban and rural lifestyles within a comfortable commuting distance from Melbourne, Victoria.

This makes it a very desirable location to live, especially young people choose the City of Melton as a place to start a family. Each week, 33 families move to the municipality and 42 babies are born.

The median age of our residents was 31 at the 2011 Census, making the City's population one of the 'youngest' in Victoria.

In the past decade, our population growth was concentrated in the Eastern Corridor of the municipality, with forecast population growth to the year 2031 being dispersed throughout the entire City. In the coming years, growth will be concentrated in and around Melton Township, Eynesbury, and in approved Precinct Structure Plan areas of Rockbank North and Rockbank South, Diggers Rest, and Taylors Hill West.

Toolern in Melton South is the major future urban growth area within the City, which includes the Atherstone and Waterford developments. Located southeast of Melton Township on about 2,500 hectares, Toolern will ultimately have about 60,000 people living in around 20,000 households.

Our 2014 estimated population is 128,000 with an annual growth rate of 4.3%. The population in the City of Melton will continue to rapidly grow. By 2031, it is expected that the City will more than double to be in excess of 241,000 residents.

The municipality is becoming increasingly culturally diverse. The City of Melton welcomes people from around the world and is enriched by cultural and linguistic diversity. It is the place that more than 30,000 immigrants presently call home, representing more than 130 different nations.

The City of Melton's largest overseas born populations are from India, the Philippines, New Zealand, Malta and Vietnam. In recent years, the City has welcomed an increase in people as skilled migrants, family reunion and refugees from African and Asian nations, adding further to the cultural diversity in the City of Melton.

There are about 6,800 businesses registered in the City. The largest business sector is Construction mainly due to the high number of subcontractors working in local land development fronts. The largest employment sectors in the City are Retail Trade, Education and Training, Construction and Health Care, Social Assistance, and Public Administration and Safety, which are all growth-related industries.

The continuing fast growth brings many challenges and opportunities to Melton City Council, who focuses on planning ahead for future generations.

There are challenges to provide timely services and infrastructure to our fast growing community and Council continues to advocate to the State and Federal Government to provide funding and work together in partnerships.

The City of Melton is vibrant and young, diverse in its people and landscape and offers opportunities for Council to be innovative, creative and provide strong leadership, making our municipality the benchmark in growth and development within the Australian context.



Melton City Council

Our Vision

A Proud Community Growing Together

Our Values

Continuous Improvement

- We encourage and support innovation and creativity.
- We commit to driving continuous improvement.
- We constantly review what we do.
- We embrace and respond to change as it occurs.
- We strive to deliver the best possible outcomes.

Recognition

- We recognise and encourage the contributions of others.
- We actively support and promote our colleagues.
- We acknowledge and reward employees exceeding performance expectations.
- We give credit where credit is due.
- We celebrate success

Accountability

- We work in an open and transparent manner and follow through on commitments.
- We take responsibility for our personal decisions and actions.
- We adhere to policies and procedures.
- We make the best use of our time and resources.
- We all take responsibility for the way we treat each other.

Fairness

- We show respect when speaking to and about others.
- We build trusting and productive relationships.
- We deal with others fairly and consistently.
- We actively listen and respond appropriately.
- We respect all people and celebrate our diversity.

Teamwork

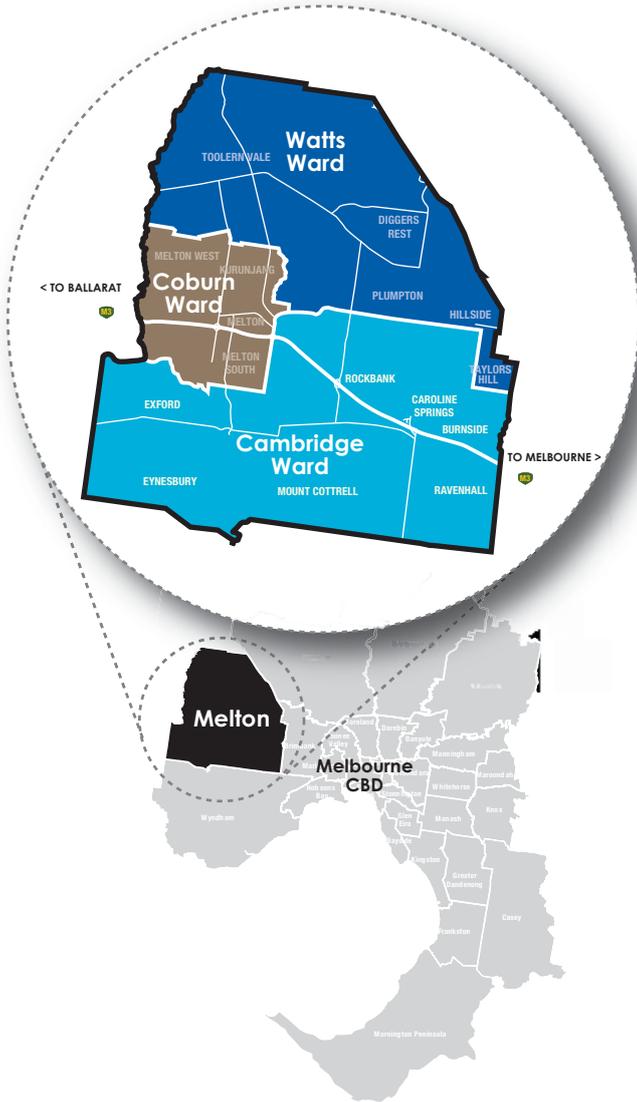
- We help each other to achieve organisational goals.
- We involve team members in solving problems and decision making.
- We encourage everyone's contribution to the team.
- We communicate clearly, openly and respectfully.
- We provide positive, constructive and timely feedback.

Our Mission

Support the growth, wellbeing and aspirations of our community through leadership, excellence and inclusion.

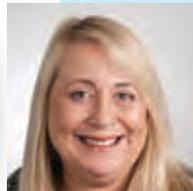


Councillors and Wards



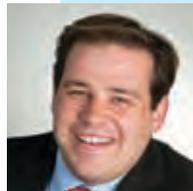
Cr Bob Turner, Mayor
Coburn Ward

Email: bob.turner@melton.vic.gov.au
Mobile: 0412 584 224



Cr Sophie Ramsey, Deputy Mayor
Coburn Ward

Email: sophie.ramsey@melton.vic.gov.au
Mobile: 0412 584 067



Cr Broden Borg
Coburn Ward

Email: broden.borg@melton.vic.gov.au
Mobile: 0412 095 351



Cr Lara Carli
Watts Ward

Email: lara.carli@melton.vic.gov.au
Mobile: 0409 951 020



Cr Renata Cugliari
Watts Ward

Email: renata.cugliari@melton.vic.gov.au
Mobile: 0438 057 807



Cr Nola Dunn
Cambridge Ward

Email: nola.dunn@melton.vic.gov.au
Mobile: 0408 794 232



Cr Kathy Majdlik
Cambridge Ward

Email: kathy.majdlik@melton.vic.gov.au
Mobile: 0412 584 058

Executive Team

The Executive Team consists of three General Managers led by the Chief Executive Officer. Each General Manager has designated areas of responsibility and is supported by Service Unit Managers.

Chief Executive Officer
Kelvin Tori



Appointed as Chief Executive Officer in May 2011, Kelvin Tori provides strategic guidance for the management and development of Melton City Council. Kelvin is responsible for providing strong leadership to the organisation and oversees the management and operations of Council.

Kelvin Tori holds a Bachelor of Economics and Politics and has 30 years experience in Local Government. Kelvin was the General Manager Corporate Services at Melton City Council for eight years prior to moving into the position of Chief Executive. The Chief Executive's office directly manages the Legal Services and Organisational Development Area.

Contract period: 11/5/2011 – 16/5/2016

Remuneration: \$347,576 includes a motor vehicle and employer's superannuation

Entitlements: reimbursement or payment of all membership fees and subscriptions as approved and reimbursement or payment of the reasonable costs of the Officer attending conferences, seminars, in-service training courses and study.

General Manager
Community Services
Maurie Heaney



Maurie Heaney has 24 years experience in Local Government. Maurice manages infrastructure provision and community service delivery for Melton City Council. His portfolio covers these areas: Community Care & Inclusion, Children's Services, Community Planning, Family, Youth & Housing, and Leisure & Facilities.

General Manager
Planning and Development
Luke Shannon



Luke Shannon holds a Bachelor of Applied Science (Environmental Planning) and a Graduate Diploma in Cultural Heritage and has worked in Local Government for 24 years. His portfolio covers these areas: Economic Development and Advocacy, Capital Projects, Engineering Services, Operations and Planning.

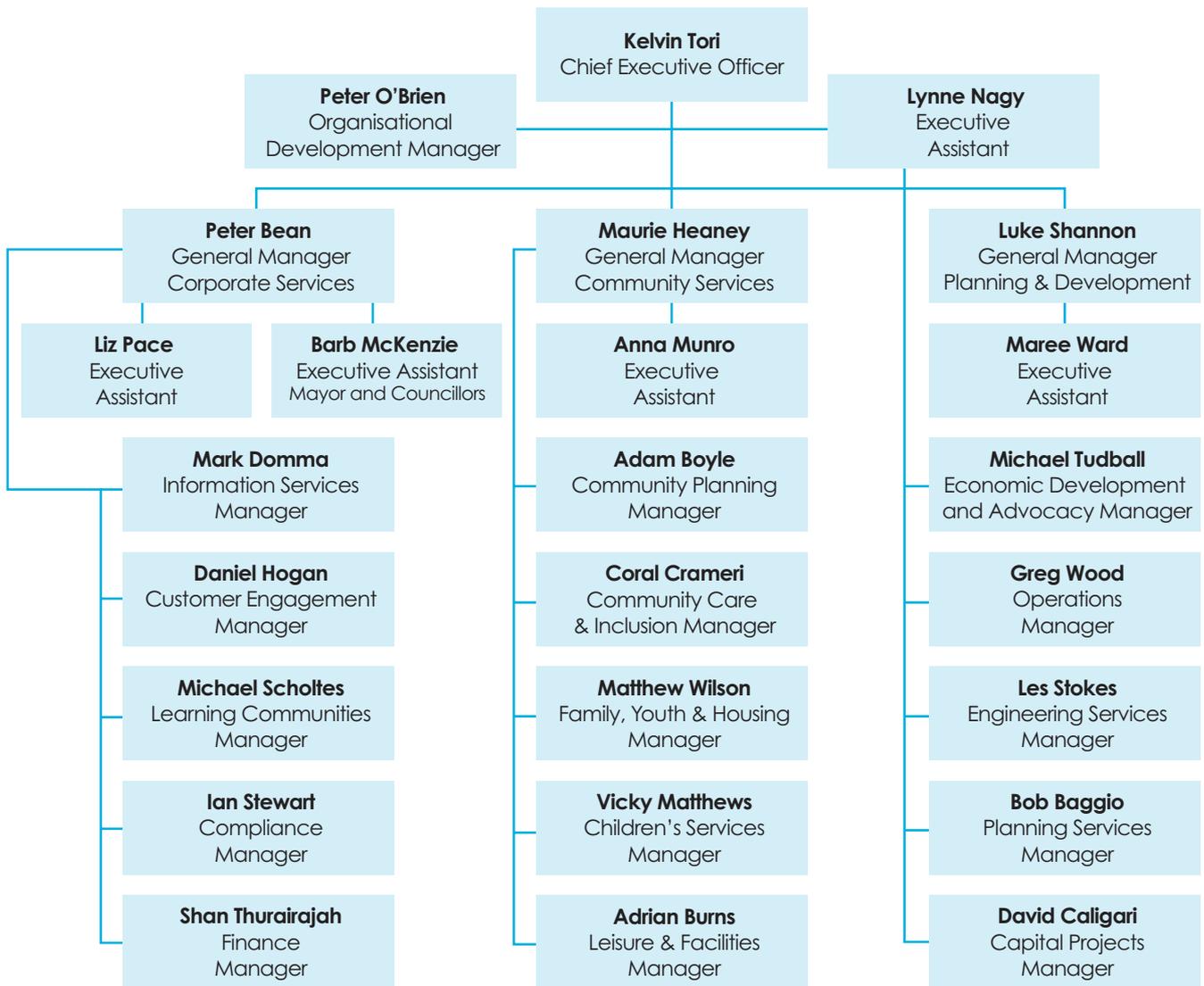
General Manager
Corporate Services
Peter Bean



Peter Bean holds a Bachelor of Business (Local Government), Graduate Certificate in Local Government Management and a Masters of Business Administration. Peter has worked for metropolitan Melbourne, interface and North Eastern Victorian councils for over twenty years. His portfolio covers these areas: Customer Engagement, Learning Communities, Finance, Compliance, Mayor and Councillor Support and Information Technology.



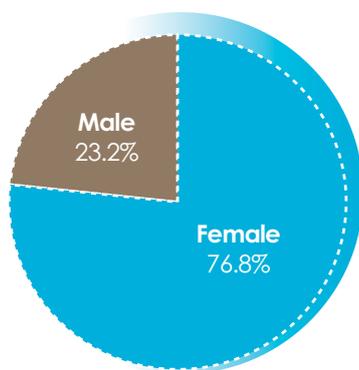
Organisational Structure



Human Resources

Equal Opportunity Requirements

Gender of staff



Directorate	Female	Male
Office of Chief Executive	13	5
Community Services	215	45
Corporate Services	151	46
Planning and Development	61	48

Staff turnover rates Melton City Council (Full time & part time staff)

Number of staff at 30 June 2014	584
Resignations over year	55
Turnover Rate %	9.4 %

Occupational Health and Safety

Council has benefited significantly from implementing 'Talking Safety', its 2013–2016 OHS Strategy.

- The organisation has extensively examined how it manages the risks associated with staff working alone, and driving for work.
- OHS discussions at regular team meetings across Council have been refreshed and revitalised.
- Defibrillators have been installed at Melton Library and Learning Hub, and Youth Services at Barries Road.
- The Occupational Health and Safety Committee has made a highly valued contribution to OHS.

Risk Management

This has been a year of reviewing and resetting organisations-wide (Enterprise) Risk Management, or ERM:

- A Council-wide consultant review was conducted in 2013, with recommendations arising.
- A dedicated project team was established to develop a strategy to implement the recommendations.
- Intensive and broad-based internal and external consultation and engagement were undertaken.
- A new ERM Policy, ERM Framework and 2014-2017 ERM Strategy were developed and approved.

Injury Management

Council continuously endeavors to improve the way it works with ill and injured staff.

- We are seeing improvements in our WorkCover performance.
- Benchmarking with other Councils shows that our injury management is best practice.



Leadership Development

Council have established and implemented a Leadership Framework [Melton City Council Leadership Experience] comprising modules focussing on Operational, People and Strategic Leadership as well as Self Awareness.

In addition Council recently launched its own Mentoring Framework designed on the basis of experiential development. The aim is to have consolidated leaders mentoring new or emerging leaders to build an increased level of leadership capability across Council.

In March 2014, Council had six representatives participate in the LGMA Challenge which is designed to deliver personal, team and organisational development to a range of emerging leaders.

Reward and Recognition Program

Council's STAR program continues to reward and recognise staff for their achievements in two areas. The first is for their loyal service to Council and this is recognised through 5, 10, 15, 20, 25 and 30 years services awards. The second area is recognition of outstanding performance by individuals and teams across a number of categories.

Council have also implemented a Reward and Recognition Framework which comprises a set of tangible and intangible incentives to reward and recognise above and beyond performance and behaviour.

Culture Survey Action Plan

Year One of the Culture Survey Action Plan included nine actions focussing on a diverse range of cultural elements including Collaboration, Executive Exposure Clarity in Communication etc. All nine actions were achieved within the 12 month timeline resulting in positive cultural changes across the organisation.



Volunteers

Melton City Council is grateful for the valuable contribution made by volunteers who contributed their time, expertise and skills to assist across a variety of Council services, programs and events during 2013/2014. The table shows how they contributed. This report does not include volunteer members on Council Committees and Advisory Groups.

Program Area	Number	Activities																										
Aged Care and Disability Programs at Melbacc	2	Aged Care Program ONLY- Jockey on bus runs, Conversation companion, prepare and serve teas and coffees and lunch. Assist with activities eg: craft, exercise. Extra support to access the community.																										
Ageing Well	6	Deliver Council's Ageing Well exercise programs, they operate weekly in Melton, Melton South and Taylors Hill - Tai Chi for Arthritis, Seniors Walking Group, Nordic Walking Groups x 2.																										
Events	90	Volunteers work at each of Council events throughout the year with services such as car parking, marshalling, information services and provision of food.																										
Environment	300	There are 17 Environment/Landcare/Waterwatch groups active in the City of Melton that participate in activities improving the land and waterways of the City of Melton including Clean Up Australia Day, National Tree Planting Day, Sustainable Cities Awards and regular planting, weeding, watering, seed collection and bird observing.																										
Food Services	3	Assisting in general duties in the kitchen and dining rooms area relating to the meals on wheels service, Centre based meals program, Planned Activity Group meals provision and hosting the Chat and Chew program.																										
Men's Shed	12	<p>Monthly Volunteer Hours (snapshot) = 320</p> <p>Shed Programs</p> <table border="0"> <tr> <td>DIY Woodworking (including Father-Son Tuesday night)</td> <td>24</td> </tr> <tr> <td>Woodworking Class</td> <td>11</td> </tr> <tr> <td>Community Projects</td> <td>13</td> </tr> <tr> <td>Bike Riding Group</td> <td>11</td> </tr> <tr> <td>Drop in Coffee & Chat opportunities (Monday, Tuesday, Evenings, Wednesday, Friday)</td> <td>46</td> </tr> <tr> <td>Cooking Group</td> <td>12</td> </tr> <tr> <td>Foodies Friday</td> <td>10</td> </tr> <tr> <td>Foodies Carer's Fun</td> <td>10</td> </tr> <tr> <td>Gardening Group</td> <td>13</td> </tr> <tr> <td>Games Day – Snooker, Chess, Cards, Darts</td> <td>10</td> </tr> <tr> <td>Team Leader Meetings</td> <td>3</td> </tr> <tr> <td>PAG</td> <td>12</td> </tr> <tr> <td>Total Programs (3-month snapshot)</td> <td>175</td> </tr> </table>	DIY Woodworking (including Father-Son Tuesday night)	24	Woodworking Class	11	Community Projects	13	Bike Riding Group	11	Drop in Coffee & Chat opportunities (Monday, Tuesday, Evenings, Wednesday, Friday)	46	Cooking Group	12	Foodies Friday	10	Foodies Carer's Fun	10	Gardening Group	13	Games Day – Snooker, Chess, Cards, Darts	10	Team Leader Meetings	3	PAG	12	Total Programs (3-month snapshot)	175
DIY Woodworking (including Father-Son Tuesday night)	24																											
Woodworking Class	11																											
Community Projects	13																											
Bike Riding Group	11																											
Drop in Coffee & Chat opportunities (Monday, Tuesday, Evenings, Wednesday, Friday)	46																											
Cooking Group	12																											
Foodies Friday	10																											
Foodies Carer's Fun	10																											
Gardening Group	13																											
Games Day – Snooker, Chess, Cards, Darts	10																											
Team Leader Meetings	3																											
PAG	12																											
Total Programs (3-month snapshot)	175																											
Neighbourhood House Program	23	Volunteers plan and support the operation of weekly children's programming, walking groups and administration functions.																										
Planned Activity Groups	18	<p>Assisting PAG support workers to deliver PAG programs. Role inclusive of morning tea, lunch afternoon tea preparation. Socializing with participants. Encouraging participant's involvement in activities.</p> <p>Assists staff with the daily running of a Planned Activity Group, including preparation of activities, socialise and interact with all participants in the programs through conversation and discussion, news & views</p>																										



Program Area	Number	Activities
Visitor Information Centre	33	Provision of information and support through the Melton Volunteer Information Centre (VIC).
Volunteer Transport	10	Provide door to door transport to medical appointments for HACC eligible residents.
Home Library Services	16	Deliver books across the whole of City of Melton to residents who otherwise would be unable to physically access the library, including Local Family History Volunteers.
Walking School Bus Program	10	Provides a safe, healthy and convenient way for children to travel to and from school. Each bus walks along a set route picking up children at designated stops along the way. The bus is supervised by volunteer parents who act as drivers and conductors.
Youth	45	Youth-led event programs that engage young people as volunteers include: Ignite Production, Youth magazine editorial team and skate park consultation group. YAC has 12 Volunteers, Freeza Committee has 13 Volunteers, Junior Council has eight. The mentoring project has 12 volunteers for school based and community based one-to-one mentoring. One regular volunteer assisted with the young women's group for 2013/2014.



Function Council



Council's Role

The Local Government Act 1989 (Vic) sets out the primary purposes and objectives of Melton City Council and defines its functions and powers. The Council is a public statutory body incorporated under the Act. Its role is to govern the City of Melton in service of the community.

Melton City Council:

- acts as a representative government and considers community needs when making decisions
- establishes strategic objectives for municipal services and monitors their achievement
- ensures the responsible and accountable management of the organisation's resources
- advocates local community interests to other communities and governments
- is a responsible partner in government, taking the needs of other communities into account
- fosters community cohesion and encourages participation in civic life.

Councillor's Code of Conduct

All Victorian Councils are required to adopt a Councillor Code of Conduct (the Code), which includes prescribed principles of Councillor conduct. The Code is a commitment to legislative compliance, ethical decision making and high standards of personal conduct by Councillors.

The Code includes sections on courtesy, integrity, responsibility, stewardship, discretion, decision making, acceptance of gifts, conflicts of interest and functional separation.

In carrying out their role, Councillors will:

- act with integrity
- exercise their responsibilities impartially in the interests of the local community
- not make improper use of their position to advantage or disadvantage any person.

In addition, in performing the role, Councillors will:

- avoid conflicts between public duties as Councillors and personal interests and obligations
- act honestly and avoid making oral or written statements and avoid actions that may mislead a person
- treat all persons with respect and show due respect for the opinions, beliefs, rights and responsibilities of other Councillors, Council officers and other people
- exercise reasonable care and diligence and submit to lawful scrutiny that is appropriate to their Office
- ensure that public resources are used prudently and solely in the public interest
- act lawfully and in accordance with the trust required as elected representatives of the community
- support and promote these principles by leadership and example so as to ensure the public has confidence in the office of Councillor.

The Code of Conduct is available from Council's website melton.vic.gov.au

Delegations of Authority

With few exceptions, the powers granted to Melton City Council under the Local Government Act 1989 (Vic) or any other Act may be delegated to a Special Committee of Council, to the Chief Executive Officer (CEO) or to a Council Officer through a properly authorised instrument of delegation.

The delegation of powers is a mechanic to ensure the effective day to day functioning of Council where resolutions of Council would prove impractical.

In accordance with section 98 of the Local Government Act, Council periodically revises and updates instruments of delegation to ensure appropriate authorisation.



Council Meetings

Open to the public, Ordinary Meetings of Council are typically held monthly in Council Chambers at 232 High Street, Melton. Controlled by the Mayor as Chairperson, a range of matters are considered, from local planning applications through to advocacy work targeting State and Federal Governments. For any agenda item requiring a resolution of Council, a vote amongst Councillors occurs, through which the powers of Council are discharged.

Encouraging the participation of the community, public questions from the gallery may be asked during Council meetings, should they be received by Council prior to 5pm of the day of the scheduled meeting and asked in person. Meeting agendas are made available on the Council website, as are the subsequent minutes of any meeting, including audio recordings.

Councillor Allowances

Councillors are paid an allowance set by Council within a prescribed range by State legislation. This allowance is paid in recognition of their voluntary Councillor roles in carrying out their civic and statutory duties as representatives of Melton City Council. For the purposes of calculating allowances payable, Melton City Council is classified as a Category Three Council.

In accordance with section 74(1) of the Local Government Act 1989 (the Act), Council reviewed and determined the level of the Councillor and Mayoral allowance within 6 months of the October 2012 election, confirming allowances at the special meeting of Council 1 November 2012.

The Mayor and Councillors allowances for the 2013/2014 financial year are listed below.

Allowance July - December 2013	Part A	Part B (in lieu of superannuation)	Total
Mayor	\$85,741 per annum	\$7,931 per annum	\$93,672 per annum
Councillor	\$26,843 per annum	\$2,483 per annum	\$29,326 per annum
Allowance January - June 2014	Part A	Part B (in lieu of superannuation)	Total
Mayor	\$87,884 per annum	\$8,129 per annum	\$96,013 per annum
Councillor	\$27,514 per annum	\$2,545 per annum	\$30,059 per annum

Community Committees Representation

Name of Committee	Councillor Representative
Arts & Culture Advisory Committee	Cr Carli, Cr Turner (Chairperson), Cr Dunn (Substitute)
Audit Committee	Cr Majdlik, Cr Turner
Boral Deer Park Community Liaison Committee	Cr Dunn
Cultural and Linguistically Diverse Advisory Committee	Cr Turner
Calder Highway Improvement Committee	Cr Dunn
Caroline Springs Leisure Centre Users Forum	Cr Cugliari, Cr Dunn
CEO Review Special Committee	Cr Majdlik, Cr Turner, Cr Ramsey
Collingwood/City of Melton Community Benefit Program	Cr Cugliari
Community Grants Program – Annual Grants Panel	Cr Ramsey, Cr Turner, Cr Carli
Community Grants Program – Monthly Response Grant Panel	Cr Cugliari
Community Learning Board	Cr Ramsey
Community Safety Committee	Mayor, Deputy Mayor
Disability Advisory Committee	Cr Majdlik, Cr Ramsey (Substitute)
Djerriwarrh Festival Advisory Committee	Cr Ramsey
Early Years Partnership Committee	Cr Ramsey, Cr Carli
Heritage Advisory Committee	Cr Dunn, Cr Ramsey (Substitute)
HRV Grants Panel	Cr Turner, Cr Ramsey
Interface Councils	Cr Turner
Leadwest Ltd Board	Cr Ramsey
Leisure Advisory Committee	Cr Majdlik (Chairperson), Cr Turner
Melbourne Airport Noise Abatement Committee	Officer Representation
Melton Highway Action Committee	Cr Turner, Cr Cugliari
Melton Indoor Recreation Centre Committee	Cr Borg
Melton Waves Reference Group	Cr Ramsey, Cr Turner
Melton Weir Development Advisory Group	Cr Dunn, Cr Turner
Metropolitan Waste Management Forum	Cr Turner
Municipal Association of Victoria	Cr Majdlik, Cr Ramsey (Substitute)
Municipal Emergency Management Planning Committee	Cr Turner
Municipal Fire Management Planning Committee	Cr Dunn
National Growth Areas Alliance (NGAA)	Cr Majdlik, Cr Ramsey, Cr Dunn (Substitute)
PDAC (Planning & Development Advisory Committee)	Cr Ramsey, Cr Dunn
Policy Review Panel	Cr Majdlik, Cr Carli, Cr Dunn
Public Hospital for Melton Advisory Committee	All Councillors
Ravenhall Prison Project – Community Advisory Group (CAG)	Cr Dunn, Cr Cugliari
Reconciliation Advisory Committee	Cr Cugliari
Road Safe Committee West Gate	Cr Ramsey
Road to Zero Steering Committee	Cr Ramsey, Cr Dunn
Strategic Health Forum	Cr Turner, Cr Ramsey
Suburb Naming Advisory Committee	Cr Turner, Cr Carli, Cr Dunn, Cr Ramsey
Western Highway Action Committee (WHAC)	Cr Dunn
Western Melbourne Tourism Board	Cr Ramsey
Western Region Mayors Forum	Mayor
Westwaters/City of Melton Community Benefit Program	Cr Majdlik, Cr Dunn
Victorian Local Governance Association	Cr Turner
Youth Consultative Committee	Cr Turner, Cr Dunn (Substitute)



Corporate Governance

Corporate Planning and Reporting Framework

Melton City Council has developed a strategic and integrated approach to the planning and delivery of services to meet the current and future needs of the community.

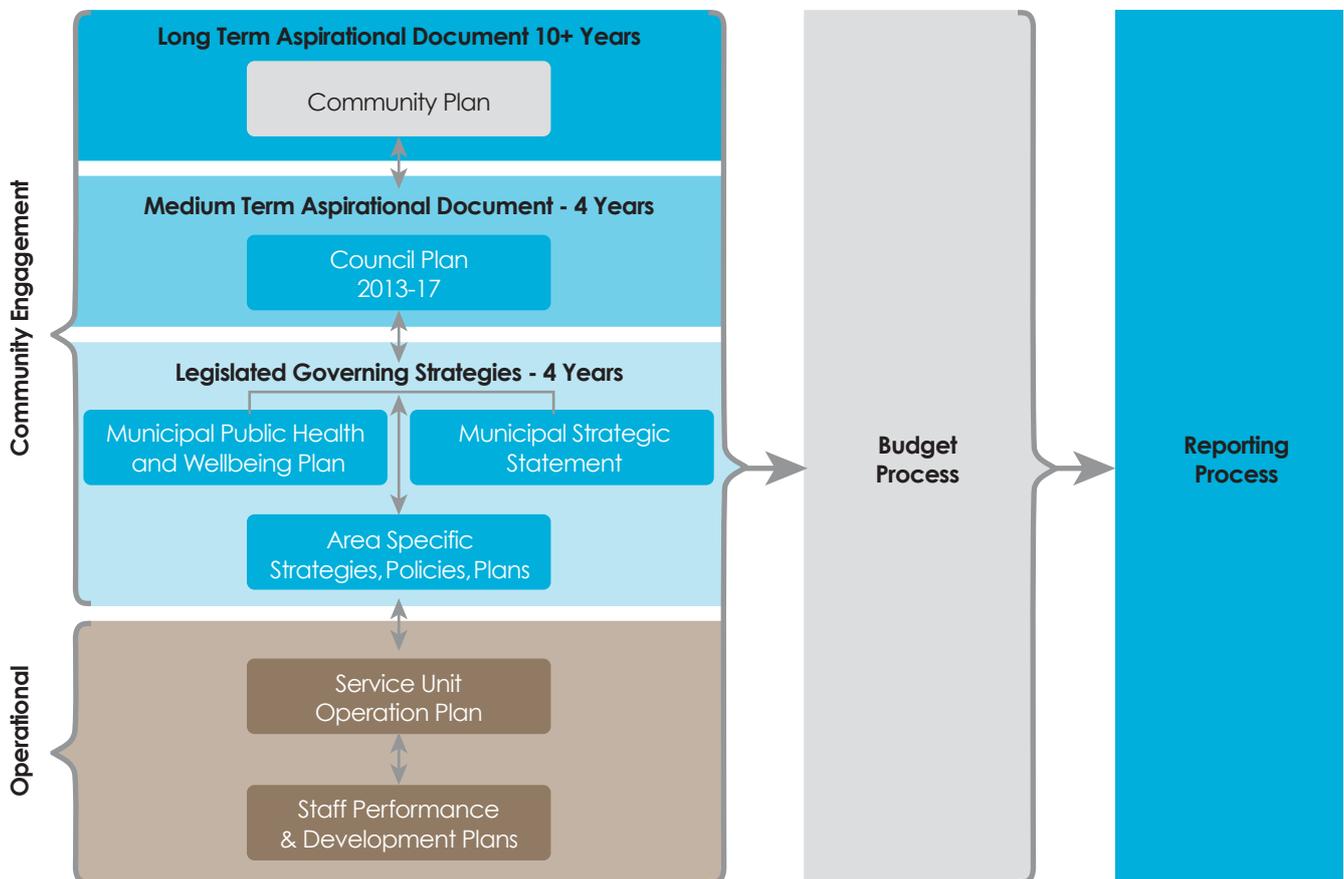
Integrated planning aims to ensure that we remain an adaptive, responsive and viable local government authority. This is facilitated by understanding the external environment and what our community aspires to; setting direction within our resource capability; and allowing Council to make informed decisions on behalf of our community.

The City's Integrated Planning Framework is the approach to setting strategic direction, which reflects where the City has come from, where it is going and how it will get there. This is translated into services that are delivered to the community, through our Annual Action Plan.

The Melton City 2013-2017 Council Plan sets the strategic direction for Council operations over the four year term of the elected Council. The Council Plan is reviewed annually to ensure we continue to provide relevant services with the financial capacity, assets and people available to deliver.

As our overarching strategic document the Council Plan provides direction to enable the generation of the necessary range of targeted strategies. These specific strategies provide Council with a detailed level of evidence based research, greater information and resourced action plans, to deliver services and specific initiatives.

The Council Plan drives the development of Council's Annual Action Plan and Budget. The Annual Action Plan and Budget are actioned through service operation plans linked to individual staff performance and development plans. This creates accountability and transparency at the organisational, management and individual levels.



Best Value

“Best value” is a series of principles defined in the Local Government Act (1989) to help Councils develop a planning framework to achieve operational efficiencies, effective long-term planning, high levels of accountability and transparent performance reporting.

For Melton City Council, “Best value” means providing the best possible services in the best possible way. Councils are required to ensure services:

- meet agreed quality and cost standards
- are responsive to the needs of the community
- are accessible to those members of the community for whom the service is intended
- achieve continuous improvement in the provision of services for the community
- include consultation with the community in relation to the services it provides
- regularly report on their performance to the community.

Council uses a Corporate Planning and Reporting Framework to ensure that these principles are constantly applied in the development and delivery of services. This framework provides the structure and flexibility for Council to cater for the growing needs and expectations of the community to provide “best value” for public investment.

Privacy Policy

Council is strongly committed to the responsible handling of personal information and to protecting the privacy rights of individuals. Accordingly, Council is committed to full compliance with its obligations under the Information Privacy Act 2000 (Vic).

Council is also obliged to observe the terms of its own Privacy Policy, available on the Council website. The policy references the collection, use and disclosure, security and access of a range of information types.

Should any person feel that their personal information has not been treated appropriately in accordance with statutory obligations or Council policy, complaints may be made to the Privacy Officer on 9747 7200. Alternatively, complaints may be made to the Office of the Victorian Privacy Commissioner.

Information available for inspection

The following information is available to the public for inspection on request at Melton City Council offices, 232 High Street, Melton:

- Details of current allowances fixed for the Mayor and Councillors under section 74 or 74A of the Local Government Act 1989 Victoria (the Act).
- The total annual remuneration for all senior officers in respect of the current financial year and the previous financial year, set out in a list that states ranges of remuneration of senior officers, where the difference between the lower amount and the higher amount in each range must not exceed \$10,000; and the number of senior officers whose total remuneration falls within the ranges referred to above.
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council staff in the previous twelve months, including the names of Council staff and the date, destination, purpose and total cost of the overseas and interstate travel.
- Names of Council officers who were required to submit a Return of Interest during the financial year and the dates the returns were submitted.
- Names of Councillors who submitted Returns of Interest during the financial year and the dates the returns were submitted.
- Agendas for, and minutes of, ordinary and special meetings held in the previous twelve months kept under Section 93 of the Act except if the minutes relate to parts of special meetings which have been closed to members of the public under Section 89 of the Act.
- A list of all special committees established by Council and the purpose for which each committee was established.
- A list of all special committees established by Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under Section 86 of the Act and held in the previous twelve months except if the minutes relate to parts of meetings closed to members of the public under Section 89 of the Act.
- A register of delegations kept under Section 87, 88 and 98 of the Act.
- Submissions received under Section 223 of the Act during the previous twelve months.
- Agreements to establish regional corporations under Section 196 of the Act.
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or



- lessee, including the name of the other party to the lease and the terms and the value of the lease.
- A register of authorised officers appointed under Section 224 of the Act.
 - A list of donations and grants made by the Council during the financial year, including the names of persons or bodies that have received a donation or grant and the amount of each donation or grant.
 - A list of the names of the organisation of which Council was a member during the financial year and details of all membership fees and other amounts and services provided during that year to each organisation by Council.
 - A list of contracts valued at \$150,000 for goods and services and \$200,000 for carrying out of works (or such higher amount as may be fixed by an Order in Council) which the Council entered into during the financial year without first engaging in a competitive process which are not contracts referred to in Section 186(5) of the Act.
 - Council Policies.

Freedom of Information

The Freedom of Information Act provides the public with the opportunity to access Council documents.

In 2013/2014, Melton City Council received 17 requests for information under the Freedom of Information Act. The results of the applications are as follows:

Result of Access	Number of Requests
Access granted in full	3
Access granted in part	6
Access denied in full	2
Other:	
No documents	0
Request withdrawn	1
Request closed / did not proceed (no response from applicant)	2
Requests not yet finalised as at 30 June 2014	2
Requests transferred to another agency	1
Total Number of Requests	17

Requests for access to information under the Freedom of Information Act should be lodged with Council's Freedom of Information Officer.

Protected Disclosure

The Protected Disclosure Act 2012 commenced on 10 February 2013 and repealed the former Whistleblowers Protection Act 2001. It ensures that public organisations operate in a responsible, open and accountable manner and to protect the public by exposing serious public sector unlawful activity. The main objective of the Act is to encourage and facilitate the making of disclosures of improper conduct or detrimental action by public officers and public bodies.

Melton City Council is committed to the aims and objectives of the Act. It does not tolerate corrupt or improper conduct by its employees, officers or Councillors, nor the taking of reprisals against those who disclose such conduct.

Council recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that:

- reveal corrupt conduct, such as conduct involving a substantial mismanagement of public resources; or
- conduct involving a substantial risk to public health and safety or the environment. Council will take all reasonable steps to protect and support people who make such disclosures from any detrimental action in reprisal for making the disclosure.

Disclosures of improper conduct or detrimental action by Council or its employees may be made to the following officers:

- Ms Christine Denyer, Legal Officer, Protected Disclosure Coordinator or
- Mr Kelvin Tori, Chief Executive Officer

Both are located at Council's Melton Civic Centre and can be contacted on 9747 7200. All correspondence, telephone calls and emails from internal or external whistleblowers will be referred to Council's Protected Disclosure Coordinator (unless the disclosure is about the Protected Disclosure Coordinator in which case it will be referred to the CEO).

Where a person is contemplating making a disclosure and is concerned about approaching the Chief Executive Officer or the Protected Disclosure Coordinator he or she can call the relevant officer and request a meeting in a discreet location away from the workplace. Alternatively, contact may be made directly to the IBAC (on 1800 555 677) or Ombudsman Victoria (on 1800 806 314).

Audit Committee

The Audit Committee is an independent advisory committee of the Council established under the Section 139 of the Local Government Act 1989.

The Audit Committee Charter sets out the Committee's objectives, authority, composition, responsibilities and reporting. The Audit Committee does not have executive powers or authority to implement actions in areas over which Council management has responsibility. The Audit Committee does not have any management functions and is therefore independent of management.

Melton City Council is committed to maintaining effective internal audit practices, inclusive of an Audit Committee that meets industry Best Practice guidelines. The Internal Audit function is an integral component of Melton City Council's commitment to good Governance.

The Internal Audit Function for the period 2010-2015 is provided under contract by auditors Crowe Horwath.

As part of Council's governance obligations to its community, the Audit Committee oversees responsibilities in relation to the following:

- Application of accounting policies
- Financial management
- Effective internal control systems
- Council policies and practices
- Compliance with applicable laws, regulations and best practice guidelines
- Risk management, in particular monitoring and controlling of community and commercial risk.

Members of the Committee

The Committee is made up of three external independent persons and two Councillors with full voting rights. The Committee is chaired by one of the three external independent persons. The Audit Committee met six times during the year and also reviewed the 2013/2014 Statement of Accounts and provided comments on the external auditors' management letter.

Members of the Committee and meetings attended during 2013/2014 were:

Audit Committee Member	Position	Meetings attended
Alan Hall	Chairperson Independent External	5
Mark Holloway	Independent External	5
Adam Roberts	Independent External	5
Kathy Majdlik	Councillor	4
Sophie Ramsey	Councillor (to December 2013)	1
Bob Turner	Councillor (from December 2013)	4

All recommendations of the Audit Committee were presented to Council for consideration at the next Ordinary Meeting of Council. The Finance Department provides secretarial support to the Audit Committee.

Audit Reviews Completed in 2013/2014

During the 2013/2014 financial year, the following audits were undertaken by Council's Internal Auditors:

- Review on Cash Receipting & Handling
- Review on Rates Management
- Review on User Fees & Charges (Non-statutory)
- Review on Management Reporting
- Review on Contract Payment (Annual Supply Contracts)
- Review on Purchasing Card (Corporate Credit Card) & Councillor Expenses



Memberships

Memberships 2013/2014	\$
Aquatics & Recreation Victoria	600
Australian Library and Information Association	1,125
Australian Local Government Women's Association	330
AMSA - Australian Men's Shed Association (including VMSEA)	200
Association for Children with a Disability	55
Association of Neighbourhood House & Learning	635
Australian Cemeteries & Crematoria Association	480
Australian Learning Communities	330
Autism Australia	55
Autism Victoria (trading as Amaze)	121
Australian Breastfeeding Association	400
Cemeteries & Crematoria Association of Victoria	480
Centre for Excellence in Child & Family Welfare	346
Council to Homeless Persons	150
Children with Disability Australia	55
Community Child Care Association	330
DCA Direct Health - Connecting Care	225
Down Syndrome Association Victoria	55
Early Childhood Australia	565
Early Learning Association Australia	529
ECM Chapter	330
Eco-Buy Ltd	2,593
Early Childhood Intervention Australia – Victorian Chapter	55
Family Day Care Victoria	596
Family Day Care Australia	259
Homelessness Australia	240
Institute of Public Works Engineering Australasia	1,815
Interface Councils	12,873
Keep Australia Beautiful	1,000
Leadwest	70,915
Local Government Finance Professionals	660
Local Government Professionals	2,060
Meals Victoria	80
Men's Health Victoria	100
Municipal Association of Victoria Technology	2,820
Municipal Association of Victoria ECM Step Program	2,800
Municipal Association of Victoria	36,313
Municipal Works Officers Association	77
National Growth Areas Alliance	17,050
Parks & Leisure Australia	1,155
Planning Institute of Australia	150
Play Australia	484
Playgroup Victoria	70
Public Libraries Victoria	5,705
Post and Antenatal Depression Association (PANDA)	30
Records and Information Management Professionals Australia	330
Revenue Management Association	390
TICA Default Tenancy Control Pty Ltd	22
VicSport	300
Victorian Community Transport Association (VCTA)	242
Victorian Employers Chamber of Commerce	6,600
Victorian Local Governance Association	27,060
Victorian Maternal and Child Health Coordinators Group	50
Western Melbourne Tourism	28,105
Western Alliance for Greenhouse Action	17,160

National Competition Policy Compliance: 2013/2014

Melton City Council has an ongoing commitment to comply with the National Competition Policy (NCP) and Council remains obligated to adhere to competitive neutrality principles.

During the period 1 July 2013 to 30 June 2014 Melton City Council complied with the requirements of the National Competition Policy and did not receive any complaints in relation to Competitive Neutrality.





Community Engagement

Developing strategies, prioritising work plans, creating new buildings and devising service delivery cannot happen without extensive consultation with key stakeholders – the most important being the community itself. The desire to engage fully with ratepayers and residents is strongly expressed within the Council Plan and subsequent policy and procedure documents.

As a result, Council invests very significant resources into engaging residents right across the municipality to help guide the way Council delivers more than 120 different services. Whether targeting a discrete section of the community, such as youth, the elderly or people living with a disability, or looking to communicate with the 128,000 strong wider public, Council uses a raft of engagement tools to gather feedback.

Methods most commonly used are the Council website, the quarterly 'Moving Ahead' newsletter, regular advertising of Council services and public notices within the local press, direct marketing such as personalised letters and letterbox drops and the emerging use of social media such as Facebook and

custom built websites. Ward talks, Mayor's Message, online blogs, community meetings and even Twitter accounts feature amongst the ways in which Councillors seek to engage with their constituents.

Community events also figure prominently in driving community engagement, with major festivals such as Djerriwarrh Festival and Summersault providing ideal opportunities to ask the community what matters most. Purpose built and specific events for strategy and policy development also drive Council direction. World cafés and facilitated brain storming sessions are increasingly replacing traditional 'town hall meeting' formats to better understand community desires and motivations.

Helping identify general community sentiment and more specific information by category, Council also participates in a Community Satisfaction Survey, conducted annually by the Department of Community Planning and Development (DCPD). This year, Melton's overall performance was up one point at 59, scoring best in customer service (73), and weakest in advocacy (53). The 'rural' resident category continue to mark Council most harshly.



Djerriwarrh Festival Parade

Performance

Overview



Highlights 2013/2014

Managing our growth

New kindergarten room Parkwood Green

The redeveloped Parkwood Green Children's and Community Centre was officially opened in September. The construction of an additional kindergarten room has resulted in 66 new kindergarten places to the centre, plus a further 36 places to the existing three rooms.

Electronic hard waste system

Council implemented a new system to help residents use the At-Call Hard Waste collection service or the Melton Recycling Facility on Ferris Road, Melton South. The new electronic system allows residents to use any current rates notice to use their hard waste disposal choices. Residents' use of these choices will be recorded and tracked electronically.

Planning for future housing needs

Council commenced work on the Melton Housing Diversity Strategy, to help plan for the City's future housing needs. The strategy addresses key housing issues and establishes initiatives to guide and direct the development of the City's residential housing areas. Council hosted 'drop in' community visioning sessions at Diggers Rest, Melton and Caroline Springs in September for residents to learn more about the project and put forward their ideas on housing for the City.

Start of construction Western BACE

Council awarded the contract for the construction of the Western Business Accelerator and Centre for Excellence to Probuild Constructions (Aust) Pty Ltd and construction started late 2013.

The centre will create an environment where emerging businesses can have access to the information, facilities and support that will help them grow their business.

The Western BACE will feature:

- workspaces that support fledgling businesses (including offices, workshop and warehouse space, shared training and meeting rooms, shared reception and support services, high speed optic fibre and IT infrastructure to capitalise on the digital economy and breakout areas for informal interactions)
- Centre for Excellence incorporating training and research in areas such as sustainable building and construction, horticulture and business support and development (including shared training, seminar and meeting rooms, training workshop space, hot desks, video conferencing and conference facilities)
- office space for commercial tenants, and
- a café that will encourage long stays and social interaction.

The Western BACE is located at 222 Ferris Road, Melton South and is expected to be completed by early 2015.

Funding for the project was provided in 2012 by the Australian Government. The development will be supported by Lend Lease, the Burbank Group of Companies and Kangan Institute. Federation University Australia (formerly University of Ballarat) and Victoria University will provide important research, education and training support.

New car park for Exford Primary School to help with growth

Council funded the construction of an additional car park adjacent to Exford Primary School to improve traffic management and safety in the area.

In recent years, enrolments at the school increased rapidly, from 111 students in 2010 to 332 students in 2014. The school is relatively small in size and there is no opportunity for additional onsite car parking. While Council would not normally make a provision for car parking adjacent to a school, this case was unique. The school is located in a relatively remote rural site with limited options to cycle or walk to school.



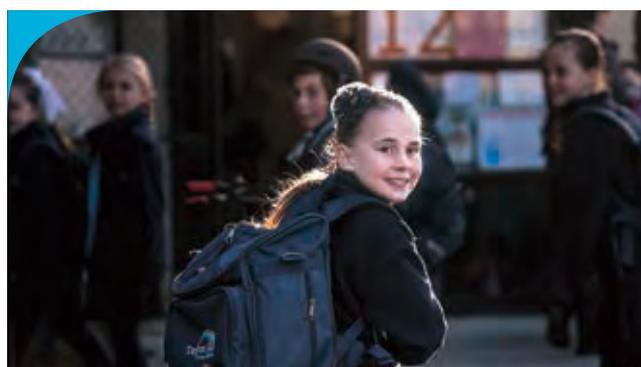
Bridge Road Children's and Community Hub

Start of construction on two children's and community hubs

Construction started in January on both the Bridge Road and Botanica Springs (Clarks Road) Children's and Community Centres to help Council cater for the City's increasing population.

The two Children's and Community Centres will provide important, in-demand services for families in these newly establishing communities including kindergarten and maternal and child health. Each facility will consist of three kindergarten rooms, one occasional care room, maternal and child health rooms, community meeting rooms, landscaping and car parking.

Both centres are due to open for the commencement of the 2015 kindergarten year and will cost approximately \$6 million each to construct. Council was successful in obtaining \$3.5 million in State Government funding for the projects.



Council welcomed Ferris Road traffic lights

Melton City Council Mayor Cr Bob Turner joined the Minister for Planning Matthew Guy in January to turn on the traffic lights at the Western Freeway/Ferris Road interchange in Melton.

A Well Governed and Leading Organisation

Council receives funding for energy efficiency program

Council welcomed the announcement of \$1.97 million in Australian Government funding to help increase energy efficiency in the City. Through the Lead, Educate, Advocate and Demonstrate Sustainability (LEADS) program Council is undertaking a range of projects to decrease greenhouse gas emissions, including changing over inefficient street lights across the City and upgrading nine community facilities.

As part of the three year project, Council will roll out a unique education program and assist the City's most vulnerable residents to reduce their electricity and gas bills.

Melton groups triumph in Keep Australia Beautiful Awards

The passionate work of City of Melton environment groups and individuals was recognised in the Keep Australia Beautiful Victoria (KABV) Sustainable Cities Awards 2013 in July. Council's Environmental Education Officer, Linda Bradburn, was announced as the winner of the prestigious Dame Phyllis Frost Award for her passion in protecting and enhancing the environment as well as empowering the community

to become stewards of the environment. The Melton Environment Group took out the Protection of the Environment Award for its bio-links, birds and blogging about creekline grassy woodland project. The group's focus has been on revegetation, weed control, litter clean ups and bird surveying.

Friends of the Melton Botanic Garden took out the Community Action and Leadership award for its Growing plants, growing people project. The group is proactive, building links with business, government, and the community in order to achieve its vision.

Economic and Tourism Plan

Council had its draft Economic and Tourism Plan 2014 -2030 up for public comment. The Economic Development and Tourism Plan 2014 - 2030 is a long term vision and aims to ensure continued economic growth in the City of Melton, generate local employment opportunities, and position the municipality as a leading, vibrant and diverse place of business and visitor experiences. The Plan was developed in consultation with a range of stakeholder representatives including local businesses, government representatives, community organisations and Council staff.





Municipal Public Health and Wellbeing Plan 2013-2017

Council prepared its draft Municipal Public Health and Wellbeing Plan 2013-2017 and asked for community feedback on the draft document. The plan identifies and responds to priority issues and community needs, outlining Council's direction for the next four years to improve health and wellbeing.

Its strategic directions are aligned to the City of Melton Council Plan 2013-2017.

The Health and Wellbeing Plan is based on a social model of health that recognises that where people live and how they interact with their environments affects their ability to maximise their health and wellbeing outcomes. The plan addresses four health and wellbeing themes: healthy places, a healthy community, healthy people and healthy lifestyles. The Municipal Public Health and Wellbeing Plan 2013-2017 was adopted by Council in October.

Awards for the Melton Library and Learning Hub

The Melton Library and Learning Hub added the first feather to its cap by taking out the Sustainable Procurement Award at the 2013 Procurement Australia Awards in August. The Sustainable Procurement Award recognises member organisations that have developed and implemented sustainable procurement policies and processes that address any of the following:

- Reduce overall carbon footprint or emissions
- Conserve energy or protect the environment
- Conserve water
- Enhance biodiversity
- Reduce waste

The Melton Library and Learning Hub received another accolade by winning the Australian Timber Design Award for Sustainability in September. This award is judged on the entry that makes best use of sustainable design principles.

Advocacy for schools

The Arnolds Creek primary school project received additional funding from the State Government in May and is now fully funded. Council continued to advocate to the State Government for the early provision of additional schools in the municipality, with focus on primary schools in Eynesbury and Taylors Hill West and a secondary school and a specialist school in the Eastern Growth Corridor.

Melton Community Health Centre funding received with great joy

Council was buoyed by the State Government's announcement in May of \$14 million funding for the Melton Community Health Centre. This has been one of the biggest advocacy targets over the past years.

Caroline Springs train station construction confirmed

In May, Council welcomed confirmation by the State Government that the Caroline Springs train station will be completed by 2016. The new railway station will be built on the existing Melton V/line, between Rockbank and Deer Park stations.

Council advocated strongly over recent years for the much-needed train station, which will service residents of Caroline Springs and the Eastern Growth Corridor.

Council launches plan for early years development

Council launched its Municipal Early Years Plan 2014–2017 in May, a key strategic document that sets out the direction for services that impact the health, learning and development of children aged 0–12 years living in the City of Melton.

This important strategy focuses on five primary themes: Growing up happy and healthy; Shaping our City; Our learning and development; What our families need, and Our community.

Diverse, Confident and Inclusive Communities

North by Northwest debut performance

Melton City Council Youth Services drama group, North by Northwest, staged its inaugural production in August. The group performed *The Horrible Beauty* by Adam Cass. The play is based on an original script developed by Cass, in collaboration with the group. It explores themes of young people's potential to cope with and effect change, and what it might be like to be a suburban superhero.





Disability action plan

City of Melton residents were invited to provide feedback on Melton City Council's draft Disability Action Plan 2013–2017. The aim of the Disability Action Plan was to create an inclusive and accessible community in which all people are able to participate and be valued. Over 350 local people with a disability, carers and service providers contributed to the development of the draft document. The draft plan identified barriers to participation for people with a disability in the City of Melton and actions to make our municipality more inclusive and accessible.

The final plan was launched in December.

Melton Interfaith Network meeting

Melton City Council hosted the inaugural meeting of the Melton Interfaith Network in August. Made up of representatives from the Church of Jesus Christ of Latter-day Saints, Melton Christian Ministers Association, Melton Muslim community, Indian Sikh community and Zoroastrian community, the Melton Interfaith Network aims to raise awareness of the different faiths and traditions present in the City of Melton and promote understanding and harmony.

Eynesbury Drive Share Project

An online community carpooling service for Eynesbury residents was launched in October at the Eynesbury Discovery Centre. The Eynesbury Drive Share project is a partnership between Melton City Council and the Eynesbury Community Association. The online carpooling service is free and allows two or more people to make arrangements to travel together in a single car. The project is specifically targeted to the needs of the Eynesbury residents because of the limited transport options available to them.

Harmony Day

Melton City Council celebrated Harmony Day in March with a community event promoting awareness, acceptance and appreciation of cultural diversity. The celebration included free multicultural food, music, dancing, African drumming workshops, henna tattoos, a magician, kinder gym, community service stalls, and much more fun for the whole family.



Omar Dean at Pop Culture

Council wins prestigious industry award

Melton City Council, along with its project partners, was honoured at the national 2014 LGPro Awards for Excellence; winning the Community Partnerships category for its Engaging Children in Decision Making: A Guide to Consulting with Children initiative.

This innovative resource is a practical guide that affirms the importance of including the voice of children in the planning, designing and evaluating of strategies, environments and programs.

Budget engagement sessions

Residents and community groups in the City of Melton again had the opportunity to speak to Councillors and Council officers at budget engagement sessions in February. Council wanted to gain valuable community input for the 2014-2017 period before Council started preparing the 2014/2015 draft budget and finalising its business plans for the next three years.

Outpost library service for Diggers Rest

Accessing Council's library service has been made easier for residents in Diggers Rest, thanks to a pilot outpost library service that was introduced in April. Library members are able to access the service at the Diggers Rest Family Services Centre. Over 300 items (for children and adults) including books, magazines, DVD's, and audio books are available for loan. Library members can browse, borrow, renew and return items as well as place books on hold and collect them from the Diggers Rest site.

Community Health and Wellbeing

Pop Culture Events

Melton City Council hosted two Groovy Movie nights in July as part of its arts and culture Pop Culture series.

Triple J sensation blues and rock band Bonjah performed at Morton Homestead in October, supported by up-and-coming folk star Jack Stirling.

Among other events, Pop Culture also saw marionette puppetry come alive in Melton at the Rock and Roses Puppet Show and a performance by local resident Omar Dean of X-factor fame.



New arts and cultural programs

Melton City Council introduced an exciting range of arts and cultural programs for the community to enjoy. Children's drama classes and wearable art/recycled fashion workshops were on offer for young people through to adults to learn new skills and encourage creativity.

Discover Your Own Backyard video

Melton City Council launched its Discover Your Own Backyard Melton video, which encourages residents to discover, explore and experience local tourism and leisure attractions as part of a local tourism campaign run in partnership with Destination Melbourne.

Djerriwarrh Festival

This year's theme was 'celebrate' and all the popular features of the Festival returned again including the street parade, market stalls, Lions Club carnival, activities and workshops for children and young people and the spectacular fireworks display.

80s electro-pop icons Pseudo Echo and earthy psych-rockers Stonefield headlined the festival main stage and there were also performances from Bob the Builder, Danny Rio, Jayka Music Academy, Damien Howard, Bonjah and Vegas Baby.

Local groups performed in the Community Showcase Ring, and a 'Get Active Expo' and the City of Melton Business Expo were also part of the event.

New equipment at Melton Waves

New equipment, installed between June and December at Melton Waves, featured a number of free weights including leg presses, pec flies, dumbbells, curl prone, cable crossover and freedom trainers, as well as cardio equipment like treadmills, and bikes. All up, over 40 new items have been installed.

Summersault

Teen sensation Reece Mastin headlined the 2014 Summersault event at Caroline Springs in February. Blues and roots rockers Bonjah, folk sensation Little Stevies and local hero Omar Dean of X-factor fame also graced the stage.

Operation Safe Family events

Council organised several free community safety events in the municipality to provide local residents with an opportunity to take advantage of free child restraint fittings and installation of free anti-theft number plate screws as well as community and road safety information and resources.

Funding for new Men's Shed at Morton Homestead

Melton City Council welcomed the State Government's announcement of \$60,000 in funding for a new Men's Shed at Morton Homestead in Taylors Hill. The Men's Shed will complement the existing Council services that operate from the site and will provide an opportunity for men to socialise, be active, work on community projects, share skills and interests with other men or drop-in for some quiet time or a chat over coffee. It will also provide links to information and services about men's health and wellbeing.

Melton City Council has made a commitment of \$250,000 towards the project. It is expected that construction of the Men's Shed will be completed in the second half of 2014.





Sons of the West program to tackle men's health in Melton

City of Melton men had the chance to take part in a 12-week health program as part of the Western Bulldogs Football Club, Sons of the West initiative. Council delivered the men's health program in partnership with the Western Bulldogs, Macedon Ranges and North Western Medicare Local and surrounding western region Councils. Sons of the West is a free program that aims to promote healthier lifestyles and improved health for men aged 18 years and over, living and working in Melbourne's West. The program offered health checks, education sessions and men's health events.

Funding for netball facilities at Melton Recreation Reserve

Council welcomed the announcement of \$80,000 in funding from the Victorian Government in May for the redevelopment of netball facilities at Melton Recreation Reserve.

New Council project focuses on children's health

Melton City Council encouraged local kids and families to get involved in Council's exciting new children's health and wellbeing program, Healthy Children Growing Together. The program is funded by Macedon Ranges North Western Melbourne Medicare Local and features a range of planned activities, including walking school buses, breakfast programs, cooking classes and nutrition education workshops, all designed to help families build their skills, promote and support a culture of active transport and improve healthy eating choices made in the home and at school.



Report of Operations

1 Legislative Factors

The most notable legislative introduction in 2013/2014 was the Local Government Amendment (Performance Reporting and Accountability) Bill, which passed State Parliament in February 2014. Intended to ensure that all Councils are measuring and reporting on their performance in a consistent way, the framework establishes service, financial and sustainability performance measures. In effect from 1 July 2014, Council has expended significant resources throughout the year to ensure preparedness to report mandatory results in the 2014/2015 year.

2 Economic Factors

Both the building and development fronts continued to improve from the previous year's base. A large number of new precincts have either been approved, are currently under development or in the early planning phase. The Eastern Growth Corridor continues to outperform the Melton township in so far as rate of growth, but both the township and Eastern Corridor have significant development fronts occurring. New families continue to choose Melton as a place to live, work and recreate and with the population growth new employment and business opportunities present. The \$150 million QIC Woodgrove Shopping precinct re-development was completed and is expected to create over 400 new full-time and part-time retail jobs within the City.

Lower interest rates again gave some life to the residential housing market and relief to all of those with mortgage pressure throughout the City. Coupled with the announcements of the motor vehicle manufacturing ceasing in the near future Council has been working hard over the past year to identify new and emerging industries, assessing the skills of our residents and working to connect jobs with residents through initiatives such as WRAP (Worker Re-training and Adjustment Program) and the Melton Jobs Hub. Council departments including Planning and Economic Development also collaborate with State Agencies such as DSDBI (Department of State Development & Business Innovation) to attract new businesses and employers into the region to provide employment opportunities for our residents.

The completion of the Western Business Accelerator & Centre for Excellence (Western BACE) during 2015 will also add the dimension of a business incubator to encourage, support and grow new and existing businesses linked to the construction, education & professional services markets which are the other growth areas in employment within the City.

Successful new funding 2013/2014

Council plays a strong advocacy role in regards to actively seeking funding opportunities and advocates to various funding bodies to support Council's capacity to deliver on new community initiatives. In the past twelve months through the preparation of high quality submissions, Council has attracted a significant amount of new funding, of which a portion will be invoiced in the 2014/2015 financial year and subsequent years.

Table 1 – Successful New Grant Applications 2013/2014

<i>Number of successful Non-Recurrent Capital Grants</i>	7
<i>Number of successful Recurrent Capital Grants</i>	1
<i>Number of successful Non-Recurrent Operational Grants</i>	10
<i>Number of successful Recurrent Operational Grants</i>	4
Number of successful new grant applications 2013/2014	22
Funds received for successful new applications in 2013/2014	\$3,190,025

Total funding received

Over the previous twelve months, the City of Melton has received \$31,444,989 in both recurrent and non-recurrent and capital funding through a range of funding sources including State and Federal Government. This funding has been received for the delivery of a number of capital works projects as well as a range of services for our community.

This funding is received through a range of external funding sources including the Department of Planning and Community Development (DPCD), the Department of Education and Early Childhood Development (DEECD), Department of



Sustainability, Environment, Water, Population and Communities (DSEWPAC) and the Department of Health (DoH). This funding has been received for the delivery of a number of capital works and infrastructure projects as well as a range of services for our residents' diverse needs.

Table 2 – Total external funding received

Total value of funds received recurrent and non-recurrent funding 2013/2014	\$31,444,989
Total fund outstanding (to be invoiced in 2014/2015 financial year and subsequent years)	\$0
Total value external funds 2013/2014 received	\$31,444,989

3 Structural Changes to Council

During the 2013/2014 year the following structural changes occurred within Council:

- The Community Planning unit and Leisure and Facilities unit within the Community Services Directorate was restructured to ensure better alignment, growth and efficiencies of activities across both units.
- Four Service Units were impacted by structural changes within the Planning and Development Directorate. These were Business Growth and Sustainability, Planning, Growth Areas and Operations. The changes are intended to build on and consolidate the synergies between the existing work groups and to provide additional resourcing into the Operations group to respond to the increased level of open space managed by Council.

4 Major Policy Initiatives

Council via its Policy Review Panel, has considered and approved several new policies and revision to several existing policies. This process has supported the provision of clear direction in Council's decision making, which is aligned, efficient and effective.

In ensuring well governed operations and supporting the capacity of our people and optimum organisational performance, the following policies were developed and adopted:

- Developers Contribution Policy
- Advocacy Policy
- Complaints Management Policy
- Graffiti Policy

Council also reviewed and revised policies in the areas of Community Grants, Asset Management and Preventing Violence against Women and their Children.

Financial Overview

Council's equity increased by \$96 million during 2013/2014, mainly due to assets contributed by developers of \$53 million and capital grants of \$13.7 million. Council's net worth to the community is \$1,315 million.

Operating Result

Council's operating result for the year was a surplus of \$60 million inclusive of \$60.6 million of contributions from developers of which \$53.3 million were contributed assets.

Cash Position

Council's cash position at 30 June 2014 increased by \$8.7 million to total cash on hand at year end of \$38.2 million.

Cash flows from rate revenue, borrowings for future capital works, and deferred capital works impacted on the result.

Financial Ratios

Council's debt servicing ratio, which is a measure of debt servicing cost as a percentage of Council's rate income, has decreased due to borrowings levels remaining consistent with prior year and increased rates income. Council's debt commitment ratio, a measure of Council's rate revenue utilised to pay interest and redeem debt principal, has decreased to 10.74%.

Council's working capital ratio decreased to 1.62 from 1.65 mainly due to increase of \$8.7 million in cash on hand at year end.

Capital Works

Council's expenditure on capital items for the year was \$26.9 million, a decrease of \$10.9 million on the previous year, with 54% of the original approved budget program being completed. Capital projects worth \$11.8 million consisting of 42 projects were not completed as planned. These projects are expected to be completed in the 2014/2015 financial year.

Major projects completed included:

- Roads \$6.5 million
- Community infrastructure \$12.8 million
- Plant replacement \$0.9 million
- Tourism and leisure \$5 million





Domestic Animal Management Plan

In 2013 Council adopted the Domestic Animal Management Plan 2012-2016 in accordance with Section 68A of the Domestic Animals Act 1994. In this plan, Council sought to balance the competing needs of animal owners, the broader community and the domestic animals that share people's lives. Council also recognises the positive health and wellbeing outcomes that arise from domestic animals ownership. The programs and activities set out in the plan have therefore been developed with the aim to encourage more people to enjoy the pleasure derived from animal companionship, within a framework of responsible ownership.

Key objectives addressed during the 2013/2014 financial year were as follows (each objective has a number of activities to be assessed against):

Training of Authorised Officers

Objective 1: Develop minimum training requirements for Authorised Officers.

Training standard for authorised officers has been established as Certificate IV in Animal Control & Regulation and is incorporated into the Local Laws Officer Position Description. Currently, Warner Institute of Business provides training in Certificate IV Government (Statutory Compliance) and Animal Control and Regulation to two Local Law officers.

Objective 2 & 3: Develop training register and new officers receive minimum training within three months of appointment.

Currently, Local Laws unit is using Organisational Development training records and Personal Evaluation System to record each officers training goals. Unit spreadsheet to be implemented and updated with overall officer training by December 2014. No new staff were appointed during this time.

Registration and Identification

Objective 1: Improve accuracy of registration database.

The Local Laws staff continue to identify and correct registration variances to ensure that the animal system has the correct data for each registration targeting new and transfer animal registrations. This includes sampling and cross referencing microchip details as well animals being checked at time of impoundment.

Objective 2: Increase dog and cat registrations by 2% each year.

As part of increasing registrations all animals that are reunited with their owners are now required to be registered. Animal registrations have reduced over the past twelve months, but are comparable with 2011/2012 financial year. Local laws officers are engaged in the animal registration doorknock throughout the City focusing on owners that failed to renew registration. Council's software 'Intramaps' is utilised by officers to enable records of animals not re-registered to be door knocked. Information gained is then updated into the animal data base or infringement notices to be issued. These doorknocks have identified animals that were not reregistered.

Nuisance

Objective 1: Resolve cat nuisance complaints.

To minimise cat nuisance complaints Council has updated its website to include information on cat enclosures to assist responsible pet owners, Local laws officers and pound staff actively engaging with aggrieved residents and cat owners to assist in resolving these issues. If the cat belongs to a neighbour the aggrieved resident is encouraged to talk to the neighbour and try to resolve any issues. Cat trapping is an option for ongoing problems. In 2013/2014 the local laws unit purchase 6 cat traps to make a total of 25 traps available to residents. The number of cats impounded in 2013/2014 was 739.

Objective 2: Resolve dog nuisance complaints.

To reduce dog nuisance complaints Council has reviewed is order requiring dogs to be on a leash in all public spaces in the municipality. This includes a requirement for the owners to carry a device for collection of animal waste. The General Local Law review is currently underway with reference being made to number of animals that can be kept in a residential zone. This review will provide guidelines on the conditions owners will be required to meet if they wish to house more than the specified number of animals. It is anticipated that once the review is completed the new Local Law will go to Council for adoption early 2015.

A booklet on nuisance dogs explaining the common reasons why dogs bark and strategies that owners can adopt to reduce or stop dogs barking is planned to be included with the 2015/2016 animal registration notices.

The opportunity for consideration of new off-leash areas has been based on demand from the community. With minimal enquiries from the community about additional areas, no new areas have been considered. Should

community demand increase then further off-leash areas will be considered.

In 2012/2013 Council added amenities of seating and on site water to the off-leash areas at Navan Park, Melton and Boronia Reserve, Hillside. In 2013/2014 no further amenities were added to the amenities already existing.

Council's web site has been updated on animal issues including topics such as Registration and Microchipping, Lost Pets, Dogs, Cats, Animals allowed (Permits), Domestic Animal Management Plan 2012–2016, General Pet Ownership and Wildlife. These topics are designed to help residents understand the issues and responsibilities associated with owning dog, cats and other types of animals.

Dog Attacks

Objective 1 & 2: Encourage reporting of dog attacks.

To encourage reporting of dog attacks Council has been proactive in updating its web site, providing media articles and direct contact with residents. The number of reported dog attacks in 2012/2013 was 124 and in 2013/2014 were 107, a decrease of 13% in reported attacks.

To assist in a consistent approach to dog attacks the local laws unit is formalising a policy document on dog attack enforcement, menacing and dangerous dog declarations and dog destruction. This should be completed by early 2015.

Dangerous, Menacing & Restricted Breed Dogs

Objective 1: Identify & register declared dogs in the municipality.

As part of the registration process Council staff monitor the information provided to assist in the identification of potential restricted breed type. Authorised officers are assigned any potential restricted breeds animal identified and they are assessed in accordance with the Department of Environment and Primary Industry standard. Similarly industrial properties are monitored for dogs being kept as guard dogs and authorised officers carry out inspections to ensure that the provisions of the Domestic Animals Act are complied with.

Objective 2: Effectively inspect and audit all declared dog premises annually to ensure they are following the keeping requirements.

The restricted and dangerous dog inspections were completed in May 2014 with all 37 inspections taking place at the known properties. These inspections were carried out by authorised officers based on Council and Department of Environment and Primary Industry information.

Overpopulation & High Euthanasia

Objective 1: Reduce number of registered dogs that are currently entire and not part of a Domestic Animal Business.

As part of Council's review of fees, the registration fee for non desexed dogs was considered low compared with the cost of having their dog desexed. Council has decided to increase the cost of registering an entire dog from \$90.00 to \$100.00 for the new registration period.

Objective 2: Identify Domestic Animal Businesses.

To assist with reducing overpopulation Council Officers have carried out inspections of all domestic animal businesses within the municipality. The inspections found that the businesses complied with the relevant codes established under the Domestic Animals Act. All businesses have been registered as required. The number of businesses registered in 2012/13 was 10 and in 2013/14 were 14.

Objective 3: Maximise the reclaim & rehoming rates for cats & dogs.

Animals that have been impounded are advertised on our websites and Council has continued to develop partnership with rescue organisations to maximise the number of animals rehoused. The General Local Law review is currently underway with a review of keeping of animals including the size of the property, the types and numbers of animals. It is anticipated that once the review is completed the new Local Law will go to Council for adoption late 2014 or early 2015.

Domestic Animal Businesses

Objective 1, 2 & 3: Domestic Animal Businesses identified, audited and complaints actioned.

Council Officers have carried out inspections of domestic animal businesses within the municipality. The inspections found that the businesses complied with the relevant codes established under the Domestic Animals Act. All businesses have been registered as required. The number of businesses registered in 2013/2014 is 14. All complaints received have been investigated and the issue resolved.

Other Matters

Objective 1: Take part in feasibility of a Western Regional Pound Facility.

Melton City Council was a representative on a working group established to look at the feasibility of Western Region Pound Facility. The other Councils involved were Wyndham, Hobson, Maribyrnong, Brimbank and Moonee Valley City Councils. In February 2014, the working group presented several options to the Regional Chief Executive Officers group for recommendation. The result for the City Of Melton was to continue running its own animal pound facility at this time.



Report against Council Plan

Local Government Action s131 (2) (b)

The following section provides an overview of the past 12 months of operations at Melton City Council and focuses on:

- Council's achievement of activities and initiatives from the 2013/2014 Council Action Plan
- significant projects and plans
- major capital works.

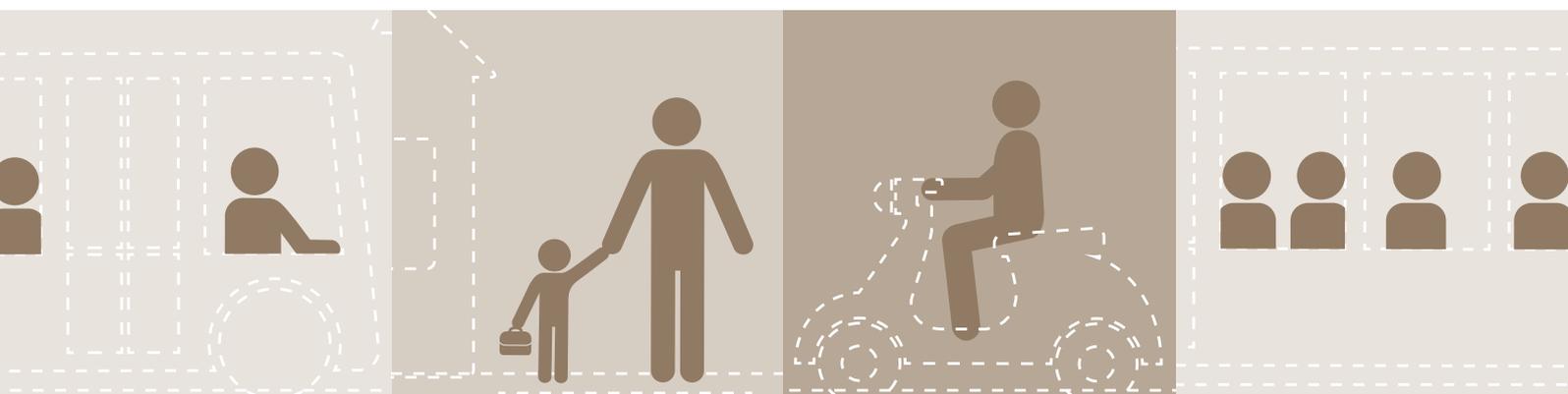
Performance Against Strategic Objectives

Council has identified key themes that have directed the overall direction through the 2013-2017 Council Plan. These are expressed as four Strategic Outcomes.

Each Strategic Outcome addresses a different aspect of Council's service delivery, which is supported with the establishment of an Annual Action Plan. The 2013/2014 Council Action Plan identifies 135 activities and initiatives that Council has worked towards achieving.

The following table details Council's progress in achieving against these activities, followed by a summary against each Strategic Outcome.

Status	Description	Number of actions
Achieved	The Action is completed.	77%
On track	The Action is progressing on target to be achieved within the timeline.	6%
Ongoing	The Action is ongoing over multiple financial years.	17%
Total		100%





Theme One - Managing our Growth

Council is leading the development of a well-connected community through managing the responsible development of new physical, social and economic infrastructure to meet the needs of our residents.

In managing growth we are protecting and enhance our existing assets and ensuring a balance between development and the conservation of the natural environment.

We are working in partnership to create a sense of place through the appearance and function of our natural and urban environment. This is encouraging local pride and enhancing the image and perception of the City as an attractive place to live, work and invest.

Strategic Outcome - A clear vision to connect and develop a sustainable City

Objective - Strategically plan for a well designed and built City.

Priority Areas	Key Activity	Status
Strategic Planning	Adopted a Developer Contributions Policy that ensures infrastructure is delivered to the community in a timely and cost efficient manner.	Completed
	Developed a Retail and Activity Areas Strategy that provides direction on the planning and support for retail areas throughout our City.	Completed
	Worked with Growth Areas Authority to ensure the initiation of designated Precinct Structure Plans to guide the City's growth.	Completed

Objective - Build a sense of place through an engaging range of community facilities and shared open spaces.

Priority Areas	Key Activity	Status
Asset Management	Delivered the Design for the Clarkes Road Children's and Community Centre to provide opportunities for our children to learn and community to engage.	Completed
	Completed the City's Parks and Reserves Review process to ensure future provision of assets aligns with community needs.	Completed
	Delivered on new asset needs through the successful delivery of the 2013/2014 Capital Works Program.	Completed

Objective - Generate an innovative local economy that stimulates opportunities for investment, business and training.

Priority Areas	Key Activity	Status
Local Economy	Created new employment opportunities through the expansion of the 'Work's 4 Me' employment and training initiative for people with disabilities.	Completed
	Delivered the City of Melton's Economic Development and Tourism Strategy 2014-2030 creating a long term vision to ensure the continued economic growth of our City.	Completed



Objective - Value and protect the natural environment for future generations.

Priority Areas	Key Activity	Status
Natural Environment	Delivered "It Starts with Zero" Waste Management Strategy Annual Action Plan that has seen 42.63% of waste diverted from landfill.	Completed
	Delivered Council's Environmental Enhancement Policy to encourage pest and weed control on private rural land.	Completed

Objective - Support a transport system that connects and moves our community.

Priority Areas	Key Activity	Status
Transport Access	Delivered over 500m of new shared paths to support the connection and activation of our community through creating valuable new walking and cycling networks.	Completed
	Provided support to 25 transport disadvantaged community groups through access to Council's Community Bus Service.	Completed



Theme Two – A well governed and leading organisation

Council is committed to providing strategic leadership and working in collaboration to better engage, represent and communicate with our diverse community. We are ensuring that our services and facilities are efficient, effective and appropriate to get the best outcomes for our community.

We are managing in an innovative, responsible and financially sustainable manner to meet the needs and aspirations of current and future communities.

Strategic Outcome – Operating with innovation, transparency, accountability and sustainability.

Objective - Build community trust through socially responsible governance for long term sustainability.

Priority Areas	Key Activity	Status
Strategic Management	Align planning, resources and reporting through the development of a Corporate Performance Strategy to guide Council's Performance reporting and management.	Ongoing
	Developed long term asset management plans for buildings, open space and drainage that supports the long term sustainability of Council assets.	Ongoing

Objective - Provide levels of service that balance community need with organisational capacity.

Priority Areas	Key Activity	Status
Servicing Community Need	Delivered the Customer Service Culture Development program to ensure that Council and its officers deliver courteous, fair and helpful service in every personal contact.	Completed
	Developed a Service Review Evaluation Framework that seeks to continuously improve our service quality.	Completed





Objective - Facilitate community engagement in planning and decision making.

Priority Areas	Key Activity	Status
Community Engagement	Developed a Community Engagement Framework that encourages collaboration and involvement in Councils decision making processes.	Ongoing
	Expanded the range of social media tools to increase local engagement in Council's library services.	Ongoing

Objective - Invest into a skilled, motivated, aligned and performing workforce.

Priority Areas	Key Activity	Status
Organisational Performance	Administered the staff performance management system to drive accountability of strategic and operational commitments.	Completed
	Continued to generate a culture of learning, development and high performance through the development of a new Leadership Development Framework.	Completed

Objective - Advocate in the best interests of our community and region.

Priority Areas	Key Activity	Status
Advocacy	Developed an Advocacy Strategy to ensure improved community outcomes for our City and region.	Completed
	Successfully advocated for additional Home and Community Care (HACC) funding with receipt of \$121,712.	Completed

Objective - Ensure timely compliance with statutory and regulatory obligations.

Priority Areas	Key Activity	Status
Compliance	Reviewed the Municipal Emergency Management Plan to ensure Council is well positioned in its response and recovery capacity.	Completed
	Commenced an update of the General Local Law to ensure that Council is delivering best practice in corporate and community services.	Ongoing

Theme Three – Diverse, confident and inclusive communities

Through a range of services, Council is committing to support a strong, diverse and motivated community that is connecting through access to a range of cultural, lifelong learning and leisure activities.

We are creating a City where people feel safe, a sense of belonging and community pride.

Strategic Outcome – A culturally rich, active, safe and connected City.

Objective - Provide an accessible range of services for all including children, young people, families and older adults.		
Priority Areas	Key Activity	Status
Accessible Community Services	Developed the Municipal Early Years Plan 2014–2017 that will provide an accessible range of services for children and their families.	Completed
	Delivered the Disability Action Plan 2013–2017 that supports the capacity of our community to plan for and increase participation of people with a disability and their carers.	Completed
Objective - Build resilient people and communities through opportunities to participate in community life.		
Priority Areas	Key Activity	Status
Strong Communities	Administered Council's Community Grant Funding which distributed funding to 123 new projects and community groups.	Completed
	Delivered the Private Rental Access program that has supported residents at risk of homelessness through provision of affordable accommodation.	Completed
Objective - Develop an environment that supports imagination, creative expression and engagement in cultural experiences.		
Priority Areas	Key Activity	Status
Arts and Culture	Supported community awareness and acceptance of the role and value of arts through the 2013/2014 Pop Culture Program.	Completed
	Supported the potential of existing and emerging artists through delivering a new Artist in Residence Program to 59 new participants.	Completed
Objective - Provide lifelong learning opportunities to build social connections and self development.		
Priority Areas	Key Activity	Status
Lifelong Learning	Delivered Neighbourhood House programs to over 3,606 participants across 277 programs.	Completed
	Delivered new learning courses in partnership with external education providers from the Melton Library and Learning Hub, including Federation University Australia's Diploma of Childcare classes.	Completed



Objective - Build an inclusive community that embraces and values cultural diversity and celebrates our collective heritage.

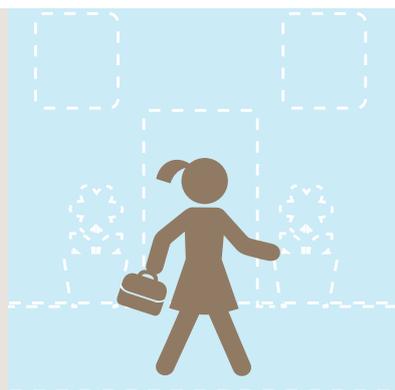
Priority Areas	Key Activity	Status
Local Identity	Commenced Library digitisation of local history resources that is increasing community knowledge and appreciation of our collective heritage and development as a City.	Completed
	Delivered the 2014 Harmony Week Program that saw 1367 people attend nine events delivered across the City during Cultural Diversity week.	Completed

Objective - Create a safer community through building a sense of belonging and community pride.

Priority Areas	Key Activity	Status
Safety	Developed Council's Graffiti Management Policy that improves amenity, perceptions of safety and promotes community pride.	Completed
	Successfully advocated to State Government to increase law enforcement services, with eight new positions provided in 2013/2014.	Completed

Objective - Ensure our established and new communities are well connected and supported.

Priority Areas	Key Activity	Status
Connected Communities	Coordinated our approach to improve service access to small townships through the commencement of a Library Outreach service to the Diggers Rest community. This will be further delivered to other small townships.	Ongoing



Theme Four – Community health and wellbeing

Council is implementing a partnership approach to develop solutions and opportunities for healthy communities. We are focussing on enhancing the community's mental and physical health and wellbeing, promoting social inclusion through engagement across all community sectors.

We are improving quality of life through education, supporting positive behaviour change in healthy lifestyles and encouraging our community to be physically active.

Strategic Outcome – A City of people leading healthy and happy lives

Objective - Collaborate for an accessible, integrated and aligned health service system.

Priority Areas	Key Activity	Status
Health Planning	Developed the 2013-2017 Municipal Public Health and Wellbeing Plan that provides a variety of committed strategies, actions and indicators to address the wellbeing needs of our community.	Completed
	Conducted a Feasibility Study for the redevelopment of Melton Community Health Centre in partnership with Djerriwarrh Health Service and Department of Health. This supported the State Governments Funding announcement of \$14m in the 2014/2015 State Budget.	Completed

Objective - Address health inequalities in our community.

Priority Areas	Key Activity	Status
Healthy People	Delivered a whole of organisation approach in community education through implementing the Take a Stand Preventing Violence Against Women Program. This is influencing behaviours and attitudes in our community by modelling non-violent, equitable and respectful gender relations.	Completed
	Establishing a Men's Shed at Morton Homestead, Taylors Hill that will aim to support and increase social inclusion for men.	Ongoing

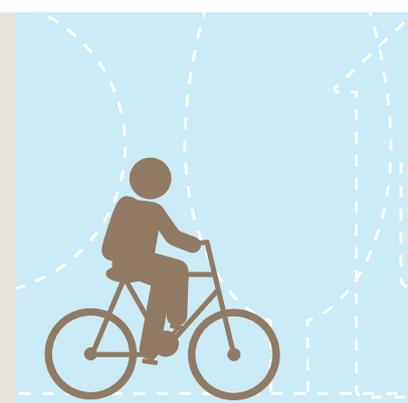


Objective - Encourage our community to be physically active and healthy.

Priority Areas	Key Activity	Status
Active Communities	Delivered the Healthy Communities Program through 101 individual new active lifestyle programs that saw 1,534 residents register to support positive lifestyle behaviour change.	Completed
	Delivered immunisation program to eligible children and adolescents, resulting in Department of Health statistics indicating that the City of Melton is achieving an immunisation rate in excess of the State averages in infants.	Completed

Objective - Minimise social harms caused by gambling, tobacco, alcohol and other drugs.

Priority Areas	Key Activity	Status
Harm Reduction	Delivered 53 Saturday Nights Live and Freeza youth drug and alcohol free events as a proactive approach in preventing and reducing social harms to young people.	Completed
	Conducted the annual sale of tobacco to minors testing program across 58 premises with no infringement notices issued.	Completed



Victorian Local Government Indicators

Year ended 30 June 2014

Category	Indicators	2011/ 2012	2012/ 2013	2013/ 2014
Overall Performance	Community satisfaction rating for overall performance generally of the Council	64	58	59
Advocacy	Community satisfaction rating for Council's advocacy and community representation on key local issues	58	52	53
Engagement	Community satisfaction rating for Council's engagement in decision making on key local issues	61	55	55
All Rates	Average rates and charges per assessment	1,502	1,626	1,720
Residential Rates	Average residential rates and charges per assessment	1,370	1,415	1,597
Operating Costs	Average operating expenditure per assessment	2,430	2,363	2,602
Capital Expenditure	Average capital expenditure per assessment	759	809	571
Infrastructure	Renewal	46%	12%	10%
	Renewal & maintenance	74%	51%	43%
Debts	Average liabilities per assessment	1,094	934	956
Operating Result	Operating result per assessment	1,049	2,035	1,271



Community Grants Program 2013/2014

Community Funding Program

During 2013/2014, Melton City Council provided a number of grants to community groups and projects that would benefit the Community as a whole through its four funding programs.

Grants Highlights 2013/2014

Grant stream	Funds distributed	A successful example from the stream
Community Grants Program		
Increasing community participation	\$32,127.00	Brimbank Melton Learning and Employment Network received a grant for strengthening the resilience of young people, and supporting their mental health and wellbeing through new visual and performing arts program.
Delivering community services	\$42,341.00	Pinarc Disability Support services received funds to support the community by hosting a series of Autism Spectrum Disorder workshops for parents, education and health professionals.
Providing assets that strengthen wellbeing	\$34,000.00	Melton Centrals Junior Football Netball Club received a grant for recognising the contribution and commitment of community volunteers through the provision of volunteer support facilities.
Developing local pride	\$19,673.00	Djerriwarrh Health Services was supported with funding to deliver community programming and a place making project that will build pride and strengthen community connection among Melton South residents.
Developing community leadership	\$39,755.00	The Victorian Immigrant and Refugee Women's Coalition was successful to deliver a Melton Women's Leadership Program for CALD background participants to undertake skill development in project management, strategic planning and writing funding submissions.
Monthly Responsive Grants	\$12,340.97	The Aboriginal Marla Group received a grant to support the establishment of an Aboriginal and Torres Strait Islander women's group to engage members through cultural activities and workshops.
Donation Fund		
Community Contribution	\$6,605.85	Combined Churches Caring Melton received a grant for the development of promotional tools that will inform residents and prospective donors of the ministry's food provision service, emergency relief and support programs.
Resident Achievement	\$25,070.00	The funding recognised the outstanding talent, ability and achievement of 51 local individuals in national and international pursuits such as martial arts, athletics, field sports, orienteering and dance sport competitions and expos.
Community Benefit Program		
Infrastructure/ Equipment Support	\$70,401.00	Friends of the Botanic Gardens received a grant to purchase solar panels for installation in the Group's works depot, which will assist the self sustainability of the facility and promote alternate energy applications.
Community Support Programs	\$22,599.00	The Icare Special Needs Group received a grant to provide a range of new and innovative respite options for families.
HRV Grant Program		
Infrastructure/ Equipment	\$16,726.00	Lynda's Hampers received a grant to purchase a car trailer and hand trolley, to assist with the delivery of donated goods to disadvantaged individuals/families in the community, encouraging active participation in volunteering.
Community Support	\$18,274.00	Western Regional Health Centre received a grant to support a health and wellbeing expo that promotes increased community awareness of the health programs available to Aboriginal and Torres Strait Islanders living in Melton.
Student Welfare Support	\$15,000.00	Kurunjang Primary School received support to deliver the "Building our Future Project", which will work with mentors including indigenous elders, and other community groups focussing on concepts of persistence, resilience, teamwork and problem solving.
Total Funding	\$354,912.82	

Audited Statements



Performance Statement

For the Year Ended 30 June 2014

Notes to the Performance Statement for the year ended 30 June 2014

Council must prepare a *Performance Statement* as soon as is reasonably practicable after the end of each financial year. Under Section 132 paragraph 2(a) and 2(b), the *Performance Statement* must include "the Key Strategic Activities and performance targets and measures specified in the budget under section 127 for that financial year" and "the actual results achieved for that financial year having regard to those performance targets and measures".

The Key Strategic Activities are outlined in the Adopted Annual Plan and Budget 2013-2014.

This report provides the actual results achieved for 2013-2014 financial year compared with the performance targets and measures. Where Council has failed to (substantially) achieve the performance targets in relation to any Key Strategic Activity a note is provided as to why the Activity was not achieved.

Audited Statements ■

Note: Key Strategic Activities due to be completed by 30 June 2014 unless otherwise stated.

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Outcome 1: A clear vision to connect and develop a sustainable City						
Objective 1.1 Strategically plan for a well designed and built City.						
1	Develop a Retail and Activity Areas Strategy.	Cost: Delivered within allocated budget	Quarterly Reporting to Council Audit Committee.	≤ \$80,000	\$32,345	Target achieved <i>Achieved within financial performance targets for FY13/14. Contract delivered over FY12/13(\$66,148) & 13/14 (\$32,345) with contract variation.</i>
		Quality: Level of compliance with the contractual requirements.		100%	90%	Not achieved <i>Exceeded contract delivery due to State Govt policy change.</i>
2	Develop a Green Wedge Management Plan for the City's Northern Green Wedge.	Cost: Delivered within allocated budget.	Quarterly Reporting to Council Audit Committee.	≤ \$80,000	\$47,471	Target achieved <i>Achieved within financial performance targets for FY13/14. Contract delivered over FY12/13 (\$23,383) & 13/14 (\$47,471) with contract variation.</i>
		Quality: Level of compliance with contractual requirements.		100%	75%	Not achieved <i>Council required amendments to initial drafts and requested extension of community consultation period.</i>
3	Develop Housing Strategy.	Cost: Delivered within allocated budget.	Quarterly Reporting to Council Audit Committee.	≤ \$70,000	\$101,497	Not achieved <i>Contract awarded for \$104,500 ex GST.</i>
		Quality: Level of compliance with the contractual requirements.		100%	95%	Not achieved <i>Financial contract variation of \$15,500.</i>
Objective 1.2 Build a sense of place through an engaging range of community facilities and shared open spaces.						
4	Deliver 2013-14 Capital Works Program.	Quantity: Number of capital works projects delivered.	Quarterly Reporting to Council Audit Committee	33	20	Not achieved
		Cost: Amount of capital works budget expended.		≤ \$20,026,000	\$14,818,61	Target achieved
		Quality: Percentage of projects delivered within agreed timeframes.		≥ 90%	61%	Not achieved <i>61% on time; 21% timeframes varied to satisfy developer, budget, service club and/or State Govt. funding announcements; 18% not delivered on time.</i>

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Objective 1.3 Generate an innovative local economy that stimulates opportunities for investment, business and training.						
5	Implement training and networking program for small businesses.	Quantity: Number of business training/development programs held.	Quarterly Reporting to Council Audit Committee.	≥ 15	19	Target achieved
		Cost: Training delivered within budget.		≤ \$5,000	\$3,932	Target achieved
		Quality: Satisfaction level of participants.		≥ 80%	87.32%	Target achieved
Objective 1.4 Value and protect the natural environment for future generations.						
6	Support community to promote, enhance, conserve and protect local environments.	Quantity: Number of contacts with community members, environmental organisations and schools.	Quarterly Reporting to Council Audit Committee.	≥ 20	75	Target achieved
		Cost: Program delivered within budget.		≤ \$17,500	\$17,536	Not achieved Program delivered within .9% of budget.
		Quality: Satisfaction of clients with program standard.		≥ 80%	100%	Target achieved
Outcome 2: Operating with innovation, transparency, accountability and sustainability						
Objective 2.1 Build community trust through socially responsible governance for long term sustainability.						
7	Develop Long Term Asset Management Plans for buildings, open space and drainage.	Quantity: Number of asset plans completed.	Quarterly Reporting to Council Audit Committee.	3	0	Not achieved <i>4 draft Asset Management Plans to be presented to Council for adoption at Ordinary Meeting 21 Oct 14.</i>
		Cost: Delivered within budget.		≤ \$72,000	\$12,347	Target achieved
		Quality: Percentage of MAV Core maturity in asset management achieved.		100%	100%	Target achieved
Objective 2.4 Invest into a skilled, motivated, aligned and performing workforce.						
8	Administer staff performance management system to ensure human resources are effective and efficient	Quantity: Percentage of permanent staff who have had an annual review completed within one month of the employee's anniversary date.	Quarterly Reporting to Council Audit Committee.	≥ 85%	Nil	Not achieved <i>Reporting not available. All staff transitioned to a financial year performance reporting cycle commencing 1 July 14.</i>
		Quantity: Percentage of permanent staff who have a performance plan set up in Performance Evaluation System (PES) within 10 days of signing off their previous year's performance plan.		≥ 80%	Nil	Not achieved <i>Reporting not available. All staff transitioned to a financial year performance reporting cycle commencing 1 July 14.</i>
		Cost: Annual PES licence fee.		\$19,305	\$18,264	Target achieved
		Quality: Percentage of employees who have achieved a satisfactory or above level in their performance plans.		≥ 90%	100%	Target achieved

Audited Statements ■

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Objective 2.6 Ensure timely compliance with statutory and regulatory obligations.						
9	Implement Compliance enforcement service to ensure a safer community.	Quantity: Number of local law enforcement hours delivered to the community. Cost: Service delivered within allocated budget. Quality: Percentage of residents satisfied with local law enforcement service.	Quarterly Reporting to Council Audit Committee.	≥ 10,500 hrs	13,731.57 hrs	Target achieved
				≤ \$5,000,000	\$1,809,647	Target achieved
				≥ 60%	Nil	Not achieved <i>Resident satisfaction survey with Local Law enforcement services not undertaken.</i>
Outcome 3: A culturally rich, active, safe and connected City						
Objective 3.1 Provide an accessible range of services for all including children, young people, families and older adults.						
10	Provide respite care at Melbacc House for frail aged and people with a disability.	Quantity: Number of respite hours provided to frail aged clients and people with a disability. Cost: Service delivered within allocated budget. Quality: Percentage of clients satisfied with service.	Dept of Human Services Quarter Data Collection and Department of Health and ageing acquittal report.	≥ 20,000	28,330	Target achieved
				≤ \$730,000	\$761,325	Not achieved <i>Program delivered within 4.3% of budget - exceeded due to additional salary cost for high support need clients.</i>
				≥ 80%	100%	Target achieved
11	Deliver Home and Community Care (HACC) service.	Quantity: Number of hours delivered for domestic assistance (24,028), personal care (12,983), respite care (8,529) and property maintenance (2,750). Cost: Service delivered within allocated budget. Quality: Percentage of clients satisfied with services.	Dept of Health Quarter Data Reporting	≥ 48,290	40,048	Not Achieved Decreased demand for services and clients referred to packaged care providers or permanent residential care.
				≤ \$1,900,000	\$1,910,848	Not Achieved <i>Program delivered within .55% of budget - additional funding of \$24,614 received for Assessment & Property Maintenance to offset increased expenditure.</i>
				≥ 80%	85%	Target achieved

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Objective 3.2 Build resilient people and communities through opportunities to participate in community life.						
12	Deliver a Family Services Hardship Support Service, providing emergency financial relief to vulnerable residents.	Quantity: Number of available appointments per week.	Department of Families, Housing and Community Services acquittal and evaluation report.	≥ 36	37	Target achieved
		Cost: Delivered within budget.		≤ \$247,000	\$248,604	Not achieved <i>Program delivered within .7% of budget</i>
		Quality: Percentage of funding distributed.		100%	100%	Target achieved
13	Deliver the Private Rental Access Program supporting residents at risk of homelessness to find affordable accommodation.	Quantity: Number of client referrals per month.	Quarterly Reporting to Council Audit Committee.	≥ 20	Average 12.8	Not achieved <i>Referrals comprise both individuals or family units. A family unit is considered one referral; consequently more than 20 individuals were supported.</i>
		Cost: Program delivered within allocated funding.		≤ \$56,000	\$46,250	Target achieved
		Quality: Percentage of clients successfully supported to find accommodation per month.		≥ 55%	69%	Target achieved
Objective 3.3 Develop an environment that supports imagination, creative expression and engagement in cultural experiences.						
14	Deliver Australia Day event, Djerriwarrh Festival and Summersault Festival.	Quantity: Number of major events delivered.	Quarterly Reporting to Council Audit Committee.	3	3	Target achieved
		Cost: Australia Day (\$25k), Djerriwarrh Festival (\$95k), Summersault Festival (\$95k) events delivered within budget.		≤ \$215,000	\$217,726	Not achieved <i>Program delivered within 1.26% of budget.</i>
		Quality: Level of satisfaction from client event evaluation surveys.		≥ 80%	82%	Target achieved <i>Satisfaction rating for one of three events documented.</i>
15	Design and deliver Council's Arts program.	Quantity: Number of arts programs and events delivered.	Quarterly Reporting to Council Audit Committee.	≥ 15	17	Target achieved
		Cost: Arts program delivered within allocated budget.		≤ \$44,345	\$43,254	Target achieved
		Quality: Level of satisfaction from client feedback forms.		≥ 80%	80%	Target achieved

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Objective 3.4 Provide lifelong learning opportunities to build social connections and self development.						
16	Provide information and learning based resources to the community in a variety of formats including library collection services and e-services.	Quantity: Number of (physical) visits to Caroline Springs and Melton Branch Library's.	Quarterly Reporting to Council Audit Committee.	≥ 500,000	569,587	Target achieved
		Cost: Annual expenditure on library collections.		≤ \$350,000	\$329,806	Target achieved
		Quality: Percentage of clients satisfied with Library Services.		≥ 90%	86% average	Not achieved
Objective 3.5 Build an inclusive community that embraces and values cultural diversity and celebrates our collective heritage.						
17	Deliver translated community safety brochures in community languages.	Quantity: Number of community languages the Community Safety brochure is translated into.	Quarterly Reporting to Council Audit Committee.	≥ 10	9	Not achieved <i>Project scope identified 9 languages required for translation only; Vietnamese, Spanish, Serbian, Mandarin, Dinka, Filipino, Arabic, Burmese and Cantonese.</i>
		Cost: Delivered within allocated budget.		≤ \$5,000	\$4,026	Target achieved
Objective 3.6 Create a safer community through building a sense of belonging and community pride.						
18	Implement the Community Safety Strategy.	Quantity: Number of Community Safety Forums, events and initiatives delivered.	Quarterly Reporting to Council Audit Committee.	≥ 2	6	Target achieved
		Quantity: Number of Community Safety Committee meetings held.		≥ 6	4	Not achieved <i>2 meetings cancelled (Nov and Dec 2013) as quorum not met.</i>
		Cost: Delivered within Community Safety budget.		≤ \$20,000	\$13,826	Target achieved
		Quality: Level of community satisfaction with Community Safety Forums.		≥ 75%	100%	Target achieved

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Outcome 4: A City of people leading healthy and happy lives.						
Objective 4.2: Address health inequalities in our community.						
19	Deliver a whole of organisation approach in community education through implementing the Take a Stand Preventing Violence Against Women Program.	Time: Delivered within allocated timeframe.	Quarterly Reporting to Council Audit Committee.	≤ 31 - Dec-13	Oct 2013	Target achieved
		Quantity: Number of Council staff trained.		≥ 400	333	Not achieved <i>17% of staff did not participate through leave periods, staff vacancies or compliance with previous training at other Councils.</i>
		Cost: Program delivered within allocated budget.		≤ \$15,000	\$16,155	Not achieved <i>Program delivered within 7.5% of budget – additional training sessions delivered.</i>
Objective 4.3: Encourage our community to be physically active and healthy.						
20	Deliver the Healthy Communities Program.	Time: Program delivered within allocated timeframe.	Dept of Health and Ageing acquittal and evaluation report.	31- Mar-14	30 Jun 14	Not achieved <i>Deed of Variation extending project to 30 June 14.</i>
		Quantity: Number of programs delivered.		≥ 90	93	Target achieved
		Cost: Program delivered within allocated budget.		≤ \$706,000	\$739,344	Not achieved <i>Program delivered over FY11/12, 12/13 and 13/14 within DOHA Funding allocation of \$706,000 adhered to with an additional \$33,344 provided directly by Council budget to construct an evaluation framework for health planning.</i>
		Quality: Percentage of participants completing programs.		≥ 70%	≥ 74%	Target achieved

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

KSA #	Key Strategic Activity	Performance Measure	How data is reported	Performance Target	Actual Performance	Explanation/Comments
Objective 4.4: Minimise social harms caused by gambling, tobacco, alcohol and other drugs.						
21	Implement the 'Active Plus' smoking cessation program.	Time: Deliver within allocated timeframe.	Department of Health and Ageing acquittal and evaluation report.	31-Oct -13	18 Dec 13	Not achieved <i>Program commencement delayed to due to insufficient interest.</i>
		Quantity: Number of participants.		≥ 40	23	Not achieved <i>Program target amended to 20 due to insufficient interest.</i>
		Cost: Program delivered within allocated funding.		≤ \$20,000	\$19,156	Target achieved
		Quality: Percentage of participants that cease smoking at the end of the program.		≥ 70%	13%	Not achieved <i>Only 5 participants completed the program with 2 participants quitting smoking.</i>
22	Deliver the Saturday Nights Live and Freeza youth drug and alcohol free events.	Quantity: Number of youth drug and alcohol free events delivered.	Office for Youth and Department of Families, Housing and Community Services acquittal and evaluation reports.	≥ 43	53	Target achieved
		Cost: Program delivered within allocated budget.		≤ \$74,863	\$94,107	Not achieved <i>Program delivered within 26% of budget - additional costs incurred for approved new programs at Community festivals.</i>
		Quality: Level of satisfaction from events feedback forms.		≥ 75%	100%	Target achieved

Certification of Performance Statement

In our opinion the accompanying performance statement of the Melton City Council in respect of the 2013-2014 financial year is presented fairly in accordance with the Local Government Act 1989.

This statement outlines the performance targets and measures set out in relation to the achievement of the Key Strategic Activities in respect of that year described in the Council's 2013-2014 Annual Budget and described the extent to which the activities have been met in that year having regard to those targets and measures.

As at the time of signing, we are not aware of any circumstances, which would render any particular in the statement to be misleading or inaccurate.



Thurairajah Shanmugapalan CPA
Principal Accounting Officer

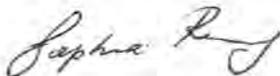
Dated: 2 September 2014

We were authorised by the Council on 26 August 2014 to certify the performance statement in their final form on behalf of the Council.



Cr. Bob Turner
Mayor

Dated: 2 September 2014



Cr. Sophie Ramsey
Deputy Mayor

Dated: 2 September 2014



Kelvin Tori
Chief Executive Officer

Dated: 2 September 2014

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Melton City Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2014 of the Melton City Council which comprises the statement, the related notes and the certification of performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

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.

Independent Auditor's Report (continued)*Auditor's Opinion*

In my opinion, the performance statement of the Melton City Council in respect of the 30 June 2014 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Melton City Council for the year ended 30 June 2014 included both in the Melton City Council's annual report and on the website. The Councillors of the Melton City Council are responsible for the integrity of the Melton City Council's website. I have not been engaged to report on the integrity of the Melton City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
3 September 2014



R. John Doyle
Auditor-General

Audited Statements ■

Standard Statements

For the Year Ended 30 June 2014

STANDARD INCOME STATEMENT

For the year ending 30 June 2014

	Actual \$'000	Budget \$'000	Variance \$'000	%	Ref
Operating Revenue					
Rates & Charges	80,003	79,014	989	1.3%	1
Operating Grants	17,719	22,674	(4,955)	(21.9)%	2
User Fees & Charges	5,651	5,259	392	7.4%	3
Statutory fees and fines	1,548	1,655	(107)	(6.5)%	
Contributions & reimbursements	783	773	10	1.3%	
Interest	1,372	765	607	79.3%	4
Other revenue	3,359	2,895	464	16.0%	5
Total Operating Revenue	110,435	113,035	(2,600)	(2.3)%	
Operating Expenses					
Employee Costs	40,129	40,551	(422)	(1.0)%	6
Utilities	3,602	2,994	608	20.3%	7
Contracts & Materials	32,717	32,064	653	2.0%	8
Maintenance Expenditure	6,914	4,856	2,058	42.4%	9
Finance Costs	1,739	1,497	242	16.2%	
Depreciation and Amortisation	21,718	20,792	926	4.5%	10
Other Materials & Services	15,631	13,459	2,172	16.1%	11
Total Operating Expenses	122,450	116,213	6,236	5.4%	
Underlying Operating Results	(12,014)	(3,178)	(8,836)	278.0%	
Non Operating Income and Expenditure					
Proceeds from Sale of Assets	1,012	2,657	(1,645)	(61.9)%	12
Costs of Assets Sold	(5,064)	(1,150)	(3,914)	340.3%	13
Developer Cash Contributions	7,212	6,081	1,131	18.6%	14
Developer Contributions-Non Monetary	53,384	45,000	8,384	18.6%	15
Capital Grants and Contributions	13,726	13,302	424	3.2%	16
Fair value adjustments for Land Held for Resale	19	-	19	100.0%	17
Previously unrecognised non-current assets	1,528	-	1,528	100.0%	18
Total Non Operating Income and Expenditure	71,815	65,890	5,925	9.0%	
Surplus (Deficit) for the Year	59,801	62,712	(2,911)	(4.6)%	

STANDARD INCOME STATEMENT

For the year ending 30 June 2014

Variance Explanation Report

Ref	Item	Explanation
1	Rates & Charges	Favourable variance due to a combination of increased interest outstanding on rates. Lower Environmental Enhancement Rebate (EER) 100k and additional supplementary rates of \$181k on new properties after the budget figures prepared.
2	Operating Grants	Budgeted to receive 50% advance portion of the 2014/15 Grants Commission, which was not received.
3	User Fees & Charges	The majority of the increase relates to infringements. An additional parking officer has increased infringements issued and an increased priority has been placed on parking around schools. Animal infringements have increased due to higher priority placed on responsible pet ownership. Subdivisional fees have partly offset this increase due to lower than anticipated subdivisional activity.
4	Interest	Increase in the interest received is due to higher than budgeted cash balances. This is a result of lower than budgeted capital works being completed during the year and taking out the \$7.5m loan in August 2013 instead of June 2014. Interest rates also remained higher than anticipated.
5	Other revenue	Increase mainly due to kerbside recycling quantities exceeding predicted volumes along with increased Melton Indoor Recreation Centre hires and revenue from room hires in the new Melton Library and Learning hub.
6	Employee Costs	Decrease due to reductions in payments for Defined Benefit Superannuation and workcover premiums. There were also a number of positions remaining vacant during the year.
7	Utilities	Increase mainly due to public lighting, facility electrical and parks water usage charges higher than expected.
8	Contracts & Materials	Increase due to kerbside collections being above estimated costs for new contract and the additional costs of contracted labour due to vacant positions.
9	Maintenance Expenditure	Increase due to Public lighting OMR fees, significant damage to lighting poles on secondary arterial roads and reallocation of non capital items of \$1.5m.
10	Depreciation and Amortisation	Variance due to the large increase in developer contributions in the prior year which was not anticipated.
11	Other Materials & Services	The major increase is due to Boundary Road works of \$1.65m which has been offset by contributions received of \$1.65m. Other increases are due to provision made for unpaid infringements greater than 12 months old of \$362k, all attempts are made to recover outstanding debts and therefore these are not budgeted for.
12	Proceeds from Sale of Assets	Sales of land at Toolern Development have been affected due to adverse market conditions causing sales to be significantly lower than original budget.
13	Costs of Assets Sold	Variance to budget due to the write off of land that had been identified as duplicated in the asset register and the write off of Works in Progress relating to the Westwood Drive bridge which has been abandoned due to issues relating to the acquisition of land.
14	Developer Cash Contributions	Increase is due to the earlier than anticipated Development Infrastructure Levy's for stage 4 of the Aspire Estate.
15	Developer Contributions- Non Monetary	Increase due to the large amount of contributions received for traffic management assets, which was not anticipated.
16	Capital Grants and Contributions	Due to early receipt of grants not anticipated to be received until next year.
17	Fair value adjustments for Land Held for Resale	Fair value adjustments to land Held for Resale is not taken into account in the preparation of the budget.
18	Previously unrecognised non-current assets	Building structures found during a condition audit of Council buildings not previously recorded.

STANDARD BALANCE SHEET

As at 30 June 2014

	Actual \$'000	Budget \$'000	Variance \$'000	%	Ref
Current assets					
Cash and cash equivalents	38,245	28,832	9,413	32.6%	19
Trade and other receivables	9,605	7,440	2,165	29.1%	20
Inventories	71	-	71	100.0%	21
Prepayments	123	2,326	(2,203)	(94.7)%	22
Other financial assets	895	2,008	(1,113)	(55.4)%	23
Non-current assets classified as held for sale	142	1,988	(1,846)	(92.9)%	24
Total current assets	49,080	42,594	6,486	15.2%	
Non-current assets					
Property, plant and equipment, infrastructure	1,302,173	1,127,153	175,020	15.5%	25
Trade and other receivables	908	-	908	100.0%	26
Inventories	225	-	225	100.0%	27
Investment property	6,000	-	6,000	100.0%	28
Financial assets	1,309	-	1,309	100.0%	29
Intangibles	4,992	-	4,992	100.0%	30
Total non-current assets	1,315,607	1,127,153	188,454	16.7%	
Total assets	1,364,687	1,169,747	194,940	16.7%	
Current liabilities					
Payables	11,266	6,007	5,259	87.5%	31
Employee benefits	6,570	7,107	(537)	(7.6)%	32
Interest bearing liabilities	10,850	3,926	6,924	176.4%	33
Other liabilities	1,641	1,608	33	2.1%	
Total current liabilities	30,327	18,648	11,679	62.6%	
Non-current liabilities					
Employee benefits	2,398	2,227	171	7.7%	
Interest bearing liabilities	13,777	20,719	(6,942)	(33.5)%	34
Other liabilities	3,085	3,190	(105)	(3.3)%	
Total non-current liabilities	19,261	26,136	(6,875)	(26.3)%	
Total liabilities	49,588	44,784	4,804	10.7%	
Net assets	1,315,100	1,124,963	190,137	16.9%	
Equity					
Accumulated surplus	826,944	907,323	(80,379)	(8.9)%	
Reserves	488,156	217,640	270,516	124.3%	
Total equity	1,315,100	1,124,963	190,137	16.9%	

STANDARD BALANCE SHEET

As at 30 June 2014

Variance Explanation Report

Ref	Item	Explanation
19	Cash and cash equivalents	Favourable variance due to the under expenditure in capital works for the year. Capital works budget was \$36.4 with \$28m being completed during the year.
20	Trade and other receivables	The budgeted amount did not include the Works in Kind debtors which have been budgeted under the Prepayments line for \$1.9m. The actual figures includes the Works in Kind debtors correctly as Trade and other receivables.
21	Inventories	Inventories for cemetery land had not been budgeted for.
22	Prepayments	See note 20.
23	Other financial assets	Variance due to accrued land sales less than budgeted for because of the adverse market conditions.
24	Non-current assets classified as held for sale	Variance due to less land being released in the Toolern development due to the adverse market conditions.
25	Property, plant and equipment, infrastructure	Due to a combination of higher than anticipated developer contributions and asset revaluation movements which are not taken into account in preparing the budget.
26	Trade and other receivables	Budget did not take into account \$908k works in kind non current receivables.
27	Inventories	Not included in budgeted balance sheet.
28	Investment property	Not included in budgeted balance sheet.
29	Financial assets	Not included in budgeted balance sheet.
30	Intangibles	Not included in budgeted balance sheet.
31	Payables	Variance is due to timing of key contract payments and finalisation of capital works projects.
32	Employee benefits	Variance due to greater amount of leave balances taken than originally budgeted.
33	Interest bearing liabilities	Variance is due to the new loan of \$7.5m taken out in August 2013 as a one year variable interest only loan. The \$7.5m is to be refinanced as a fixed rate loan over 10 years at the end of September 2014.
34	Interest bearing liabilities	See note 33.

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2014

	Actual \$'000	Budget \$'000	Variance		Ref
			\$'000	%	
Cash flows from operating activities					
Receipts					
General rates	79,029	78,822	207	0.3%	
Grants income - operating and capital	31,614	35,976	(4,362)	(12.1)%	35
Interest	1,388	760	628	82.6%	36
User charges	7,185	6,914	271	3.9%	37
Contributions and reimbursements	7,165	6,854	311	4.5%	38
GST refunds	7,822	-	7,822	100.0%	39
Other revenue	5,678	3,162	2,516	79.6%	40
Total receipts	139,882	132,488	7,394	5.6%	
Payments					
Employee costs	(39,239)	(40,551)	1,312	(3.2)%	41
Contractor payments	(32,677)	(31,994)	(683)	2.1%	42
Utilities, materials and services	(31,721)	(22,588)	(9,133)	40.4%	43
Finance costs	(1,739)	(1,497)	(242)	16.2%	44
Total payments	(105,376)	(96,630)	(8,746)	9.1%	
Net cash provided by operating activities	34,506	35,858	(1,352)	(3.8)%	
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	3,226	2,657	569	21.4%	45
Payments for Other financial assets	(30)	-	(30)	100.0%	46
Payments for property, plant and equipment	(29,590)	(36,457)	6,867	(18.8)%	47
Net cash used in investing activities	(26,394)	(33,800)	7,406	(21.9)%	
Cash flows from financing activities					
Proceeds from borrowings	7,500	7,500	-	0%	
Repayment of borrowings	(6,855)	(6,867)	12	(0.2)%	
Net cash inflow (outflow) from financing activities	645	633	12	1.9%	
Net increase (decrease) in cash and cash equivalents	8,757	2,691	6,066	225.4%	
Cash and cash equivalents at the beginning of the year	29,488	26,142	3,346	12.8%	
Cash and cash equivalents at the end of the year	38,245	28,833	9,412	32.6%	

STANDARD CASH FLOW STATEMENT

For the year ending 30 June 2014

Variance Explanation Report

Ref	Item	Explanation
35	Grants income - operating and capital	Budgeted to receive 50% advance portion of the 2014/15 Grants Commission, which was not received.
36	Interest	Increase in the interest received is due to higher than budgeted cash balances. This is a result of lower than budgeted capital works being completed during the year and taking out the \$7.5m loan in August 2013 instead of June 2014. Interest rates also remained higher than anticipated.
37	User charges	The majority of the increase relates to infringements. An additional parking officer has increased infringements issued and an increased priority has been placed on parking around schools. Animal infringements have increased due to higher priority placed on responsible pet ownership. Subdivisional fees have partly offset this increase due to lower than anticipated subdivisional activity.
38	Contributions and reimbursements	Due to higher than anticipated debtors at the end June 2013.
39	GST refunds	GST refunds not separately identified in the budgeted cash flow.
40	Other revenue	Variance due to greater than anticipated receipt of moneys into Trust.
41	Employee costs	Decrease due to reductions in payments for Defined Benefit Superannuation and workcover premiums. There were also a number of positions remaining vacant during the year.
42	Contractor payments	Increase due to kerbside collections being above estimated costs for new contract and the additional costs of contracted labour due to vacant positions. Budgeted cash flows have not been grossed up to include GST.
43	Utilities, materials and services	Due to a combination of increased usage charges, contract labour due to vacant positions and reallocation of capital items. Budgeted cash flow has not been grossed up to include GST.
44	Finance costs	Due to loan of \$7.5m taken out in August 2013. Budgeted for loan to be taken out in June 2014.
45	Proceeds from sale of property, plant and equipment	Budgeted cashflow does not take into account accrued land sales from the prior year.
46	Payments for Other financial assets	Payments for other financial assets not included in budgeted cash flow.
47	Payments for property, plant and equipment	Lower than budget due to a number of carried forward capital works. Refer notes 48 to 53.

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2014

	Actual \$'000	Budget \$'000	Variance		Ref
			\$'000	%	
Roads	4,134	8,895	(4,761)	(53.5)%	48
Buildings	10,873	17,145	(6,272)	(36.6)%	49
Land	-	2,525	(2,525)	(100.0)%	50
Land under roads	-	-	-	100.0%	
Recreation/Open space	2,955	4,111	(1,156)	(28.1)%	51
Drainage	198	190	8	4.2%	
Plant and motor vehicles	934	850	84	9.9%	
Furniture and equipment	132	121	11	9.1%	
Library Books	328	300	28	9.3%	
Other assets	-	2,320	(2,320)	100.0%	52
Capital works carried forward from prior years	7,338	11,802	(4,464)	(37.8)%	53
Total capital works	26,892	48,259	(21,367)	(44.3)%	

Represented by:

Asset renewal	2,078	6,541	(4,463)	(68.2)%
Asset expansion/upgrade	4,146	4,716	(570)	(12.1)%
New assets	20,668	37,002	(16,334)	(44.1)%
Total capital works	26,892	48,259	(21,367)	(44.3)%

Reconciliation of net movement in property, infrastructure, plant and equipment

	Actual \$'000	Budget \$'000	Variance		Ref
			\$'000	%	
Total capital works	26,892	48,259	(21,367)	(44.3)%	
Asset revaluation movement	35,815	-	-	100.0%	
Developer Contributions	53,384	45,000	8,384	18.6%	
Depreciation and amortisation	(21,390)	(20,792)	(598)	2.9%	
Written down value of assets sold	(1,901)	2,657	(4,558)	(171.5)%	
Assets written off	(3,408)	-	(3,408)	100.0%	
Other movements	1,504	-	1,504	100.0%	
Net movement in property, plant and equipment	90,896	75,124	15,772		

STANDARD STATEMENT OF CAPITAL WORKS

For the year ending 30 June 2014

Variance Explanation Report

Ref	Item	Explanation
48	Roads	\$3m of variance due to delays in construction of the Westwood Drive bridge, this project has now been abandoned. This is a result of Aboriginal cultural heritage issues. \$1m of variance relates to Accelerated Road Sealing program due to delays, Council has resolved to defer the 2013-14 year budget to the 2014-15.
49	Buildings	Variance is due to under spend of approx \$2.5m for Western BACE anticipated to be spent in the 2013-14 year. The other significant under spend is the Clarkes Road Children's and Community Centre of \$3.4m due to delays in securing land from developer.
50	Land	\$1.7m of budget relates to the Harkness Road construction and not under correct category. Actual expenditure under the Roads line. \$750k of budget related to the acquisition of the Westwood Drive bridge which had been delayed.
51	Recreation/ Open space	\$1m relates to the Atherstone Recreation Reserve Athletics/Hockey Facility. The project has been delayed due to protracted negotiations with Lend Lease over financing and servicing the project.
52	Other assets	Budget is for Community Energy Efficiency Program (CEEP) Street Lighting. Street lighting is not captured as an asset in the balance sheet. Only \$300k has been spent in the 2013-14 which has gone to expenditure.
53	Capital works carried forward from prior years	Variance is due to a combination of delays in projects that have been carried over from the prior year including Westwood Drive bridge construction and land acquisition, Clarkes Road Children's and Community Centre, Burnside Heights Children's and Community Centre and the Minns Road retarding basin drainage works.

Notes to the Standard Statements for the year ended 30 June 2014

1 Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on an accounting basis consistent with those used for the General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Report, which are included in the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent or a positive or negative variance of \$250,000. Explanations have not been provided for variations below materiality threshold unless the variance is considered to be material because of its nature.

The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet Council's business plan 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.

Detailed information on the actual financial results are contained in the General Purpose Financial Report. The detailed budget can be obtained by contacting Council or through Council's website. The Standard Statements must be read with reference to these documents.

Certification of Standard Statements

In my opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*.



Thurairajah Shanmugapalan CPA
Principal Accounting Officer

Dated: 2 September 2014

In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004*.

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

We have been authorised by the Council on 26 August 2014 to certify the standard statements in their final form.



Cr. Bob Turner
Mayor

Dated: 2 September 2014



Cr. Sophie Ramsey
Deputy Mayor

Dated: 2 September 2014



Kelvin Tori
Chief Executive Officer

Dated: 2 September 2014

Melton City Council Financial Report

For the Year Ended 30 June 2014

Table of Contents

	Page
Financial Statements	
Comprehensive Income Statement	76
Balance Sheet	77
Statement of Changes in Equity	78
Cash Flow Statement	79
Notes to Financial Statements	
Introduction	
Note 1 Significant accounting policies terms and conditions	80-90
Note 2 Underlying Operational Result	91
Note 3 Rates	92
Note 4 Statutory fees and fines	92
Note 5 User fees	93
Note 6 Grants and contributions	93-94
Note 7 Developer Contributions	95
Note 8 Contributions and recoveries	95
Note 9 Other Revenue	95
Note 10 Disposal of property, plant and equipment	96-97
Note 11 Employee benefits	97
Note 12 Materials and services	97
Note 13 Depreciation and amortisation	97
Note 14 Finance costs	97
Note 15 Bad and doubtful debts	98
Note 16 Other expenses	98
Note 17 Cash and cash equivalents	98
Note 18 Trade and other receivables	98
Note 19 Inventories	98
Note 20 Land classified as held for sale	99
Note 21 Other assets	99
Note 22 Infrastructure, property, plant and equipment	99-105
Note 23 Reconciliation of infrastructure, property, plant and equipment	106-107
Note 24 Investment property	108
Note 25 Intangible assets	109
Note 26 Payables	109
Note 27 Provisions	110
Note 28 Interest-bearing liabilities	110
Note 29 Other liabilities	111
Note 30 Reserves	111-112
Note 31a Reconciliation of operating result with net cash from operations	113
Note 31b Non- cash financing and investing activities	113
Note 32 Financing arrangements	113
Note 33 Restricted assets	113
Note 34 Superannuation	114-117
Note 35 Commitments for capital and other expenditure	115-117
Note 36 Contingent liabilities and contingent assets	117
Note 37 Financial instruments	118-123
Note 38 Related party transactions	124
Note 39 Auditor's remuneration	125
Note 40 Subsequent Events	125
Note 41 Income and expenses by function	125
Note 42 Financial ratios	126
Note 43 Capital expenditure	127
Certification of the Financial Report	128
Auditor-General's report on the Financial Report	129-130

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014**COMPREHENSIVE INCOME STATEMENT**

For the year ended 30 June 2014

	Note	2014 \$'000	2013 \$'000
Income			
Rates and charges	3	80,003	74,176
Statutory fees and fines	4	2,690	2,127
User fees	5	4,509	4,387
Grants - recurrent	6	16,569	21,082
Grants - non-recurrent	6	1,150	1,328
Contributions and recoveries	8	783	963
Interest		1,372	1,103
Other revenue	9	3,359	2,753
Total income		110,435	107,919
Expenses			
Employee benefits	11	40,129	36,214
Contracts and materials	12	32,717	29,697
Utilities		3,602	3,232
Maintenance		6,914	6,197
Depreciation and amortisation	13	21,718	20,369
Finance costs	14	1,739	1,815
Bad and doubtful debts	15	388	313
Other expenses	16	15,243	13,175
Total expenses		122,450	111,012
Net result prior to capital income and asset items	2	(12,014)	(3,093)
Capital Grants	6	13,726	12,805
Contributions - Cash	7 (a)	7,212	7,289
Contributions - Non-Monetary Assets	7 (b)	53,384	72,281
Net gain/(loss) on disposal of property, plant and equipment	10	1,012	3,557
Assets written off	10	(5,064)	(2,887)
Fair value adjustments for investment property	24(a)	-	(517)
Fair value adjustments for land held for resale	20	19	-
Recognition of previously unrecognised non-current assets	23	1,528	5,580
Surplus/(deficit)		59,801	95,015
Other comprehensive income			
Net asset revaluation increment(decrement)	30	35,815	-
Financial assets available for sale reserve			
- Gain/(loss) taken to equity	24(b)	22	(60)
Total comprehensive result		95,638	94,955

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

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

BALANCE SHEET

As at 30 June 2014

	Note	2014 \$'000	2013 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	38,245	29,488
Trade and other receivables	18	9,728	8,597
Inventories	19	71	66
Land classified as held for sale	20	142	788
Other assets	21	895	2,670
Total current assets		49,080	41,609
Non-current assets			
Trade and other receivables	18	908	-
Inventories	19	225	186
Property, infrastructure, plant and equipment	22	1,302,173	1,211,280
Investment property	24(a)	6,000	6,000
Financial assets	24(b)	1,309	1,257
Intangible assets	25	4,992	5,320
Total non-current assets		1,315,607	1,224,043
Total assets		1,364,687	1,265,652
Liabilities			
Current liabilities			
Payables	26	11,266	11,432
Provisions	27	6,570	5,977
Interest bearing liabilities	28	10,850	6,837
Other liabilities	29	1,641	966
Total current liabilities		30,327	25,212
Non-current liabilities			
Provisions	27	2,398	2,101
Interest bearing liabilities	28	13,777	17,145
Other liabilities	29	3,085	1,732
Total non-current liabilities		19,260	20,978
Total liabilities		49,587	46,190
Net Assets		1,315,100	1,219,462
Equity			
Accumulated surplus		826,944	777,052
Reserves	30	488,156	442,410
Total Equity		1,315,100	1,219,462

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

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

2014	Note	Total 2014 \$'000	Accumulated Surplus 2014 \$'000	Asset Revaluation Reserve 2014 \$'000	Other Reserves 2014 \$'000
Balance at beginning of the financial year		1,219,462	777,052	418,896	23,514
Comprehensive result		95,638	59,801	35,815	22
Transfers to other reserves	30	-	(23,241)	-	23,241
Transfers from other reserves	30	-	13,332	-	(13,332)
Balance at end of the financial year		1,315,100	826,944	454,711	33,445

2013	Note	Total 2013 \$'000	Accumulated Surplus 2013 \$'000	Asset Revaluation Reserve 2013 \$'000	Other Reserves 2013 \$'000
Balance at beginning of the financial year		1,124,507	684,372	418,896	21,239
Comprehensive result		94,955	95,015	-	(60)
Transfers to other reserves	30	-	(13,146)	-	13,146
Transfers from other reserves	30	-	10,811	-	(10,811)
Balance at end of the financial year		1,219,462	777,052	418,896	23,514

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

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

CASH FLOW STATEMENT

For the year ended 30 June 2014

	Note	2014 Inflows/ (Outflows) \$'000	2013 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		79,029	73,101
Statutory fees and fines		2,447	1,645
User charges		4,738	4,705
Grants received		31,614	34,208
Contributions and reimbursements		7,165	7,419
Interest received		1,388	1,194
Receipt of trust monies		1,983	(1,750)
Other receipts		3,695	2,568
Net GST refund/(payment)		7,822	8,074
Payments to suppliers		(64,398)	(58,622)
Payments to employees		(39,239)	(40,370)
Borrowing costs		(1,739)	(1,815)
Net cash provided by (used in) operating activities	31(a)	34,506	30,357
Cash flows from investing activities			
Payments for property, plant and equipment, infrastructure		(29,590)	(36,837)
Payments for Other Financial Assets		(30)	-
Proceeds from sale of property, plant and equipment, infrastructure		3,226	4,344
Net cash provided by (used in) investing activities		(26,394)	(32,493)
Cash flows from financing activities			
Proceeds from borrowings		7,500	3,650
Repayment of borrowings		(6,855)	(7,556)
Net cash provided by (used in) financing activities		645	(3,906)
Net increase (decrease) in cash and cash equivalents		8,757	(6,042)
Cash and cash equivalents at the beginning of the financial year		29,488	35,530
Cash and cash equivalents at the end of the financial year	17	38,245	29,488
Non cash financing and investing activities	31(b)		
Financing arrangements	32		
Restrictions on cash assets	33		

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

Introduction

- (a) The Melton City Council (formerly the Melton Shire Council until 4 September 2012) was established by an Order of the Governor on 15 December 1994 and is a body corporate. The Council's main office is located at 232 High Street, Melton.
- (b) The purpose of the Council is to:
- provide for the peace, order and good government of its municipal district;
 - to promote the social, economic and environmental viability and sustainability of the municipal district;
 - to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
 - to improve the overall quality of life of people in the local community;
 - to promote appropriate business and employment opportunities;
 - to ensure that services and facilities provided by the Council are accessible and equitable;
 - to ensure the equitable imposition of rates and charges; and
 - to ensure transparency and accountability in Council decision making.

These financial statements are general purpose financial statements that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial statements comply with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

Note 1 Significant accounting policies

(a) **Basis of Accounting**

These financial statements have been prepared under the historical cost convention, except where specifically stated.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

(b) **Change in accounting policies**

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

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 in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period.

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

Note 1 Significant accounting policies (continued)**(b) Change in accounting policies cont'd**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the 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.

AASB 119 Employee benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered Council's measurement of the annual leave provision.

(c) Revenue Recognition**Rates, grants and contributions**

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets 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.

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.

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.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

Note 1 Significant accounting policies (continued)**(c) Revenue Recognition cont'd***User fees and fines*

User 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.

A provision for doubtful debts is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

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

Rental

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

Interest

Interest is recognised progressively as it is earned.

Dividends

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

Other Income

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

(d) Trade and other receivables and inventories*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.

Inventories

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

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

Buildings, land improvements, plant and equipment, infrastructure, heritage assets, 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.

Note 1 Significant accounting policies (continued)**(e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles cont'd**

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

	2013/2014
Road - Surfacing	20 years
Road - Substructure	10-70 years
Road - Earthworks	N/A
Footpaths	10-70 years
Kerb and Channel	10-70 years
Car Parks	10-70 years
Traffic Management	10-70 years
Bridges	25-100 years
Drainage Works	80-100 years
Recreation Facilities	3-30 years
Other	20-100 years
Plant and machinery	5 years
Buildings	50 years
Furniture and equipment	3-5 years
Land	N/A
Land under roads	N/A
Library assets	10 years

(f) 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.

(g) 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.

(h) Recognition and measurement of assets*Acquisition*

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

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

The following classes of assets have been recognised in note 22. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and

unless otherwise stated are consistent with the prior year:

Note 1 **Significant accounting policies (continued)**
(h) Recognition and measurement of assets cont'd

	Threshold Limit \$'000
Road - Surfacing	10
Road - Substructure	10
Road - Earthworks	10
Footpaths	10
Kerb and Channel	10
Car Parks	10
Traffic Management	10
Bridges	25
Drainage Works	25
Recreation Facilities	1
Other	Nil
Plant and machinery	5
Buildings	Nil
Furniture and equipment	5
Land	Nil
Land under roads	Nil
Library assets	Nil

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.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 2 to 5 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 surplus 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 surplus 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 statements.

Note 1 Significant accounting policies (continued)**(i) Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(j) Financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(k) Investments

Investments, other than investments in associates, are measured at cost.

(l) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the comprehensive income statement.

(m) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 29).

(n) Employee benefits

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

(i) 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.

(ii) Long service leave

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

Current Liability - unconditional LSL representing 7 years 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 settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Non-current liability - conditional LSL representing less than 7 years 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. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

Note 1 Significant accounting policies (continued)**(n) Employee benefits cont'd***(iii) Termination benefits*

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

Employee benefits on-costs

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

Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Melton City Council to the relevant superannuation plans in respect to the services of Melton City Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Melton City Council is required to comply with.

(o) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(p) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

(q) Web site costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

(r) 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 cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) 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.

(t) 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.

Note 1 Significant accounting policies (continued)**(u) Non-current assets held for sale**

A non-current asset 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 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.

(v) 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.

(w) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

(x) Contingent assets and contingent liabilities and commitments

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

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

Note 1 Significant accounting policies (continued)**(y) New Accounting Standards and Interpretations**

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

Pronouncement	Summary	Application Date	Impact on Council
AASB 9 Financial Instruments	<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas. AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the 'available for sale' and 'held-to maturity' categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> • Amortised cost – those assets with 'basic' loan features'. • Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable). • Fair Value through profit and Loss - everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> • Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value. • There is no longer any requirement to consider whether 'significant or prolonged' decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1/07/2015	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed.</p>

Note 1 **Significant accounting policies (continued)**
(y) **New Accounting Standards and Interpretations cont'd**

Pronouncement	Summary	Application Date	Impact on Council
AASB 10 Consolidated Financial Statement	<p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p> <p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1/07/2014	The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.
AASB 11 Joint Arrangements	<p>This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.</p>	1/07/2014	The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.

Note 1 **Significant accounting policies (continued)**
(y) **New Accounting Standards and Interpretations**

Pronouncement	Summary	Application Date	Impact on Council
AASB 12 Disclosure Involvement with Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1/07/2014	Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1/07/2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1/07/2014	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1/07/2014	Council has yet to determine the impact of this standard.

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 2 Underlying Operational Result for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Surplus for the year before other comprehensive income	59,801	95,015
Less Non-operating income		
Capital Grants	13,726	12,805
Contributions - Cash	7,212	7,289
Contributions - Non-Monetary Assets	53,384	72,281
Net gain/(loss) on disposal of property, plant and equipment	1,012	3,557
Fair value adjustments for investment property	-	(517)
Fair value adjustments for land held for resale	19	-
Recognition of previously unrecognised non-current assets	1,528	5,580
Add Non-operating expenses		
Assets written off	5,064	2,887
Underlying operational result	(12,014)	(3,093)

Melton City Council measures its underlying operational result* to assist in the determination of whether it is operating in a sustainability fashion or not. The underlying result is an important indicator of Council's long-term financial sustainability, together with other indicators as shown in Note 42 Financial Ratios (Performance Indicators). Whilst an underlying deficit in one financial year is not significant the continued recording of deficits over a sustained period from Council's operations gradually erodes the net assets of Council.

The underlying result from operations excludes a number of transactions which are either 'non-recurring' or not operational in nature. These items are frequently unpredictable and typically can change from one year to the next. The best examples of these items are assets (roads, footpaths etc) that are given to Council by developers once a new subdivision is completed. There are also other accounting adjustments for 'found assets' (when assets that have not been previously recognised by Council are identified), 'lost assets' (when existing assets are written off) or when existing ones are revalued.

The aim of an underlying result is to determine whether Council's operational costs/income result is in a surplus or deficit outcome. In this way, Council can, in long-term financial planning, aim for an outcome where pure operational outcomes assist Council in achieving a sustainable organisation.

* The concept and measurement methodology of an underlying operational result is not defined by Australian Accounting Standards

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 value of the land and improvements. The valuation base used to calculate general rates for 2013/2014 was \$18,947,252,950 (2012/2013 \$18,374,251,150).

The rate in the CIV dollar was:

	2014	2013
General Developed Land	0.0032029	0.0030797
Commercial Developed	0.0051246	0.0049275
Industrial Developed	0.0051246	0.0049275
Rural Living	0.0028826	0.0027717
Retirement Village	0.0027224	0.0026177
Vacant Land	0.0048044	0.0046196
Commercial Vacant Land	0.0064058	0.0061594
Industrial Vacant	0.0064058	0.0061594
Rural	0.0023061	0.0022174
Development Land (Included in General Rate 2013/14)	N/A	0.0030797
Extractive Land	0.0092244	0.0088696
Urban Growth Land (Included in General Rate 2013/14)	N/A	0.0030797

	2014 \$'000	2013 \$'000
General (Including Retirement Village and Urban Growth Land)	54,438	50,505
Commercial	3,975	3,344
Industrial	3,962	3,781
Rural	2,012	2,138
Municipal charge	5,791	5,327
Garbage charge	9,327	8,675
Interest on rates	498	406
	80,003	74,176

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation was first applied in the rating year commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied in the rating period commencing 1 July 2010.

Note 4 Statutory fees and fines

Infringements and costs	1,142	837
Town planning fees	93	79
Land information certificates	95	75
Permits	1,074	899
Property Information Requests	285	237
	2,690	2,127

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 5 User fees

	2014 \$'000	2013 \$'000
(a) Child care and children's program fees	306	292
Aged services fees	436	429
Registration fees	772	713
Building services fees	63	70
Youth program fees	66	63
Infrastructure management fees	158	250
Subdivision fees	808	874
Transfer Station/Recyclable fees	1,539	1,426
Sundry fees and charges	362	270
	4,509	4,387

(b) Ageing analysis of contractual receivables

Please refer to Table in Note 37 entitled Ageing of Trade and other receivables for the ageing analysis of contractual receivables.

Note 6 Grants

Grants were received in respect of the following:

Summary of grants

Federally funded grants	19,368	22,086
State funded grants	11,537	12,898
Others	540	231
Total	31,445	35,215

Recurrent - operational

<i>Commonwealth Government</i>		
Family and children	1,205	1,056
Other	863	912
	2,068	1,968
<i>Victorian Grants Commission</i>		
Unallocated	5,544	9,747
Local roads	750	1,516
	6,294	11,263
<i>State Government</i>		
Aged and disability services	4,014	3,776
Childrens services	2,009	1,951
Community support and development	802	743
Environment	75	9
Recreation and leisure	27	-
Community health	94	89
Roads	40	-
Libraries	767	730
Youth Services	45	46
Other	104	276
	7,977	7,620
<i>Other</i>		
Community	230	231
	230	231
Total recurrent - operational	16,569	21,082

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014

Note 6

Grants (continued)**Non-recurrent - operational**

	2014 \$'000	2013 \$'000
<i>Commonwealth Government</i>		
Family and children	27	160
Other	141	146
	168	306
<i>State Government</i>		
Aged and disability services	139	207
Business growth and sustainability	3	48
Childrens services	-	20
Community support and development	142	238
Community safety	116	128
Recreation and leisure	19	18
Roads	33	41
Environment	27	202
Planning and Development	36	2
Other	158	118
	672	1,022
<i>Other</i>		
Community health	310	-
	310	-
Total non-recurrent - operational	1,150	1,328
Total operational grants	17,719	22,410
Recurrent - capital		
<i>Commonwealth Government</i>		
Roads to Recovery	-	1,176
Non-recurrent - capital		
<i>Commonwealth Government</i>		
	10,838	7,373
<i>State Government</i>		
	2,888	4,256
Total capital grants	13,726	12,805
Total operational and capital grants received	31,445	35,215

Conditions over grants

Grants which were recognised as revenues during the year and which were obtained on the condition that they be expended in a specified manner but had yet to be applied in that manner as at the reporting date were:

Community infrastructure	7,796	12,501
	7,796	12,501

Grants which were recognised as revenues in previous periods and were expended during the current year in the manner specified by the grantor were:

Community infrastructure	4,453	10,587
	4,453	10,587

Net increase/(decrease) in restricted assets resulting from grant revenues for the year:	3,343	1,914
--	--------------	--------------

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 7	Developer contributions	
(a)	Cash	
	Contributed cash	7,212
		7,289
	7,212	7,289
(b)	Non-Monetary Assets	
	Land	7,734
	Land under roads	2,693
	Roads	35,348
	Drainage	7,453
	Recreation	156
		53,384
		72,281
	60,596	79,570
Note 8	Contributions and recoveries	
	Insurances	88
	Legal	517
	Valuation fees	58
	Other	120
		783
		963
Note 9	Other revenue	
	Festival sponsorship	42
	Program Revenue	713
	Rebates	1,134
	Property hire/rent	1,276
	Other	195
		3,359
		2,753

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 10

Disposal of property, plant and equipment

	2014 \$'000	2013 \$'000
<i>Plant, furniture and equipment</i>		
Proceeds from sale of assets	296	302
Written down value of assets sold	(245)	(337)
Profit/(loss) on sale of plant, furniture and equipment	51	(35)
<i>Land held for Resale</i>		
Gross proceeds from sale of assets	11,553	9,993
Less costs incurred by Developer	(10,013)	(5,425)
Net proceeds received by Council	1,540	4,568
Written down value of assets sold	(579)	(976)
Profit/(loss) on sale of land held for resale	961	3,592
Gross proceeds from sale of assets	11,849	10,295
Less costs incurred by Developer	(10,013)	(5,425)
Net proceeds received by Council	1,836	4,870
Written down value of assets sold	(824)	(1,313)
Profit/(loss) on sale of assets	1,012	3,557
Assets Written Off		
<i>Land and buildings</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(1,655)	(396)
Profit/(loss) on disposal of land and buildings	(1,655)	(396)
<i>Library books</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(203)	(117)
Profit/(loss) on disposal of land and buildings	(203)	(117)
<i>Plant, furniture and equipment</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(207)	(117)
Profit/(loss) on disposal of land and buildings	(207)	(117)
<i>Road assets</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(655)	(2,364)
Profit/(loss) on disposal of land and buildings	(655)	(2,364)
<i>Drains</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(140)	-
Profit/(loss) on disposal of land and buildings	(140)	-
<i>Recreational</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(190)	-
Profit/(loss) on disposal of land and buildings	(190)	-

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 10 Disposal of property, plant and equipment (continued)		
<i>WIP</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(1,903)	-
Profit/(loss) on disposal of land and buildings	(1,903)	-
<i>Other assets</i>		
Proceeds from sale of assets	-	-
Written down value of assets written off	(111)	(10)
Profit/(loss) on disposal of land and buildings	(111)	(10)
Written down value of assets written off	(5,064)	(2,887)
Note 11 Employee benefits		
Salaries and wages	32,563	29,785
Casual staff	1,416	1,267
Annual leave and long service leave	1,674	1,061
Superannuation	2,985	2,766
Other	1,492	1,335
	40,129	36,214
Note 12 Materials and services		
Contract payments	25,900	23,736
Garbage collection and disposal	1,982	1,393
Consultants	242	269
Contract labour	2,428	2,208
Other	2,165	2,091
	32,717	29,697
Note 13 Depreciation and amortisation		
Buildings	2,347	2,188
Plant and machinery	755	747
Furniture and equipment	532	787
Library books	347	310
<i>Infrastructure</i>		
Roads and streets	12,676	11,420
Bridges	164	163
Drainage	2,562	2,537
Recreation facilities	1,908	1,804
Others	100	86
Intangible assets	328	327
	21,718	20,369
Note 14 Finance costs		
Interest - borrowings	1,739	1,815
	1,739	1,815

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 15		
Bad and doubtful debts		
Infringements	371	182
Other	17	131
	388	313
Note 16		
Other Expenses		
Administrative support	5,766	6,001
Program expenses	4,955	2,861
Professional fees	2,077	2,049
Insurances	977	954
Audit fees	138	143
Contributions and donations	586	590
Councillors allowances	289	263
Transport and vehicle operations	455	314
	15,243	13,175
Note 17		
Cash and cash equivalents		
Cash on hand	5	4
Cash at Bank	2,147	1,118
Short Term Investments	36,092	28,366
	38,245	29,488
Users of the financial report should refer to Note 33 for details of restrictions on cash assets.		
Note 18		
Trade and Other Receivables		
<i>Current</i>		
Rates debtors	5,187	4,214
Parking infringement debtors	640	397
Other debtors	5,201	5,000
Less: provision for doubtful debts on other debtors	(1,383)	(1,113)
Accrued interest	83	99
	9,728	8,597
<i>Non-current</i>		
Other debtors	908	-
	908	-
Total receivables	10,636	8,597
Note 19		
Inventories		
<i>Current</i>		
Land for Interment Purposes	71	66
<i>Non-current</i>		
Land for Interment Purposes	225	186
Total Inventories	296	252

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 20 Land classified as held for sale

	2014 \$'000	2013 \$'000
Opening balance	788	364
Transfers to land	(146)	-
Additions	60	1,400
Sales (WDV)	(579)	(976)
Revaluation Increment/(Decrement)	19	-
Total	142	788

Assets held for sale are carried at fair value less cost of disposal. The following table provides Council's fair value measurement hierarchy for assets held for sale:

	Carrying value at 30 June \$'000	Fair Value measurement at the end of the period using(1):		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land	142	-	142	-

(1) – Classified in accordance with fair value hierarchy – see note 22

Note 21 Other assets

<i>Current</i>		
Accrued land sales	895	2,670
Total Other assets	895	2,670

Note 22 Property, infrastructure, plant and equipment

Land		
At fair value	323,994	285,242
At cost	-	10,915
	323,994	296,157
Land under roads		
At cost	23,419	20,057
	23,419	20,057
Buildings		
At fair value	104,694	104,692
Less accumulated depreciation	(37,952)	(34,122)
	66,742	70,570
At cost	33,327	27,555
Less accumulated depreciation	(551)	-
	32,776	27,555
Plant and machinery		
At cost	4,485	4,480
Less accumulated depreciation	(2,145)	(2,075)
	2,340	2,405
Furniture and equipment		
At cost	6,187	11,345
Less accumulated depreciation	(5,607)	(10,174)
	580	1,171
Library books		
At Cost	3,901	4,110
Less accumulated depreciation	(2,024)	(2,014)
	1,877	2,096

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 22 Property, infrastructure, plant and equipment (continued)

	2014 \$'000	2013 \$'000
Infrastructure assets		
<u>Roads - Surfacing</u>		
At cost	16,816	9,246
Less accumulated depreciation	(521)	(185)
	16,295	9,061
At fair value	75,410	76,332
Less accumulated depreciation	(26,401)	(21,997)
	49,009	54,335
<u>Roads - Substructure</u>		
At cost	27,340	17,640
Less accumulated depreciation	(642)	(252)
	26,698	17,388
At fair value	243,756	243,960
Less accumulated depreciation	(24,332)	(22,057)
	219,424	221,903
<u>Roads - Earthworks</u>		
At cost	6,737	4,123
At fair value	57,732	57,812
	64,469	61,935
<u>Kerb and Channel</u>		
At cost	6,678	4,464
Less accumulated depreciation	(160)	(64)
	6,518	4,400
At fair value	70,513	70,513
Less accumulated depreciation	(14,903)	(13,629)
	55,610	56,884
<u>Traffic Management</u>		
At cost	25,678	6,350
Less accumulated depreciation	(476)	(100)
	25,202	6,250
At fair value	29,291	29,291
Less accumulated depreciation	(4,023)	(2,956)
	25,268	26,335
<u>Car Parks</u>		
At cost	1,635	1,136
Less accumulated depreciation	(39)	(16)
	1,596	1,120
At fair value	3,680	3,680
Less accumulated depreciation	(1,902)	(1,524)
	1,778	2,156

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 22 Property, infrastructure, plant and equipment (continued)

	2014 \$'000	2013 \$'000
Footpaths		
At cost	15,339	11,177
Less accumulated depreciation	(380)	(160)
	14,959	11,017
At fair value	86,568	86,568
Less accumulated depreciation	(25,335)	(23,991)
	61,233	62,577
Bridges		
At cost	-	1,817
Less accumulated depreciation	-	(182)
	-	1,635
At fair value	15,031	8,306
Less accumulated depreciation	(5,150)	(2,988)
	9,881	5,318
Drainage works		
At cost	-	17,422
Less accumulated depreciation	-	(174)
	-	17,248
At fair value	270,920	231,901
Less accumulated depreciation	(37,539)	(33,927)
	233,381	197,974
Recreation facilities		
At cost	-	10,451
Less accumulated depreciation	-	(1,045)
	-	9,406
At fair value	35,167	25,389
Less accumulated depreciation	(16,480)	(13,260)
	18,687	12,129
Others		
At cost	-	34
Less accumulated depreciation	-	(2)
	-	32
At fair value	2,767	2,890
Less accumulated depreciation	(1,101)	(1,093)
	1,666	1,797
Works in progress		
Buildings at cost	11,549	909
Roads at cost	2,386	6,764
Bridges at cost	60	1,662
Drainage works	28	-
Recreation facilities at cost	4,750	1,034
	18,773	10,369

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014**Note 22 Property, infrastructure, plant and equipment (continued)**

	2014 \$'000	2013 \$'000
Summary		
At cost	190,313	172,691
Less accumulated depreciation	(12,545)	(16,443)
At fair value	1,319,523	1,226,576
Less accumulated depreciation	(195,118)	(171,544)
Total infrastructure, property, plant and equipment	1,302,173	1,211,280

Details of the Council's fair value hierarchy as at 30 June 2014 are as follows:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land - non specialised		97,735	-
Land - specialised			226,259
Buildings - non specialised		1,566	
Buildings - specialised			65,176
Roads			326,165
Kerb and Channel			55,610
Traffic Management			25,268
Car Parks			1,778
Footpaths			61,233
Bridges			9,881
Drainage works			233,381
Recreation facilities			18,687
Other			1,666
Total	-	99,301	1,025,104

Note 22 Property, infrastructure, plant and equipment (continued)**Valuation basis***Non-specialised land, non-specialised buildings*

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by Landlink Opteon to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation for land is 30 June 2014 and buildings 1 May 2012. To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

Specialised land and specialised buildings

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable. Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's, infrastructure assets was performed by Council's Engineers. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of Road and Street infrastructure assets valuations are 30 June 2012. The effective date of Bridges, Drainage, Recreational and Other infrastructure asset valuations is 30 June 2014.

For all assets measured at fair value, the current use is considered the highest and best use.

2014	Specialised Land and Land Improvements	Specialised Buildings	Infrastructure
	\$'000	\$'000	\$'000
Opening Balance	242,593	68,972	699,220
Depreciation	-	(2,315)	(15,969)
Impairment Loss	-	-	-
Revaluation	(22,386)	-	14,029
Acquisitions (Disposals)	6,076	-	35,856
Transfers	24	(1,481)	533
Closing Balance	226,259	65,176	733,669

Note 22 Property, infrastructure, plant and equipment (continued)

Description of significant unobservable inputs into level 3 valuations

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Specialised Land and Land Improvements	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	\$1–\$815/m2 (\$75)	Increase or decrease in the extent of restriction would result in a significantly higher or lower fair value.
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre	\$200–\$300/m2 (\$250)	Increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	50 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Roads	Depreciated Replacement Cost	Cost per unit	\$3–\$197 (\$41)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	10–70 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Kerb and Channel	Depreciated Replacement Cost	Cost per unit	\$40–\$100 (\$69)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	10–70 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Traffic Management	Depreciated Replacement Cost	Cost per unit	\$41–\$165 (\$130)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	10–70 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 22 Property, infrastructure, plant and equipment (continued)

	Valuation Technique	Significant Unobservable Inputs	Range	Sensitivity
Car Parks	Depreciated Replacement Cost	Cost per unit	\$3 - \$197 (\$76)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	10-70 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Footpaths	Depreciated Replacement Cost	Cost per unit	\$16 - \$197 (\$76)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	10-70 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Bridges	Depreciated Replacement Cost	Cost per unit	\$450 - \$1,700 (\$1,073)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	25-70 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Drainage works	Depreciated Replacement Cost	Cost per unit	\$82 - \$25,500 (\$2,486)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	80-100 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Recreation	Depreciated Replacement Cost	Cost per unit	\$8 - \$96,000 (\$30,000)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	3-30 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.
Other	Depreciated Replacement Cost	Cost per unit	\$135 - \$176 (\$156)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	20-100 years	Increase or decrease in the estimated useful life of asset would result in a significantly higher or lower fair value.

Note 23 Reconciliation of non-current asset carrying amounts for the year ended 30 June 2014

Asset class	WDV at end of previous period	Additions: Purchases	Transfers	Developer contributed assets	Disposals (decrements)	Net revaluation increments/ (decrements)	Depreciation expense	Movements in Assets Available for Sale	Other Movements	Balance at end of the year
Land	296,157	-	-	7,732	(1,656)	21,786	-	84	(108)	323,995
Land Under Roads	20,057	670	-	2,692	-	-	-	-	-	23,419
Buildings	98,125	1,602	609	-	-	-	(2,347)	-	1,528	99,517
Plant & Machinery	2,405	934	-	-	(245)	-	(755)	-	-	2,339
Furniture & Equipment	1,171	147	-	-	(206)	-	(532)	-	-	580
Library Books	2,096	331	-	-	(203)	-	(347)	-	-	1,877
Infrastructure										
Roads - Surfacing	63,396	1,941	1,255	4,461	(246)	-	(5,502)	-	-	65,304
Roads - Substructures	239,291	1,004	4,149	4,776	-	-	(3,099)	-	-	246,121
Roads - Earthworks	61,935	206	871	1,484	(27)	-	-	-	-	64,469
Footpaths	73,594	329	37	3,831	-	-	(1,599)	-	-	76,192
Kerb and Channel	61,284	18	29	2,167	-	-	(1,369)	-	-	62,129
Car Parks	3,276	189	17	34	-	-	(143)	-	-	3,373
Traffic Management	32,585	599	36	18,597	(382)	-	(964)	-	-	50,471
Bridges	6,953	136	-	-	-	2,956	(164)	-	-	9,881
Drainage	215,222	170	28	7,453	(140)	13,210	(2,562)	-	-	233,381
Recreation	21,535	773	505	157	(190)	(2,186)	(1,908)	-	-	18,686
Others	1,829	-	-	-	(111)	49	(100)	-	-	1,665
WIP	10,369	17,843	(7,536)	-	(1,903)	-	-	-	-	18,773
Total	1,211,280	26,892	-	53,384	(5,309)	35,815	(21,390)	84	1,420	1,302,173

* Recognition of previously unrecognised building assets and transfers to inventory.

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 23 Reconciliation of non-current asset carrying amounts for the year ended 30 June 2013 (continued)

2013	WDV at end of previous period	Additions: Purchases	Transfers	Developer contributed assets	Disposals (decrements)	Net revaluation increments/ (decrements)	Depreciation expense	Movements in Assets Available for Sale	Other Movements	Balance at end of the year
	\$'000	\$'000	\$'000	(Note 7)	(Note 10)	(Note 30)	(Note 13)	(Note 20)	\$'000	\$'000
Asset class	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	286,642	3,105	-	7,810	-	-	-	(1,400)	-	296,157
Land Under Roads	14,262	371	-	5,424	-	-	-	-	-	20,057
Buildings	74,723	16,673	6,229	-	(396)	-	(2,188)	-	3,084	98,125
Plant & Machinery	2,443	1,047	-	-	(337)	-	(747)	-	-	2,405
Furniture & Equipment	1,764	194	-	-	-	-	(787)	-	-	1,171
Library Books	2,066	456	-	-	(117)	-	(310)	-	-	2,096
Infrastructure										
Roads - Surfacing	59,430	2,771	454	6,023	(915)	-	(4,366)	-	-	63,396
Roads - Substructures	225,474	1,654	1,735	14,251	(875)	-	(2,948)	-	-	239,291
Roads - Earthworks	58,162	354	480	3,288	(349)	-	-	-	-	61,935
Footpaths	63,960	2,640	48	8,490	(95)	-	(1,449)	-	-	73,594
Kerb and Channel	58,117	267	156	4,041	-	-	(1,297)	-	-	61,284
Car Parks	2,735	-	-	1,136	-	-	(596)	-	-	3,276
Traffic Management	27,802	-	1,431	4,245	(130)	-	(763)	-	-	32,585
Bridges	6,827	-	289	-	-	-	(163)	-	-	6,953
Drainage	200,336	279	-	17,143	-	-	(2,537)	-	-	215,222
Recreation	18,459	1,459	495	430	-	-	(1,804)	-	2,496	21,535
Others	1,890	34	-	-	(10)	-	(86)	-	-	1,829
WIP	15,205	6,481	(11,317)	-	-	-	-	-	-	10,369
Total	1,120,297	37,785	-	72,281	(3,224)	-	(20,041)	(1,400)	5,580	1,211,280

* Recognition of previously unrecognised building and recreational assets.

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014**Note 24 (a) Investment property**

	2014 \$'000	2013 \$'000
Opening balance	6,000	6,517
Transfers to land and buildings	-	-
Additions	-	-
Revaluation Increment/(Decrement)	-	(517)
Total	6,000	6,000

Valuation of investment property has been determined in accordance with an independent valuation by Landlink-Opteon, a registered valuer who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property. The valuation is a level two valuation, meaning it is based on quoted prices for similar assets in an active market.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2014.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

	Carrying amount at 30 June 2014 \$'000	Fair Value measurement at the end of the period using:		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
Investment Property	6,000	-	6,000	-

Note 24 (b) Financial assets

This investment is a joint venture between 11 Victorian Councils which established the Regional Kitchen project with the aim of ensuring affordable, nutritious and culturally sensitive meals to older and other vulnerable residents.

Unlisted shares - Regional Kitchen Pty Ltd

Council's share of accumulated surplus(deficit):

Council's share of accumulated surplus(deficit) at start of year	1,116	1,116
Reported surplus(deficit) for year	(20)	-
Council's share of accumulated surplus(deficit) at end of year	1,096	1,116

Movement in carrying value of specific investment

Carrying value of investment at start of year	1,257	1,317
Share of surplus(deficit) for year	(20)	(60)
Adjustment to Council's equity share (Purchased)	30	-
Adjustment to Council's equity share	42	-
Carrying value of investment at end of year	1,309	1,257

Council's share of expenditure commitments

Operating commitments	55	42
	55	42

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 25

Intangible assets

	2014 \$'000	2013 \$'000
Non-Exclusive Licences - Caroline Springs College Creekside Campus	844	937
- Springside Childrens and Community Centre	1,513	1,593
- Koroiot Creek Early Learning Centre	2,635	2,790
	4,992	5,320

- The Department of Education and Early Childhood Development and the Caroline Springs College have granted non-exclusive licences to the Melton City Council to use the Creekside facility. Amortisation of the licence is expensed over the term of the licence until the 30 June 2026.
- The Department of Education and Early Childhood Development has granted non-exclusive licences to the Melton City Council to use the Springside and Koroiot Creek facilities. Amortisation of the licence is expensed over the term of the licence until the 30 June 2029 (Springside) and 30 June 2031 (Koroiot Creek).

	Non Exclusive Licences 2014 \$'000	Total 2014 \$'000
Gross carrying amount		
Balance at 1 July 2012	6,540	6,540
Additions	-	-
Balance at 1 July 2013	6,540	6,540
Additions	-	-
Balance at 30 June 2014	6,540	6,540
Accumulated amortisation and impairment		
Balance at 1 July 2012	(893)	(893)
Amortisation expense	(327)	(327)
Balance at 1 July 2013	(1,220)	(1,220)
Amortisation expense	(328)	(328)
Balance at 30 June 2014	(1,548)	(1,548)
Net book value at 30 June 2013	5,320	5,320
Net book value at 30 June 2014	4,992	4,992

Note 26

Payables

	2014 \$'000	2013 \$'000
Creditors	4,460	6,598
Accrued Expense	6,806	4,834
	11,266	11,432

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014

Note 27

Provisions**2014**

	Annual leave \$'000	Long service leave \$'000
Balance at beginning of the financial year	2,716	5,362
Additional provisions	2,667	1,187
Amount used	(2,336)	(628)
Balance at the end of the financial year	3,047	5,921

2013

Balance at beginning of the financial year	2,526	5,181
Additional provisions	2,364	676
Amount used	(2,174)	(495)
Balance at the end of the financial year	2,716	5,362

Current provisions expected to be settled within 12 months

	2014 \$'000	2013 \$'000
Annual leave	2,254	2,437
Long service leave	352	349
	2,606	2,786

Current provisions expected to be settled after 12 months

Annual leave	793	279
Long service leave	3,171	2,912
	3,964	3,191
Total current provisions	6,570	5,977

Non-current

Long service leave	2,398	2,101
--------------------	-------	-------

The following assumptions were adopted in measuring the present value of long service leave and retiring gratuity:

Weighted average increase in employee costs	4.44%	4.50%
Weighted average discount rates	3.57%	3.79%
Weighted average settlement period	12	12

Note 28

Interest bearing liabilities*Current*

Loans - secured	10,850	6,837
	10,850	6,837

Non-current

Loans - secured	13,777	17,145
	13,777	17,145
Total interest-bearing liabilities	24,627	23,982

The maturity profile for Council's borrowings is:

Not later than one year	10,850	6,837
Later than one year and not later than five years	13,777	17,145
Later than five years	-	-
	24,627	23,982

Borrowings are secured by way of mortgages over the general rates of the Council.

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 29	Other liabilities	2014 \$'000	2013 \$'000
	<i>Current</i>		
	Maintenance Bonds	1,507	853
	Construction retention monies	134	113
		1,641	966
	<i>Non-current</i>		
	Maintenance Bonds	3,061	1,732
	Other	25	-
		3,085	1,732
		4,727	2,698

Note 30	Reserves			
	(a) Asset revaluation surplus			
	Balance at beginning of reporting period	418,896		418,896
	Increment (decrement)	35,815		-
	Balance at end of reporting period	454,711		418,896
	(b) Other reserves			
	Balances			
	Street trees/drainage	822		803
	Community infrastructure	24,091		20,748
	Asset replacement	1,685		1,537
	Perpetual Maintenance	115		112
	Public Art	136		86
	Available for Sale Financial Assets	250		228
	Conditional Grants	6,018		-
	Defined Benefit Call	328		-
	Total other reserves	33,445		23,514
	Total reserves	488,156		442,410

Movements

	Opening balance \$'000	Movement \$'000	Closing balance \$'000
<u>Asset revaluation surplus</u>			
<u>Net movement in asset valuations</u>			
Land	193,685	21,786	215,471
Buildings	1,576	-	1,576
Roads	150,059	-	150,059
Bridges	2,067	2,956	5,023
Drains	67,780	13,210	80,990
Recreation	3,099	(2,186)	913
Other	630	49	679
Total	418,896	35,815	454,711

Audited Statements ■ **Melton City Council Financial Report** for the year ended 30 June 2014

Note 30

Reserves (Continued)**Street trees/drainage*****Developer contributions for provision of drainage assets and street beautification***

	2014 \$'000	2013 \$'000
Balance at beginning of the financial year	803	781
Transfer from accumulated surplus	19	22
Transfer to accumulated surplus	-	-
Balance at end of the financial year	822	803

Community infrastructure***Provision of community infrastructure in developing subdivisions***

Balance at beginning of the financial year	20,748	18,834
Transfer from accumulated surplus	7,796	12,501
Transfer to accumulated surplus	(4,453)	(10,587)
Balance at end of the financial year	24,091	20,748

Asset replacement***Provision for ongoing replacement of plant and equipment***

Balance at beginning of the financial year	1,537	1,173
Transfer from accumulated surplus	1,148	364
Transfer to accumulated surplus	(1,000)	-
Balance at end of the financial year	1,685	1,537

Perpetual Maintenance***Provision for cemetery perpetual maintenance***

Balance at beginning of the financial year	112	109
Transfer from accumulated surplus	3	3
Transfer to accumulated surplus	-	-
Balance at end of the financial year	115	112

Public Art Reserve***Provision for public art***

Balance at beginning of the financial year	86	54
Transfer from accumulated surplus	95	256
Transfer to accumulated surplus	(45)	(224)
Balance at end of the financial year	136	86

Available for Sale Financial Assets***Provision for movements in available for sale financial assets******(Regional Kitchen Refer 24 (b))***

Balance at beginning of the financial year	228	288
Gain taken to equity	22	-
Loss taken to equity (note 24(b))	-	(60)
Balance at end of the financial year	250	228

Conditional Grants***Provision for conditional grants***

Balance at beginning of the financial year	-	-
Transfer from accumulated surplus	13,852	-
Transfer to accumulated surplus	(7,834)	-
Balance at end of the financial year	6,018	-

Defined Benefit Call***Provision for Defined Benefit Call***

Balance at beginning of the financial year	-	-
Transfer from accumulated surplus	328	-
Transfer to accumulated surplus	-	-
Balance at end of the financial year	328	-

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Note 31(a) Reconciliation of operating result with net cash from operations		
Surplus for the year	59,801	95,015
Depreciation and amortisation	21,718	20,369
Developer contributed assets included as revenue	(53,384)	(72,281)
(Profit)/loss on disposal property, plant and equipment	4,052	(671)
Fair value adjustments for investment property	-	517
Fair value adjustments for land held for resale	(19)	-
Recognition of previously unrecognised non-current assets	(1,528)	(5,580)
Change in assets and liabilities		
(Increase)/decrease in rate debtors	(973)	(1,074)
(Increase)/decrease in other receivables	(1,066)	(1,400)
(Increase)/decrease in other assets	1,775	(526)
(Increase)/decrease in land held for resale	646	(424)
Increase/(decrease) in payables	608	2,962
Increase/(decrease) in provisions and other payables	2,919	(6,547)
(Increase)/decrease in inventories	(44)	(3)
Net cash provided by operating activities	34,506	30,357
Note 31(b) Non-cash financing and investing activities		
During the reporting period, Council acquired property with an aggregate fair value of \$53,383,754 by means of developer contributions (2012/2013 \$72,280,054). These acquisitions are not reflected in the Cash Flow Statement.		
Note 32 Financing arrangements		
Bank overdraft		
Facility available	1,900	1,900
Unused facility	1,900	1,900
Bank overdraft facilities could be drawn at any time as per the existing banking agreement.		
Note 33 Restricted assets		
Council has cash and cash equivalents (Note 17) that are subject to restrictions. As at the reporting date, Council has legislative restrictions to set aside funds, in relation to developer contributed reserve funds.		
Reserve Funds	30,931	23,514
Other restricted asset include:		
- Trust funds (note 29)	4,568	2,698
- Fire services levy (note 26)	634	-
	36,133	26,212

Note 34 Superannuation**Post - Employment Benefit**

Melton City Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Melton City Council and the Melton City Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are due.

Accumulation

The Fund's accumulation category, 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 2014, this was 9.25% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate will increase to 9.5%, and will progressively increase to 12% by 2019.

Defined Benefit Plan

As provided under Paragraph 34 of AASB 119, Melton City Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Melton City Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Melton City Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

- 1 Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
- 2 Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
- 3 Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

Melton City Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Note 34 Superannuation (continued)**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 31 December 2011, Melton City Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, Melton City Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential "Regulation Authority (APRA) may approve a period longer than three years. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Melton Council Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

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.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll 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. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

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.

Note 34 Superannuation (continued)**Differences between calculations**

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the Melton City Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Retrenchment increments

During 2013-14, Melton City Council was not required to make payments to the Fund in respect of retrenchment increments. Melton City Council's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is \$0 (\$0 in 2012/13).

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding the contribution tax) in the defined benefit category of which Melton City Council is a contributing employer. Melton City Council was made aware of the expected short fall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012.

Melton City Council has not been advised of any further adjustments.

The projected value of Melton City Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$4,527,369 which was accounted for in the 2011/12 Comprehensive Income Statement within Employee Benefits (see Note 11) and in the Balance Sheet in Current Liabilities Provisions (see Note 27).

Melton City Council received an early payment discount of \$264,652 and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Employee Benefits (see Note 11) and in the Balance Sheet in Current Liabilities Provisions (see Note 27)

The amount of the unpaid shortfall at 30 June 2014 is \$0 (\$0 2012/13). Any unpaid amount is included in the Balance Sheet in Current Liabilities Provisions (see Note 27).

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11
	\$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)

Vested Benefits
(Minimum sum which must be paid to members when they leave the fund)

\$4,838,503

The financial assumptions used to calculate the Accrued Benefits for the defined category of the Fund were:

Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

Note 34 Superannuation (continued)**Superannuation contributions**

Details of contributions to the superannuation fund during the year and contributions payable at 30 June 2014 are as follows:

Scheme	Type of scheme	Rate	2014 \$'000	2013 \$'000
Vision Super	Defined benefits	9.25%	220	238
Vision Super	Accumulation Plan	9.25%	2,764	2,528

There were \$0 contributions outstanding and \$0 loans issued from or to the above schemes as at 30 June 2014.

Note 35 Commitments for capital and other expenditure

At the reporting date, the municipality had entered into contracts for the following capital and other expenditures:

Garbage collection and kerbside recycling	30,034	31,164
Health services and cleaning services	2,693	779
Corporate Services	1,225	835
Parks maintenance services	11,086	17,687
Road maintenance	12,482	21,713
Recycling facility operations	3,591	10,278
Building Services	14,510	2,620
Leisure Services	789	501
IT Services	283	120
Social	146	165
	76,839	85,862

These expenditures are due for payment:

Not later than one year	36,380	27,046
Later than one year and not later than five years	40,459	58,816
Later than five years	-	-
	76,839	85,862

Note 36 Contingent liabilities and contingent assets**Contingent liabilities**

Proceedings have been brought against the Council in the Supreme Court of Victoria in relation to land acquired by Council in the Taylors Hill West Precinct. The plaintiff asserts that rather than the value of compensation for the land being required to be determined by the Taylors Hill West Precinct Structure Plan and the Taylors Hill West Precinct Development Contributions Plan (DCP), instead, the value of land should have been determined under the Land Acquisition and Compensation Act 1958 (LAC Act). Council is defending this claim.

Contingent assets

Developer contributions to be received in respect of estates currently under development is in the range of \$50m to \$55m. (2012/13, \$50m to \$55m).

Note 37 Financial instruments

(a) Accounting Policy, terms and conditions

Recognised Financial Instruments	Accounting Policy	Terms and Conditions
Financial assets		
Cash and cash equivalents	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of between 2.50% to 2.75% (2.75% to 3.50% in 2012/2013). The interest rate at balance date was 2.50% (2.75% in 2012/2013).
	Interest is recognised as it accrues.	Funds returned fixed interest rate of between 3.25% to 3.96% (3.96% to 4.50% in 2012/2013) net of fees.
	Investments are held to maximise interest returns of surplus cash.	
	Term deposit, bank bills and managed funds are measured at cost.	
Trade and other receivables		
Other debtors	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured. Credit terms are based on 30 days.
Financial liabilities		
Trade and other payables	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice date.
Interest-bearing loans and borrowings	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 5.38% during 2013/2014 (6.61% 2012/2013).
Bank overdraft	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft is subject to annual review. It is secured by a mortgage over Council's general rates and is repayable on demand. The interest rate on available overdraft facility was 8.00% during 2013/2014 (8.55% in 2012/2013). The interest rate as at balance date was 7.97% (8.22% in 2012/2013).

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 37 Financial instruments (continued)

(b) Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

2014	Floating Interest Rate	Fixed Interest Maturing in:			Non-Interest Bearing	Total	Average Interest Rate	
		1 year or less	Over 1 to 5 years	More than 5 years			floating	fixed
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial assets								
Cash assets	2,147	36,092	-	-	5	38,245	2.75%	3.60%
Receivables	-	-	-	-	10,636	10,636	-	-
Available for Sale	-	-	-	-	1,309	1,309	-	-
Accrued land sales	-	-	-	-	895	895	-	-
	2,147	36,092	-	-	12,845	51,084		
Financial liabilities								
Payables	-	-	-	-	11,266	11,266	-	-
Int. bearing liabilities	-	10,850	13,777	-	-	24,627	-	5.38%
Trust funds	-	-	-	-	4,701	4,701	-	-
	-	10,850	13,777	-	15,967	40,594		

2013	Floating Interest Rate	Fixed Interest Maturing in:			Non-Interest Bearing	Total	Average Interest Rate	
		1 year or less	Over 1 to 5 years	More than 5 years			floating	fixed
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial assets								
Cash assets	1,118	28,366	-	-	4	29,488	3.25%	4.23%
Receivables	-	-	-	-	8,597	8,597	-	-
Available for Sale	-	-	-	-	1,257	1,257	-	-
Accrued land sales	-	-	-	-	2,670	2,670	-	-
	1,118	28,366	-	-	12,528	42,012		
Financial liabilities								
Payables	-	-	-	-	11,432	11,432	-	-
Int. bearing liabilities	-	6,837	17,145	-	-	23,982	-	6.61%
Trust funds	-	-	-	-	2,697	2,697	-	-
	-	6,837	17,145	-	14,129	38,111		

Note 37 Financial instruments (continued)**(c) Net fair value of financial assets and liabilities**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value. The net fair value of other monetary financial assets and financial liabilities is based on discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

	2014		2013	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial assets				
Cash assets	38,245	38,245	29,488	29,488
Receivables	10,636	10,636	8,597	8,597
Available for Sale	1,309	1,309	1,257	1,257
Accrued land sales	895	895	2,670	2,670
	51,084	51,084	42,012	42,012
Financial liabilities				
Payables	11,266	11,266	11,432	11,432
Int. bearing liabilities	24,627	24,627	23,982	23,982
Trust funds	4,701	4,701	2,697	2,697
	40,594	40,594	38,111	38,111

(d) Credit risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

(e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

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 are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. 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.

Our loan borrowings are sourced from major Australian banks by a tender process. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Australian Loan Council each year.

Note 37 Financial instruments (continued)

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:

- conformity with State and Federal regulations and standards;
- adequate safety;
- appropriate liquidity;
- diversification by credit rating, financial institution and investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

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 all financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 36.

	2014 \$'000	2013 \$'000
Movement in Provisions for Doubtful Debts		
Balance at the beginning of the year	1,113	808
New Provisions recognised during the year	388	313
Amounts already provided for and written off as uncollectible	(118)	(8)
Balance at end of year	1,383	1,113

Ageing of Trade and Other 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 & Other Receivables was:

	2014 \$'000	2013 \$'000
Current (not yet due)	5,596	4,837
Past due by up to 30 days	1,851	2,803
Past due between 31 and 180 days	1,258	1,621
Past due between 181 and 365 days	1,362	1,247
Past due by more than 1 year	2,848	1,872
Total Trade & Other Receivables	12,915	12,380

Note 37 Financial instruments (continued)**Ageing of individually impaired Trade and Other Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$1,383,153 (2013: \$1,113,232) were impaired. The amount of the provision raised against these debtors was \$1,383,153 (2013: \$1,113,232). The individually impaired debtors relate to general and sundry and have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of Trade and Other Receivables that have been individually determined as impaired at reporting date was:

	2014 \$'000	2013 \$'000
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	80
Past due by more than 1 year	1,383	1,033
Total Trade & Other Receivables	1,383	1,113

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

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

The Council's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts.

2014	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	11,266	-	25	-	-	11,291	11,291
Trust funds and deposits	821	821	3,061	-	-	4,702	4,702
Interest-bearing loans	9,754	2,191	6,832	8,549	-	27,326	24,627
Total financial liabilities	21,841	3,012	9,917	8,549	-	43,319	40,620

2013	6 mths or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	>5 years \$'000	Contracted Cash Flow \$'000	Carrying Amount \$'000
Trade and other payables	11,432	-	-	-	-	11,432	11,432
Trust funds and deposits	483	483	1,732	-	-	2,698	2,698
Interest-bearing loans	2,244	5,732	4,105	14,465	145	26,691	23,982
Total financial liabilities	14,159	6,215	5,837	14,465	145	40,821	38,112

Note 37 Financial instruments (continued)**(f) Sensitivity disclosure analysis**

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

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 3.60%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

Market risk exposure	Interest rate risk				
	Carrying amount subject to interest	-2%	1%		
		-200	basis points	100	basis points
	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000
2014					
Financial assets:					
Cash and cash equivalents	38,240	(765)	(765)	382	382

Market risk exposure	Interest rate risk				
	Carrying amount subject to interest	-2%	1%		
		-200	basis points	100	basis points
	Profit	Equity	Profit	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Financial assets:					
Cash and cash equivalents	29,484	(590)	(590)	295	295

Note 38 Related party transactions**(a) Names of persons holding the position of a responsible person at the Melton City Council during the reporting period are:****Councillors**

21 October 2001 - Current	Sophie Ramsey
1 December 2004 - Current	Renata Cugliari
10 December 2008 - Current	Broden Borg
10 December 2008 - Current	Kathy Majdlik (Mayor 1 November 2012 - 27 October 2013)
10 December 2008 - Current	Bob Turner (Mayor 28 October 2013 - Current)
1 November 2012 - Current	Lara Carli
1 November 2012 - Current	Nola Dunn

Chief Executive Officer

November 2010 - Current	Kelvin Tori
-------------------------	-------------

Note 38 Related party transactions (continued)**(b) Remuneration of responsible persons**

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

	2014 No.	2013 No.
\$1 to \$9,999	-	1
\$10,000 to \$19,999	-	1
\$20,000 to \$29,999	5	6
\$40,000 to \$49,999	1	-
\$70,000 to \$79,999	1	1
\$330,000 to \$339,999	-	1
\$339,000 to \$349,999	1	-
	8	10

	2014 \$'000	2013 \$'000
Total remuneration for the reporting year for Responsible Persons included above amounted to:	617	581

(c) Senior officers remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$133,000. The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

	2014 No.	2013 No.
< \$133,000	-	-
133,000 to \$139,999	1	1
140,000 to \$149,999	6	12
150,000 to \$159,999	7	4
160,000 to \$169,999	2	-
210,000 to \$219,999	-	1
220,000 to \$229,999	1	-
230,000 to \$239,999	-	2
240,000 to \$249,999	2	-
	19	20

	2014 \$'000	2013 \$'000
Total remuneration for the reporting period for Senior officers included above, amounted to	3,134	3,152

(d) Retirement benefits

Retirement benefits paid by the Council in connection with the retirement of responsible persons of the Council amounted to \$0. (2012/2013 - \$0)

(e) Loans

No loans have been made, guaranteed or secured by the Council to a responsible person of the Council during the reporting period.

(f) Other transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2012/13, Nil)

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 39 Auditor's remuneration

	2014 \$'000	2013 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	50	49
	50	49
Internal audit fees - Crowe Horwath	83	87
	83	87

Note 40 Subsequent Events

There have been no subsequent events since balance.

Note 41 Income and expenses by function

	Corporate and Executive Services		Community		Planning and Development		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME								
Grants	7,236	12,469	9,766	8,391	14,443	13,461	31,445	34,321
Other	146,984	162,892	2,694	3,181	23,682	9,038	173,360	175,111
TOTAL	154,220	175,361	12,460	11,572	38,125	22,499	204,805	209,432
EXPENSES	41,588	45,839	29,202	26,889	74,214	41,689	145,004	114,417
SURPLUS (DEFICIT) FOR THE YEAR	112,632	129,522	(16,742)	(15,317)	(36,089)	(19,190)	59,801	95,015

It is not practicable or efficient to allocate individual assets across Council's operations, due to cross functioning and joint utilisation of assets.

Component functions/activities of the Council**Corporate and Executive Services**

Corporate Services is responsible for providing strategic and operational financial services to business units and to the Council as a whole. This division includes the following business units:

Organisational Development	Compliance
Customer Engagement	Learning Communities
Finance	Information Services

Community Services

Community Services promotes and enhances community wellbeing. This division includes the following business units:

Community Infrastructure	Community Care and Inclusion
Community Planning	Family Youth and Housing
Children Services	Leisure and Facilities

Planning and Development

Planning and Development is responsible for protecting and enhancing and developing the Council's social and physical environment. This division includes the following business units:

Capital Works	Economic Development & Advocacy
Planning	Operations
Engineering Services	

Note 42 Financial ratios

		2014	2013	2012
(a) Debt servicing ratio	To identify the capacity of Council to service its outstanding debt. Debt servicing costs refer to the payment of interest on loan borrowings. The ratio expresses the amount of interest paid as a % of Council's total rate revenue.			
<u>Debt servicing costs</u>				
Total rate revenue		2.17%	2.45%	2.76%
(b) Debt commitment ratio	To identify Council's debt redemption strategy. The strategy involves the payment of loan principal and interest. The ratio expresses the % of rate revenue utilised to pay interest and redeem debt principal.			
<u>Debt servicing & redemption costs</u>				
Total rate revenue		10.74%	12.63%	8.11%
(c) Revenue ratio	To identify Council's dependence on rate income. The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.			
<u>Total rate revenue</u>				
Total revenue		43.07%	36.39%	42.75%
(d) Debt exposure ratio	Enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of the Council. Total realisable assets are all Council assets not subject to any restriction and are able to be realised.			
<u>Total indebtedness</u>				
Total realisable assets		10.26%	10.32%	13.12%
(e) Working capital ratio	To assess Council's ability to meet current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities.			
<u>Current assets</u>				
Current liabilities		1.62 to 1	1.65 to 1	1.57 to 1
(f) Adjusted Working capital ratio	To assess Council's ability to meet current commitments. The ratio expresses the level of current assets the Council has available to meet its current liabilities. Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.			
<u>Current assets</u>				
Current liabilities		1.81 to 1	1.90 to 1	1.75 to 1

Audited Statements ■ Melton City Council Financial Report for the year ended 30 June 2014

Note 43

Capital Expenditure**Capital expenditure areas**

	2014 \$'000	2013 \$'000
Roads	6,571	12,263
Drainage	198	279
Recreation	4,995	2,464
Buildings	12,851	17,572
Bridges	195	-
Other Infrastructure	-	34
Plant and equipment	934	1,047
Furniture and fittings	147	194
Land	670	3,476
Other	331	456
Total capital works	26,892	37,785

Represented by:

Renewal	(a)	2,078	2,420
Upgrade	(b)	4,146	4,485
New assets		20,668	30,880
Total capital works		26,892	37,785

Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

Total capital works		26,892	37,785
Asset revaluation movement	29	35,815	-
Developer Contributions	7(b)	53,384	72,282
Depreciation	14	(21,390)	(20,042)
Written down value of assets sold	22	(245)	(337)
Assets written off	22	(5,064)	(2,888)
Other movements	22	1,504	4,180
Net movement in property, plant and equipment, infrastructure	22	90,895	90,980

(a) Asset Renewal

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Asset Upgrade

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the council's asset base.

(c) Asset expansion expenditure

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to new users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

(d) New asset expenditure

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

Certification of the Financial Report

In my opinion the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Finance and Reporting) Regulations 2004*, *Australian Accounting Standards* and other mandatory professional reporting requirements.



Thurairajah Shanmugapalan CPA
Principal Accounting Officer

Dated: 2 September 2014

In our opinion the accompanying financial statements present fairly the financial transactions of Melton City Council for the year ended 30 June 2014 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 on 26 August 2014 to certify the financial statements in their final form.



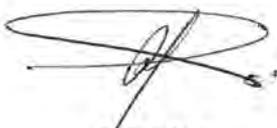
Cr. Bob Turner
Mayor

Dated: 2 September 2014



Cr. Sophie Ramsey
Deputy Mayor

Dated: 2 September 2014



Kelvin Tori
Chief Executive Officer

Dated: 2 September 2014

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Melton City Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2014 of the Melton City Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2014 of Melton City Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statement have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the Melton City Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 to the statements and the 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 and standard statements that are 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 and standard statements 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 and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, 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 and standard statements 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 and standard statements.

Independent Auditor's Report (continued)

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

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:

- (a) the financial report presents fairly, in all material respects, the financial position of the Melton City Council as at 30 June 2014 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*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

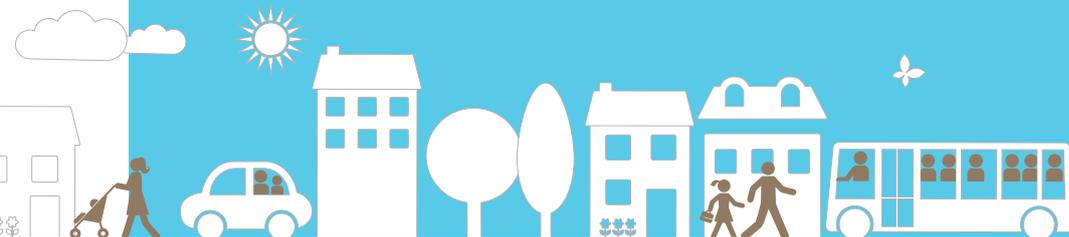
Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements

This auditor's report relates to the financial report and standard statements of the Melton City Council for the year ended 30 June 2014 included both in the Melton Shire Council's annual report and on the website. The Councillors of the Melton City Council are responsible for the integrity of the Melton City Council's website. I have not been engaged to report on the integrity of the Melton City Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
3 September 2014



R John Doyle
Auditor-General



**Melton
Civic Centre**

232 High Street,
Melton
T 03 9747 7200
F 03 9743 9970

**Caroline Springs
Civic Centre/Library**

193 Caroline Springs
Boulevard,
Caroline Springs
T 03 9747 7200
F 03 9363 1491

**Melton Library
and Learning Hub**

31 McKenzie Street,
Melton
T 03 9747 5300

PO Box 21, Melton
Victoria 3337

DX 33005 Melton
ABN 22 862 073 889

Email csu@melton.vic.gov.au
Web melton.vic.gov.au

A Proud Community Growing Together

